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Trump Removes Labor Official Following Jobs Report, Gains Early Opportunity to Reshape Federal Reserve

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Former President Donald Trump dismissed a senior U.S. Department of Labor official on Friday, following the release of weaker-than-expected job growth figures for July. The move comes amid heightened scrutiny over the reliability of federal economic data, and Trump's longstanding criticism of how such data has been compiled and reported.

The official removed was Erika McEntarfer, a political appointee of former President Joe Biden, who was serving in a key role at the Bureau of Labor Statistics (BLS). Trump accused McEntarfer of manipulating the employment data, although no evidence has been presented to support that claim. The BLS, which publishes key economic indicators including the monthly employment report, did not state in response to the accusation.

The jobs report released Friday showed the U.S. economy added only 73,000 positions in July, a figure far below expectations. More significantly, downward revisions to previous months indicated that 258,000 fewer jobs were created in May and June than originally reported. Trump addressed the report on Truth Social, saying, "We need accurate Jobs Numbers. I have directed my Team to fire this Biden Political Appointee, IMMEDIATELY. She will be replaced with someone much more competent and qualified."

An administration official speaking on condition of anonymity said the White House has grown increasingly dissatisfied with persistent inconsistencies and declining response rates in federal data collection. The official cited a drop in response rates to BLS surveys, which fell from 80.3% in October 2020 to 67.1% in July 2025. The BLS surveys over 120,000 businesses and agencies across 631,000 worksites to compile its employment data.

This isn't the first time concerns have been raised about the quality of federal economic statistics. A recent *Reuters* poll showed that 89 out of 100 top economic experts expressed at least some concern over the integrity of U.S. data, with many calling for faster action to address data collection challenges that worsened during the COVID-19 pandemic.

Beyond the Labor Department shake-up, the Federal Reserve Board saw an unexpected vacancy emerge Friday when Governor Adriana Kugler announced she would step down

at the end of next week. Kugler's early departure allows Trump to appoint a new member to the central bank's Board of Governors, giving him the chance to influence monetary policy sooner than anticipated.

While current Federal Reserve Chair Jerome Powell's term does not expire until May 2026, Trump has repeatedly voiced frustration with Powell and the Federal Reserve for not cutting interest rates. Kugler's vacant seat offers Trump an opportunity to install a candidate more aligned with his economic views, potentially setting the stage for a future leadership shift at the Fed.

Trump now has the authority to nominate a new Fed governor to complete Kugler's term, which runs through January 2026. Under federal law, governors who fill unexpired terms may later be reappointed to serve a full 14-year term.

Several names have been floated as possible appointees, including Kevin Hassett, former chairman of the Council of Economic Advisers under Trump; Treasury Secretary Scott Bessent; former Fed Governor Kevin Warsh; and Chris Waller, a current Fed governor who dissented from the latest central bank decision and has advocated for rate cuts.

Commenting on Kugler's resignation, Derek Tang, an analyst at policy research firm LH Meyer, noted the timing. "She's putting the ball in court and saying, look, you're putting so much pressure on the Fed, and you want some control over nominees—well, here's a slot."

The developments added to uncertainty in the financial markets. The S&P 500 Index dropped 1.6% on Friday, its steepest decline in over two months, reflecting investor concerns about political interference in economic institutions and the direction of future policy.

While critics argue that politicizing government data could erode public trust, supporters of the administration say it's necessary to address long-standing issues in data accuracy and collection methods that have yet to be resolved.