

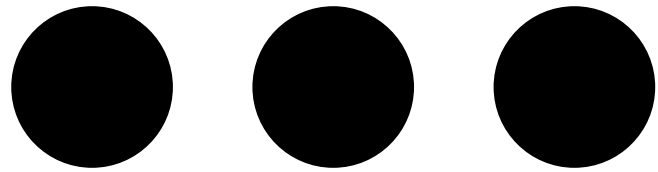


Written by [Bob Adelman](#) on July 1, 2019

White House Says Trump Deregulations Are Raising Household Incomes

The report released by the Council of Economic Advisors (CEA) on Friday, [“The Economic Effects of Federal Deregulation Since January 2017”](#), likely underestimated the total impact of the president’s deregulation efforts, for several reasons.

First, it looked in depth at just 20 of these efforts. Second, it failed to estimate the impact of others implemented but not analyzed. Third, it left out any attempt to estimate the favorable economic impact of deregulations that are in the pipeline but haven’t been implemented yet.



Nevertheless, Trump’s efforts are impressive. According to the report, “The Council of Economic Advisors (CEA) estimates that after 5 to 10 years, this new approach to Federal regulation will have raised real incomes by \$3,100 per household per year.” In addition, consumers will enjoy sharply reduced prices on many essential goods and services along the way.

Casey Mulligan, the chief economist for the CEA, explained what’s been accomplished so far:

(bit)The deregulatory efforts of the Trump administration have ... removed mandates from employers, especially smaller businesses, and have removed burdens that would have eliminated many small bank lenders from the marketplace. These deregulatory actions are raising real incomes by increasing competition, productivity, and wages.(eit)

Small business owners are benefitting not only as consumers and taxpayers, but also in greater freedom to operate without so many federal mandates. Their tax savings are being channeled into new marketing strategies to keep up with (and ahead of) the competition. They is able to invest now-available capital into productivity improvements, not only in technology, but in training for employees to make them worth more to their employer. And business owners are now increasingly able to recognize employees’ improved value to their company by raising wages.

Much of those improved wages filter out into the marketplace, creating additional demand for products and services.

Mulligan noted that Trump’s deregulatory successes have reduced the prices for prescription drugs, for health insurance, and for telecommunications and Internet services. Small lenders, known as “payday” lenders, were treated poorly under the Obama administration, but are enjoying a revival now that rules



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that inhibited them have been removed.

One area the report investigated in depth was prescription drugs, prices for which have long outpaced inflation. But in the last two years, price hikes fell by more than 11 percent, with some falling below the rate of inflation: “[Some] even declined in nominal terms ... for the first time since 1972.” The savings, according to the report, are substantial: Consumers will save an average of almost 10 percent on retail prescription drugs, “resulting in an increase of \$32 billion per year in the purchasing power of the incomes of Americans (including both consumers and producers).”

Consumers are also saving money on Internet access fees of about \$40 per subscriber. With many consumers having multiple Internet subscriptions, the savings “becomes \$15 billion per year in the aggregate,” according to the report.

All of which is adding between one percent and 2.2 percent to the U.S. gross domestic product over the next 10 years, said the report. In a \$20 trillion economy, that amounts to more than \$200 billion a year. Under the Obama administration, those regulations were a drag on the economy of up to one percent. So the net gain is significant.

The Trump strategy was simple: eliminate unnecessary and costly regulations; and slow the rate of applying new ones. New regulations had to show the net gain to the economy in order to be approved through the elimination of others already in place.

The analogy of weighing down a racehorse with unnecessary lead weights is apt: Under Obama, the U.S. economic racehorse was burdened with 100 pounds of dead weight regulations. Under Trump, that weight has been reduced by 30 pounds, with another 70 pounds still to go.

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