A key economist changes his tune on Trump

The economy is so strong that the new president will have little effect for some time, said Mark Zandi. The same insight applies to NYC

By Greg David, Crain's, December 1, 2016

Before the election, the high-profile Moody's economist Mark Zandi said the election of Donald Trump would be disastrous for the economy. About 3.5 million Americans would lose their jobs, unemployment would jump back up to 7%, home prices would fall and the stock market would plummet, he predicted.

He certainly convinced his own family. He was in London on election night, he told the Urban Land Institute's New York chapter Thursday, and he was awakened at 5 a.m. by his daughter sobbing uncontrollably that "he is going to win."

Today, Zandi has a different take on the consequences of a President Trump. The Republican is inheriting an economy that is so strong—nearing full employment, with the prospect of much higher wage growth this year and next—that his election will have few near-term consequences.

In fact, Trump was so unprepared to win that it will take months for his new team to settle in and begin to focus on how to implement all those promises the candidate made during the campaign. It was clear that Zandi has been in close contact with the economic advisers for Trump and knows what he's talking about.

The same insight applies to the New York City economy, which is on track to add about 80,000 jobs this year and come close to that next year, according to local economists I talked to this week. It will be some time before Trump's policies actually affect the economy or the budgets of the city or state.

Eventually, however, the consequences will be very significant. Americans voted for change, Zandi noted, and they are going to get it, because the Republicans will control both the Congress and the presidency—and especially because the Democrats previously weakened the minority party's ability to block actions in the Senate via filibuster.

So, consider the next few months the interregnum.