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Think Strategically

The Government Progress Index: Measuring President Trump's First Six Months Amid a Year of Uncertainty

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Data-Driven Accountability and fair benchmarking to measure Government Progress

In an era marked by economic headwinds, erratic policymaking, and political polarization, distinguishing fact from narrative has never been more crucial. The **Government Progress Index (GPI)** was created precisely for this moment—a nonpartisan, data-driven benchmark designed to measure the actual performance of governance across six core domains. Developed by Birling Capital, the GPI strips away the spin to evaluate outcomes, not intentions.

According to the latest GPI report, **as of July 21, 2025, President Trump earns a score of 18.75 out of 50**. While this represents a **9.1% improvement over the 100-day benchmark**, the overall reading remains low, reflecting a nation grappling with mounting volatility, economic uncertainty, and a sharp decline in global credibility. In this fragile moment, the GPI offers more than a scorecard—it provides a **compass for accountability**, helping citizens, investors, and institutions navigate through the noise and toward the truth.

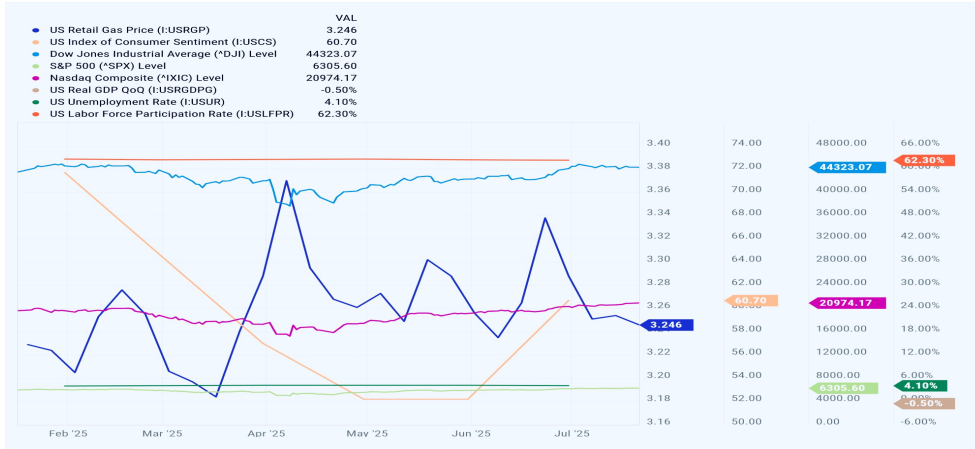
January 20 to July 21, 2025. and we note the areas of improvement and contraction; let's review the specific benchmarks.

President Trump

US Benchmarks	7/21/25	1/20/25	Change
Price for Galon of Gasoline	$3.25	$3.23	0.6%
Index of Consumer Sentiment	60.7	74.0	-17.97%
Dow Jones Industrial Average	44,323.07	43,487.83	1.9%
Nasdaq Composite	20,974.17	19,630.20	6.8%
S & P 500	6,305.60	5,996.66	5.2%
Unemployment Rate	4.10%	4.10%	0.0%
Gross Domestic Product	-0.50%	2.80%	-117.9%
Labor Participation Rate	62.30%	62.50%	-0.3%
Personal Consumption Expenditures	2.34%	2.60%	-10.0%
Consumer Price Index/Inflation	2.67%	2.89%	-7.6%
Producer Price Index	2.34%	3.44%	-32.0%
Home Ownership Rate	65.10%	65.60%	-0.8%
Median Family Income	$105,204	$103,148	2.0%
US National Debt In Trillions	$36.22	$35.46	2.1%
Credit Rating	AA+ & AA+	AAA & AA+	Downgrade
US Treasuries 10-Year Rate	4.38%	4.61%	-5.0%
Aproval Rating	43%	47%	-8.5%
Government Progress Index Score	18.75	17.19	9.1%

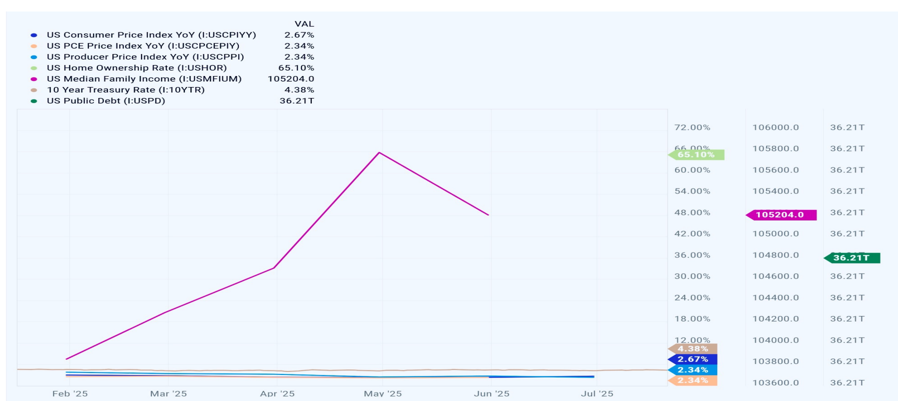
The Metrics in Detail

Government Progress Index Comparing The First Six Months as of July 21, 2025



1. **Gas Prices: Modest Uptick Amid Global Tensions**
   National average rose from \$3.23 in January to \$3.25 in July (+0.6%), reflecting geopolitical volatility. Even small increases continue to affect inflation expectations and logistics costs.
2. **Consumer Confidence Falls Sharply**
   The University of Michigan Index dropped 17.97%, from 74.0 to 60.7, as affordability concerns, political tension, and economic uncertainty weigh on sentiment.
3. **Equity Markets Rebound from Spring Lows**
   After losing \$7.15T early in the year, markets rebounded by July the **Dow** is up 1.9%, **S&P 500** up 5.2% and **Nasdaq** up 6.8%.
4. **Economic Growth: Modest Expansion Expected**: Fed's GDPNow projects 2.4% Q2 growth.
5. **Labor Market: Stable Unemployment, Lower Participation**
   - **Unemployment**: Flat at 4.10%
   - **Participation**: Fell from 62.5% to 62.3%, showing reduced workforce engagement.
6. **Inflation: Broad-Based Decline with Warning Signs**
   - **CPI**: 2.89% → 2.67% (–7.6%)
   - **PCE**: 2.60% → 2.34% (–10%)
7. **Homeownership: Slight Decline:** Dropped from 65.6% to 65.1% as affordability and rates weigh on buyers.
8. **Median Income: Modest Gain**: Family income rose 2.0% to \$105,204, outpaced by inflation risks and uncertainty.
9. **Credit Rating & Treasury Yields: Downgrade and Volatility**
   - **Moody's**: AAA → AA+ (May 2025) A Rating cut driven by rising debt, interest burden, and fiscal uncertainty
   - **10-Year Yield**: Fell from 4.61% to 4.38%.
10. **National Debt: Still Climbing**
    Debt rose 2.1% to \$36.22T; debt-to-GDP now above 131%, straining fiscal sustainability.
11. **Presidential Approval: Sliding**
    President Trump's approval fell from 47% to 43% (–4.5 pts), mirroring weaker sentiment and mixed policy reactions.

Government Progress Index Comparing The First Six Months as of July 21, 2025



Tariffs Turmoil: High Drama, Questionable Impact

In Trump's second term, trade policy has become a theater of uncertainty. What once projected power now projects whiplash. The administration's signature trade maneuver—the announcement and near-instant reversal of tariffs—has earned a nickname among analysts and media alike: T.A.C.O. – Trump Always Chickens Out.

A Pattern of Confusion and Retreat: Will it Work?

- April 2 Announces "Liberation Day Tariffs" on 31 countries. On April 3–4, the Dow plunged 5%, the S&P 500 down 10%, and the Nasdaq down 11%—one of the worst multi-day drops since 2020, with over $6 trillion in global equity value wiped out. On April 9, 2025, Trump abruptly paused most reciprocal tariffs for 90 days, reducing them to the 10% baseline except for China, whose rate was increased to 125%
- May 12: Slaps 125% tariffs on Chinese lithium batteries. Slashed to 10% after pressure from Tesla and GM.
- July 7: Delays retaliatory tariffs on Mexico and Canada—for the third time—after backlash from agriculture and auto lobbies.

This cyclical pattern—announcing, triggering panic, then backpedaling—has destabilized markets and eroded U.S. credibility as a trading partner. The result is not strength, but strategic confusion and a global recalibration away from U.S. trade leadership.

Wall Street's Fragile Bounce Back

Since the turbulent announcement of the "Liberation Day Tariffs" in early April 2025, U.S. markets have shown surprising resilience, staging a robust recovery into the summer months. After the initial shockwaves triggered one of the steepest short-term declines in years, investor confidence gradually returned following President Trump's partial rollback of the most aggressive tariffs on April 9. The ensuing rally, fueled by optimism around corporate earnings and relief in trade tensions, has lifted all major indices into positive territory for the year.

By July 2025, the Dow Jones Industrial Average had edged up 1.9%, rising from 43,487.83 in January to 44,323.07, the broader S&P 500 posted a more robust 5.2% increase, climbing from 5,996.66 to 6,305.60, and the tech-heavy Nasdaq Composite led the way with a 6.8% jump, surging from 19,630.20 to 20,974.17.

Despite the rally, caution still prevails across markets. Volatility remains elevated, and trade policy uncertainty persists, especially with China, and investors are closely watching signals from the Federal Reserve, as well as the ongoing appeal of the court ruling that vacated the Liberation Day tariffs. For now, the markets have recovered their footing—but not their complete confidence. While gains are notable, they are reactionary—not reflective of organic growth.

U.S. Consumer Confidence Tanks

The University of Michigan's Index of Consumer Sentiment tells a chilling story—a 17.97% decline in just seven months, falling from 74.0 in December 2024 to 60.7 by July 2025. While the summer brought a modest uptick, the broader message is clear: American economic confidence is unraveling. Behind the numbers lie growing fears over inflation that still erode paychecks, rising interest rates that make borrowing more difficult, and an undercurrent of doubt about Washington's ability to chart a stable fiscal course.

The Cost of Chaos: Debt, Credit, and Fiscal Decline

America's fiscal foundation is showing signs of deep structural stress—cracks that can no longer be papered over with short-term fixes or optimistic projections. In just six months, the U.S. national debt has climbed from $35.46 trillion in January 2025 to $36.22 trillion by July, a 2.1% increase that places the country's obligations at unprecedented levels. This surge pushed the debt-to-GDP ratio past 130%, surpassing even the post–World War II peak and marking the highest in modern U.S. history.

The fiscal deterioration is not just numerical—it's reputational. On May 16, 2025, Moody's downgraded the United States' credit rating from AAA to AA+, citing not only the sheer magnitude of the debt but the political gridlock and lack of fiscal discipline that now define Washington's approach to budgeting. It was a symbolic blow with tangible consequences: higher interest rates on federal borrowing, a ripple effect on corporate and municipal credit markets, and a growing unease among global investors who once viewed U.S. Treasuries as the safest asset in the world.

The drivers behind this fiscal slide are neither obscure nor accidental. A wave of unsustainable spending, including tariff-related bailouts for impacted industries and sweeping stimulus measures like the "Big Beautiful Bill", has added trillions to the ledger without corresponding long-term revenue offsets. The implications are profound and far-reaching. Borrowing costs are rising, not only for the federal government but for businesses and households alike.

From Expansion to Contraction: The GDP Story

The U.S. economy began 2025 on a high note with +2.8% GDP growth, but the momentum collapsed within weeks. By Q1, GDP had contracted by 0.5%, reversing course amid rising tariffs, capital flight, and falling exports.

The trigger was April's sweeping "Liberation Day Tariffs," which jolted supply chains and investor confidence. Businesses paused their investments, consumers tightened their spending, and global partners retaliated. While the Atlanta Fed forecasts a +2.4% rebound for Q2, uncertainty dominates.

If growth stalls again, the U.S. risks slipping into a full recession by year's end—marking a swift and sobering shift from expansion to economic strain.

The Labor Market: Flatline Signals

Beneath the surface of seemingly stable job numbers, the U.S. labor market is quietly losing steam. Unemployment has remained low at 4.10%, suggesting stability on paper. The labor force participation rate has edged down from 62.5% to 62.3%, a sign that more Americans are stepping away from the workforce.

Adding to the concern, U.S. nonfarm payrolls have averaged just 130,333 new jobs per month over the first half of 2025—a slowdown compared to the post-pandemic recovery years. The gap between available jobs and willing workers is also narrowing: job openings now stand at 7.769 million. In contrast, the number of job seekers totals 6.541 million suggesting a softening demand for labor.

Inflation Improves—But at What Cost?

As the U.S. economy progresses through 2025, one of the most closely watched developments has been the steady decline in inflation.

In January 2025, the Consumer Price Index (CPI) stood at 2.89%, reflecting persistent though declining price pressures on consumers. By July, the CPI had edged down to 2.67%, a 7.6% decline that signaled a gradual easing in household inflation.

The Personal Consumption Expenditures (PCE) index, the Federal Reserve's preferred gauge of inflation, fell from 2.60% to 2.34%, a 10% decrease over the same period. This decline reinforced the Fed's message that its monetary tightening campaign had begun to bear fruit. However, the drop also came amid slowing consumer spending and growing signs of demand fatigue.

But the most striking shift occurred in producer prices. The Producer Price Index (PPI), which reflects wholesale inflation and often leads consumer pricing trends, plummeted from 3.44% in January to just 2.34% by July—a sharp 32% decline. This dramatic fall suggests that input costs have dropped substantially, especially in energy, industrial commodities, and supply chain logistics.

Housing, Income & Presidential Approval

American households, characterized by homeownership, income, and political sentiment, tell a story of subtle yet consequential shifts, shaped by rising borrowing costs, persistent supply constraints, and the complex interplay of economic policy and public perception.

Homeownership, a pillar of the American Dream, has edged downward—from 65.6% in January to 65.1% by July. This seemingly modest 0.5 percentage point drop masks a deeper affordability challenge. The culprit is twofold: higher mortgage rates, which have continued to hover above 7% for much of the year, and tight housing supply, particularly in starter homes. Even those with stable incomes and good credit are struggling to enter or advance in the market, a trend that may have longer-term implications for household formation and intergenerational wealth building.

Meanwhile, median family income rose from $103,148 in January to $105,204 in July. This 1.99% gain reflects a labor market that, while still functioning, has begun to lose momentum. Wage growth has softened from its pandemic-era highs as employers rein in costs, particularly in the retail, tech, and logistics sectors.

Overlaying these trends is the increasingly skeptical mood of the electorate. Presidential approval ratings have slipped from 47% in January to 43% in July, amid concerns over economic uncertainty, trade tensions, and policy volatility—especially following the abrupt introduction and partial reversal of the "Liberation Day Tariffs.

The Final Word: Navigating a Fragile Equilibrium

Six months into Trump's second term, the Government Progress Index score of 18.75 reveals a government navigating turbulence with bursts of confidence, but without a sustained course correction.

Progress on inflation and stock market recovery must be weighed against contraction in GDP, deteriorating consumer confidence, rising debt, and weakened institutional trust. The administration's reliance on executive orders and reactive policymaking has deepened uncertainty in ways not seen since 2008 or the COVID-era collapse.

Historically, tariff escalations have often led to unintended consequences, including higher consumer prices, strained global supply chains, and retaliatory measures that negatively impact exports. Data from past trade conflicts, including those in the 1930s and more recently between 2018 and 2019, consistently suggest that the U.S. economy bears a disproportionate share of the burden. However, history is not destiny. We remain hopeful that the U.S. economy can thrive under President Trump—or any administration—if guided by sound policy and strategic foresight. The path ahead will demand far more than slogans and press releases. It will require vision, discipline, and a recommitment to institutional credibility.

Whether President Trump can reset the course remains uncertain, but the data is precise: America is at a fork in the road.

"In politics, as in economics, sentiment can move faster than fundamentals. But it is the fundamentals that determine survival in both politics and in economics."

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