The Daily Dish

Supply-side Shortfalls

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Thursday the president posted on Truth Social:

> *Our great Farmers and people in the Hotel and Leisure business have been stating that our very aggressive policy on immigration is taking very good, long time workers away from them, with those jobs being almost impossible to replace. In many cases the Criminals allowed into our Country by the VERY Stupid Biden Open Borders Policy are applying for those jobs. This is not good. We must protect our Farmers, but get the CRIMINALS OUT OF THE USA. Changes are coming!*

This is, unsurprisingly, completely incoherent. The sector in which one is employed has nothing to do with criminal status. In particular, being "very good, long time workers" in hotels should have nothing to do with the accurate implementation of immigration law. But policymaking in a Trump White House is first and foremost chaotic, so yesterday the change became official, according to *The Washington Post*: "Tatum King, an official with ICE's Homeland Security Investigations unit, wrote regional leaders on Thursday to halt investigations of the agricultural industry, including meatpackers, restaurants and hotels."

The jury remains out on this latest twist, but overall, the administration's policies are having a real impact on labor force growth. *The Washington Post*, reporting on a forthcoming research paper, notes: "For the first time in at least half a century, more people may leave the United States than arrive this year, an abrupt shift in immigration patterns with potentially significant implications for the U.S. economy."

Since the native-born population has sub-replacement fertility, all future population and labor force growth in the United States hinges on immigration decisions. That is a long-run supply consideration. But immigration swings can have short-term consequences as well, with 2023 being the most recent case in point. That year witnessed a surge in the labor force due to immigration that greatly eased the challenge of reducing inflation (greater supply always is the solution to a problem of high prices).

Since then, policy has been chaotic and the implications for supply have been negative. This, as it turns out, is a theme of Trump policymaking. I don't think it will be hard to make the case that tariff policymaking has been extraordinarily chaotic, with the net effect to tangle supply chains and raise supply costs in the economy.

Or, consider tax policy and the One Big Beautiful Bill Act. The process has been anything but smooth thus far, and the result thus far is a pro-growth, supply-side dud. Investment incentives are a temporary after-thought, crowded out by political favors such as not taxing tips, overtime, and interest on car loans.

The tragedy is that the president's real mandate was to deliver better economic results, both lower inflation in the near-term and faster growth in the standard of living over time. Chaos and supply-side failures will not deliver on this mandate.