

# Economy is flashing red for many American consumers

Chicago Tribune Editorial

Take it from a guy who made more than \$30 million last year: Low-income consumers are “living on the edge.”

So says Charlie Scharf, chief executive of the Wells Fargo bank, citing data that indicate most American consumers are spending down their ready cash. For many, the rainy day they’ve been dreading has arrived.

A recent survey shows the share of consumers living paycheck to paycheck rose sharply this summer, and just 25% of U.S. adults say they are better off financially than a year ago. Credit scores continue to fall.

The financial markets

have remained resilient. But investors are stockpiling gold and favoring defensive stocks that do well in hard times, even as they bet on a huge payoff from artificial intelligence that may not materialize anytime soon.

The labor market is especially troubling. Americans are staying unemployed for longer, and the jobless rate is on the rise for bellwether groups like young adults and minorities that typically lead the way into downturns. Job creation has been stagnant for a while, with revised jobs numbers showing the U.S. added 911,000 fewer jobs for the 12 months ending March than initially reported, according to the Bureau of Labor Statistics.

Wage gains have stalled. The U.S. economy isn’t in recession, but lower-income households are under increasing strain. Fed policy, weak job creation and President Donald Trump’s tariffs are making things worse, especially for budget-conscious families. Consumers need to brace themselves.

In announcing its first interest-rate cut since December, the U.S. Federal Reserve on Sept. 17 indicated the risk of higher unemployment outweighs concerns about rising inflation. It’s pick-your-poison time for the Fed, which is supposed to aim for both full employment and keeping prices in check. By making economic growth its priority,

the Fed is courting inflation, which is projected to clock in around 3% at year-end, well above the agency’s 2% target.

Uncertainty about tariffs has led many companies to put the brakes on hiring, weakening the labor market. How can bosses bring on new workers when all they know for sure is that costs are soaring? Similarly, consumers worried about inflation are making purchases now to lock in prices they expect to go up. That can put prices on an upward spiral, and tariffs are making things worse.

Consider the end of “de minimis” rule that exempted shipments under \$800 from tariffs and other duties. Starting at the end of August, low-value goods

shipped from overseas are being slapped with new fees that raise their costs. Knowing the tax was coming, consumers ramped up their online spending, which helped to keep retail sales going and cushion the broader impact of rising prices - temporarily.

Those low-value shipments were helping many U.S. consumers make ends meet. An astonishing 1.4 billion packages came into the country under the rule during 2024, more than double the level of 2020, with a typical shipment averaging less than \$50.

Most people using the de minimis exception were on a budget and sensitive to prices, according to research from Yale University and the University of California, Los Angeles. Ending the rule disproportionately hurts low-income and minority households, which also bear the brunt of the labor-market slowdown.

Not everyone’s doing badly, though. Companies far removed from the

world of private jets and Rolex watches increasingly cater to high-income consumers like Wells Fargo’s Charlie Scharf, as middle-class purchasing power erodes.

It’s no accident Walmart is pushing Apple tech gear while McDonald’s is crowing to Wall Street about the wealthy offsetting a decline in spending from its traditional customer base. High earners and many older Americans continue to prosper.

For the rest, now is the time to prepare for a sluggish job market and higher prices by taking steps that are easy to say, but hard to do: Pay down high-interest debt and avoid taking on new debt. Establish an emergency fund. Consider starting a side hustle like freelance work or a part-time job for supplemental income.

Unless you’re a Charlie Scharf, now’s the time to be realistic, pragmatic and well-prepared. Your budget will thank you for it in the future.

# Our lawmakers must remember who they serve

The Virginian-Pilot and Daily Press Editorial

In less than a week, the federal government will once again exhaust funding authorized by Congress, which would force the closure of nonessential services and could result in the temporary furlough of hundreds of thousands of workers.

Despite the urgency of the moment and disruptions that would occur as a result, federal leaders are slouching toward a shutdown.

Weaponizing federal funding used to be a rare and extreme act, but no more. That cavalier approach ignores the widespread harm to average Americans, and reflects a failure of those we send to Washington to fulfill even their most basic responsibilities in office.

The nation is only six months on from the last shutdown over federal spending, which resulted in a deal to provide funding through the end of the fiscal year on Sept. 30. Recall that those negotiations unfolded during the Trump administration’s blitz of sweeping changes that included the massive downsizing of several agencies and the termination of tens of thousands of workers.

Then and now, Democrats who lack a majority in either chamber had only one point of leverage: that Republicans needed a handful of Democratic defections in the Senate to reach the 60-vote threshold required to pass a continuing resolution. Ultimately Senate Minority Leader Chuck Schumer, D-N.Y., reasoned that a shutdown would give President Donald Trump more latitude to continue his federal downsizing and helped provide the margins needed to keep Washington operating.

But that short-term measure simply kicked the can down the road to September, when the same issues remain.

House Republicans passed a bill to fund the government through Nov. 21 -

ensuring yet another fight in the coming months - but it failed in the Senate on Sept. 19.

The Government Accounting Office has identified six times this year that Trump has violated the Impoundment Control Act, which requires the executive branch to spend money appropriated by the legislature. (Trump maintains that the law is unconstitutional but it has yet to be decided by the courts.) The White House has withheld funds for Head Start, the National Institutes for Health, the Federal Emergency Management Agency and K-12 education.

The GAO has also objected to the White House’s use of “pocket rescissions,” another way the administration hopes to avoid spending federal funds as required by law. While Republicans voted, over Democratic opposition, to approve Trump’s rescission request in July that rolled back \$9 billion in appropriations for public broadcasting and foreign aid, the president canceled an additional \$4.5 billion in foreign aid without lawmakers’ consent, which the GAO says is in violation of the Impoundment Control Act.

While Trump’s approach to governance is without precedent, Congress could still do its job as mandated by the Constitution. It could take firm control of spending decisions, negotiate in good faith to reach a budget agreement rather than another stopgap measure, and assert its power rather than continuously ceding authority to the executive.

As this plays out, though, Americans are the bargaining chips - our service members, government employees, those who rely on federal services and millions of others who expect our elected officials to work toward the common good rather than the most advantageous political position.

As we slouch toward a shutdown, lawmakers must remember who they serve and act with deliberate urgency to resolve this impasse quickly.



President Donald Trump, accompanied by Commerce Secretary Howard Lutnick, left, speaks after signing two executive orders on Sept. 19, establishing the “Trump Gold Card” and introducing a \$100,000 fee for H-1B visas.

# \$100,000 H-1B visa is a gamble that could protect US jobs

BY PATRICIA LOPEZ  
Bloomberg Opinion

President Donald Trump is taking yet another gamble on immigration, betting that he can force companies to compete for skilled American engineers and tech workers rather than hire foreign workers through the popular H-1B visa program. Employers won’t like it - but reform of the program is long overdue.

The overhaul, signed by the president on Sept. 19, escalates the price of entry to \$100,000 per worker, to be paid by the company. And the costs don’t stop there. Trump also wants a revision of prevailing wage rules to ensure that visa-holders get paid the same as Americans - a change that should further discourage companies from importing foreign labor.

The plan - which may face legal challenges - preserves H-1B visas as a last resort in fields where talent is scarce, but tilts the playing field toward American workers, answering critics in and out of MAGA who complain that companies are addicted to hiring cheaper foreign workers.

Tech companies, which have relied on H-1Bs for years, could be the biggest losers under the new rules. Some tech titans are already complaining that “if the US ceases to attract the best talent, it drastically reduces its ability to innovate and grow the economy,” as Deedy Das, a partner at Menlo Ventures, put it on X. (An earlier White House discussion of reforming H-1Bs faltered after criticism from, among others, tech billionaires Elon Musk and Vivek Ramaswamy. Notably, they’ve now departed the administration.)

Nevertheless, Trump is correct, as he said in his proclamation, that H-1Bs had been “deliberately exploited” and that “systemic abuses” have created a large-scale replacement of skilled American labor with lower-paid workers. American STEM graduates, led to believe their degrees would result in plentiful opportunities and well-paid jobs, are instead scrounging for work. The unemployment rates for physics, computer science and chemistry majors are far worse than those of college graduates overall - and nearly double those of “what are you

going to do with that degree?” graduates of art history and performing arts programs.

Enough H-1B abuses have been documented to demonstrate the need for change. The system is supposed to help companies find specialized talent. But investigations by Bloomberg News have detailed how technology, finance and telecom companies game the system to hire IT workers at lower pay and with lower attrition rates (workers on visas find it much harder to change jobs).

Loopholes abound. Middlemen flood the program with applications and scoop up as many visas as possible, then contract out those workers to a handful of large companies. In 2023, there were 446,000 applications in a program limited to 85,000 private sector slots.

According to the White House, by 2000 - 10 years after the program was created - H-1Bs accounted for 1.2 million foreign workers. That figure more than doubled to 2.4 million by 2019, outpacing the rise in STEM jobs. More than 26% of all computer and math occupations were filled by H-1Bs. Universities

also rely on the program, and in 2021, one study estimated that more than a fifth of college faculty members were foreign-born.

Whether Trump’s solution is the right fix remains to be seen. The \$100,000 fees, along with new prevailing wage rules, may be prohibitive enough to tank the whole program. In another era, such details would have been worked out in Congress, with testimony from experts, economists and executives and competing proposals from lawmakers. We are not in that era. Wisely, the Trump administration has given this overhaul a year-long window, at which point it will be re-evaluated.

In any case, dramatic changes appear inevitable.

Yes, Trump’s policy carries risk. The H-1B overhaul dramatically escalates costs at a time when companies are already struggling to find the skilled labor they need.

There are no easy answers on immigration. The U.S. has a legitimate need for foreign workers, but there also is a balance that must be struck. Companies’ desire for skilled workers at lower wages can become a race to the bottom. Americans deserve the kind of level playing field that sometimes only government can provide.

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