



## The Daily Dish

# Regulation and the Trump Economic Agenda

**DOUGLAS HOLTZ-EAKIN | MAY 14, 2025**

The Trump Administration's economic agenda has four key components: immigration, tariffs, tax/budget, and deregulation. To date, the immigration focus has been on border security and deportations. The former has limited the flow of new entrants into the labor force in the short term. There will not be a repeat of 2023, when more than 4 million new entrants buoyed labor force growth and job creation and provided a valuable supply shock that hastened the Federal Reserve's desired disinflation. This went away in 2024, and the Fed struggled noticeably to continue progress toward the 2-percent inflation target. There was some concern that deportations might disrupt workplaces, but they appear to have been a non-event from a purely economic perspective. As for longer-term reforms of the legal immigration system - e.g., green cards for STEM graduates - there is no sign of activity.

The [tariffs](#) have monopolized the public's attention, with the United States having been transformed from a low-tariff economy to one with an effective tariff rate in the range of 16 percent - a record high that puts the country in a league with Chad, Burundi, Venezuela, and other economic heavyweights. From a macroeconomic perspective, even the administration now acknowledges that the tariffs are a cost that will place upward pressure on prices and constitute a headwind to growth. But the logic of the overall package is that this may be offset by the other elements.

The tax and budget agenda is a [work in progress](#), with the heart of it wrapped up in the "one big, beautiful bill" reconciliation process. But it is worth noting that the initial mark in the Ways and Means Committee front-loaded tax reductions to the tune of \$300 billion in 2026. This is clearly an attempt to offset the drag the tariffs are producing.

This brings us to deregulation. As a matter of logic, costs are costs. So, reducing regulatory costs on private-sector firms can be an offset to tariff costs and reduce upward price

pressures. So, it is interesting that in Dan Goldbeck's [latest](#) Week in Regulation, the year-to-date finalized rules have reduced the regulatory burden by \$75 billion. In addition:

...the president finally signed a [half-dozen](#) CRA resolutions of disapproval into law. This now means nine Biden-era rules, with roughly \$2.9 billion in associated costs, have been officially repealed via the CRA this term. These numbers, however, still lag behind the totals achieved during the [opening salvo](#) of the first Trump term.

It looks like a solid start for the deregulatory agenda. Unfortunately, all the savings come from the [Beneficial Ownership Information rescission](#). The rules finalized since President Trump took office have added about \$2.3 billion in costs. So, it is far from a slam dunk as to whether the agenda as a whole will be able generate a combination of continued disinflation and faster growth. Or, will the reverse occur, and a bout of stagflation awaits the economy later this year?