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Donald Trump's Upset Ushers In Economic Uncertainty

President-elect's advisers play down businesses' fears, but global order is sure to be shaken

By **NICK TIMIRAOS**
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Donald Trump's upset presidential win promises to radically reshape the global economic order and usher in a period of intense uncertainty for the U.S. economy and its trading partners.

Mr. Trump has promised to upend existing trade and security pacts, to slash taxes and regulation on U.S. businesses and to aggressively stamp out what he says are unfair trading practices by major exporters.

"The establishment on both sides—Republicans and Democrats—have pursued policies that have created real disadvantages for working and middle-class Americans," said Andy Puzder, chief executive of CKE Restaurants and an adviser to Mr. Trump.

Mr. Trump's outsider status will make markets extraordinarily interested in the coming days to learn whom he will tap to staff executive departments that have vast sway over financial markets and the U.S. economy.

"A President-elect Trump represents to many the mother of all uncertainties," said **Bernard Baumohl, chief economist at Economic Outlook Group LLC** in Princeton, N.J.

Four years ago, business leaders hoped the election would thaw gridlock that had frozen policy-making in Washington. Now, many of those same executives saw divided government that maintains gridlock as the most benign outlook for their businesses. Republicans will continue to control both the House and Senate after Tuesday night's results.

Mr. Trump's economic advisers on Tuesday night said businesses' fears were overblown. Wilbur Ross, a New York billionaire investor who has advised the candidate, predicted Mr. Trump would move "fairly promptly" to announce senior appointees. Business leaders have been "incorrectly worried about what might happen under Trump," he said. "Just as he comforted a lot of people when he picked Mike Pence as his running mate, they'll be much more comfortable when they see what the team will be."

On policy, Mr. Ross said a "No. 1 target" would be to replace the Affordable Care Act. With Republicans likely to retain control of Congress, "that should make it a lot easier." He also said Mr. Trump could move swiftly to pass a tax-cut plan, which with Republicans in control of Congress "shouldn't be a very heavy lift," he said.

Peter Navarro, a top economic adviser to the Trump campaign, said Tuesday night that the Republican nominee had been very specific in a series of speeches outlining his economic agenda, including in an address in Gettysburg, Pa., last month.

Those steps on tax, trade and regulatory policy would produce "the greatest bull market over the next four years," said Mr. Navarro, a professor of economics at the University of California, Irvine. "I see Dow 25000 within the first term."

Among the many policy questions investors face after the election: How far would Mr. Trump go to implement his campaign threats to impose tariffs on goods from China and Mexico, and would those countries retaliate?

"A typical transition brings some level of uncertainty. This one brings much more," said Stephen Gallagher, chief U.S. economist at Société Générale.

Stronger economic growth had been expected to prod the Federal Reserve to raise interest rates at its meeting next month. Mr. Trump has sharply criticized Fed Chairwoman Janet Yellen for keeping interest rates what he called too low while warning the U.S. stock market is a “big, fat, ugly bubble.”

While U.S. labor markets have healed from the 2007-09 recession, global growth has been particularly fragile during the recovery. Global trade is anemic and set to grow at the slowest pace since the 2008 financial crisis. China, the world’s second-largest economy, is slowing, and easy credit is chasing fewer investment opportunities there, raising concerns about bubbles.

Global investors are particularly worried about what Mr. Trump’s victory would mean for U.S. leadership in global economic affairs, said Mr. Gallagher. Mr. Trump has said the U.S. would seek to renegotiate the 1994 North American Free Trade Agreement with Canada and Mexico, potentially ripping apart intricate cross-border supply chains for American car makers and other equipment manufacturers.

The election would appear to kill for good any prospect that the Republican-controlled Congress would defy the wishes of the incoming president by approving the Trans-Pacific Partnership, a policy goal of outgoing President Barack Obama in his final 10 weeks in office.

In a break from the party’s normal stance, it was the Republican nominee who lobbed the sharpest attacks on big business and corporations. Mr. Trump, in the closing days of the campaign, ratcheted up a critique of “globalist” corporations that he blamed for promoting trade policies that moved factories overseas and sapped the wages of working Americans.

In a national TV ad that aired in the final week, Mr. Trump singled out “a global power structure” that has “robbed our working class and stripped our country of its wealth and put that money into the pockets of a handful of large corporations.”

Mr. Trump's election could also inspire populist political movements abroad, especially once markets settle back down. "I don't see the economy taking a material hit or slowdown immediately, and if we don't get it, the fear against supporting populist efforts in other countries slowly dims," said Mr. Gallagher of SocGen. "That could be the most important global takeaway."

Mr. Trump's election could also lead to a bigger fight over the future of the Republican Party and big businesses' role in it. Mr. Trump's ascent reflects a view stated by many GOP voters that their leaders too often put donor interests first.

"There is not much difference in a small business and the working people of America, all of whom do not feel that we have a voice in how our country works," said Jim Farrell, owner of a construction-equipment firm in Anniston, Ala., who backs Mr. Trump.

During the campaign, Mr. Trump picked fights with House Speaker Paul Ryan (R., Wis.) and with traditional GOP allies like the U.S. Chamber of Commerce.

Executives for weeks have said they look forward to the election ending so businesses could enjoy more policy clarity. "There will be a sigh of relief that the election is over," said Mr. Ross.

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