

**US economy**

## Donald Trump's 'Maganomics' will damage growth, economists tell FT polls

On both sides of Atlantic, most surveyed claim protectionist shift will overshadow benefits of other policies



Donald Trump has yet to lay out a comprehensive economic policy prospectus, meaning analysts are basing their outlooks on pledges and threats made on the campaign trail © FT montage/Getty Images

**Valentina Romei** and **Sam Fleming** in London, **Colby Smith** in Washington and **Olaf Storbeck** in Frankfurt 6 HOURS AGO

Donald Trump's vision to reshape the world's largest economy through protectionist policies that put "America First" will damage growth, according to Financial Times economists' polls that contrast with investors' bullishness over the US president-elect's plans.

Surveys of more than 220 economists in the US, UK and Eurozone on the economic impact of [Trump](#)'s return to the White House showed most respondents believed his protectionist shift would overshadow the benefits of other elements of what the president-elect has dubbed "Maganomics".

Many economists in the US, who were polled jointly by the FT and the University of Chicago's Booth School of Business, also believe a new Trump term will spur [inflation](#) and lead to more caution from the Federal Reserve on cutting interest rates.

"Trump's policies can bring some growth in the short term, but this will be at the expense of a global slowdown which then will come back and hurt the US later on," said Şebnem Kalemli-Özcan, a professor at Brown University who also sits on the New York Fed's economic advisory panel. "His policies are also inflationary, both in the US and the rest of the world, hence we will be moving to a stagflationary world."

However, most economists — including at the IMF, the OECD and the European Commission — forecast stronger growth in the US than in Europe in 2025.

The US economy has consistently outgrown its counterparts across the Atlantic since the coronavirus pandemic, expanding at an annualised rate of 2.8 per cent in the third quarter of last year.

Trump has yet to lay out a comprehensive economic policy prospectus, leaving analysts to base their outlooks on pledges and threats made on the campaign trail.

Those include plans to impose blanket tariffs of up to 20 per cent on all US imports, mass deportations of undocumented workers, slashing red tape and making tax cuts introduced in 2017 permanent.

Trump, a self-described “tariff man”, has a long-standing and deep-rooted belief that the US needs to close its trade deficit and boost homegrown production.

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“The announced policies include substantial tariffs and deportations of immigrant workers,” said Janice Eberly, a former Obama administration senior US Treasury official now at Northwestern University. “Both tend to be inflationary and likely negative for growth.”

Overall, more than half of the 47 economists polled specifically on the US economy expect “some negative impact” from the Trump agenda, and another tenth forecast a “large negative impact”. On the other hand, a fifth of those surveyed expect a positive impact.

The gloom among economists contrasts with investors’ optimism over Trump’s second term.

The US S&P equity [index surged](#) in the weeks following Trump’s win, though it pared some of those gains in December after US rate-setters signalled they would make fewer rate cuts this year than previously anticipated.

In its [best two-year run this century](#), the benchmark index ended 2024 up 23.3 per cent, following a similar gain in 2023.

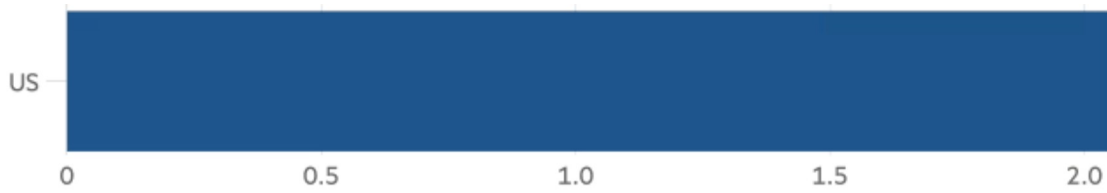
Benjamin Bowler, a Bank of America strategist, said this week that Trump’s “laissez-faire economics, tax cuts and deregulation”, coupled with a potential “AI revolution”, meant the rally was likely to continue into 2025.

A separate survey by the FT showed that Eurozone economists were even more pessimistic about the impact of Trump policies in their region than those in the US, with 13 per cent of analysts saying they expected a large negative effect and another 72 per cent forecasting some negative repercussions.

## US growth is expected to outpace Europe's despite 'Maganomics'

Average growth projections for 2025 (%)





Forecasts based on averages as of December 15 2024

Source: Consensus Economics

For the Eurozone the main concern is about manufacturing production, [especially in Germany](#), the region's biggest economy.

Martin Wolburg, senior economist at Generali Investments, highlighted the possibility of the country's car industry being "especially targeted" by Trump.

Trump's threat of a 60 per cent levy on China "could further challenge European industries," said Christophe Boucher, chief investment officer at ABN Amro Investment Solutions, as it would raise the prospect of Beijing flooding the region with cheap products.

While the UK is seen as better insulated from tariffs, thanks to its large services sector, Alpesh Paleja, lead economist at the CBI, warned that the country would be exposed to the "second-round impact" should tariffs weigh on Eurozone growth.

In the UK, more than 56 per cent of almost 100 respondents expected some negative impact, with many speaking of the drag on sentiment from the prevailing climate of uncertainty ahead of Trump's inauguration on January 20. Just over 10 per cent forecast some positive impact.

"The Trump administration will be an 'unpredictability machine' which will dissuade business and households from taking long-term decisions with ease," said Barret Kupelian, chief economist at PwC UK. "This will inevitably have an economic cost."

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