Trump Presidency Could Burn $1 trillion off US GDP

Sara Williams  September 19, 2016

Oxford Economics says a Trump presidency would result to a huge economic loss to the US in the four years of his presidency.

(Newswire.net -- September 19, 2016) -- The US presidential elections are about two months away and as days are moving fast to the D-Day, the political debates are getting more intense; but also taking a sharp economic angel too. From the beginning of the election campaigns, different presidential candidates proposed varying economic policy change or improvements that they were to bring on the table when elected as the leader of the leading democracy in the world. Each candidate had their own unique value proposition to present to the American electorate, but Donald Trump managed to stand out amongst all of them with his rather controversial policies.

Among the policies that Donald Trump plans to implement is to deport all illegal immigrants from the US and erecting a wall between the US and Mexico in order to create more opportunities for the US citizens. However, according to a research report released by Oxford Economics, a Trump presidency would result to a huge economic loss rather a gain to the US in the four years of his presidency. In their findings, Oxford Economics estimates that the US would lose about one trillion dollars by 2021 if Trump ended up in the White House after the upcoming presidential elections.

This new analysis on the impact of a Trump presidency to the US economy not only presents the views of an independent research institute but also casts a shadow of gloom if Trump was to win the upcoming elections. Key among the people who will need to read the analysis for their decision making are investors both within the US an in other parts of the world; who have invested in the US through different investment instruments. With the projected risky economic environment, many investors might shy away from buying actual investment assets such as stocks, bonds or commodities; and rather opt for CFD online trading as a mechanism of diversifying their investment strategies.

The report estimates the growth of the US economy to be at the rate of 1.5% to 2.3% annually from the year 2016 to 2021. With that growth rate the US economy will have grown to a GDP value of about $18.5 trillion which is below the otherwise expected higher level of about $22 trillion. At that level, the projected one trillion dollars loss if Trump became the president is estimated to be about 5% of the GDP. Whether the loss will actually be incurred under the Trump presidency cannot be ascertained at the moment, but thinking of a 5% loss in GDP for the whole economy brings a new economic dimension to the US presidential elections campaigns.

Economists who compiled the report at Oxford Economics opine that Trump’s proposed protectionist policies are not totally destructive in the short-term. The Mexican and the Chinese would definitely lose out on the US as an important trading partner, but other emerging markets could benefit from the same as the US would shift to other countries to fill in the gap left by the two countries. They however argue that if the US imposes the high tariffs to many other countries within the emerging markets, then those economies would retaliate and that would hurt US exports eventually.

From the very initial days, Donald Trump presented himself as the redeemer that the US people have been waiting for to save them from the dungeons of economic bondage. Packaging himself as a business man with global networks and long experience in trade deals and negotiation, Trump has all along been promising the US people that he has what it takes to make America again. This assertion has however been criticized by Hilary Clinton who believes that
America is already great and the world’s super power hence the "Make America Great Again" slogan does not hold water.

The conversation on presidential campaigns is bound to be tilted and focus more on the economics as presented in this report as days go by. However, getting a comparative analysis on the economic implications from a Hilary presidency will better help in figuring out who among the two has more economic weight.