Chapter 2

Promoting Prosperity through Regulatory Reform

Excessive regulation causes a cascade of economic challenges that ultimately harm American families and businesses. It does so by stifling productivity through rising compliance costs and reducing competition by erecting barriers to entry. Soaring compliance costs divert resources away from innovation and investment and toward bureaucratic requirements, discouraging growth and entrepreneurship (Gutiérrez and Philippon 2017; Wölfl et al. 2010; Coffey, McLaughlin, and Peretto 2020).

When regulatory complexity makes it prohibitively expensive for new competitors to enter markets, the dense regulatory framework functions as a protective moat around established businesses, protecting them from competition (Stigler 1971). These regulatory hurdles reduce start-up activity, limit job creation, and ultimately lead to higher prices and fewer choices for consumers (Bailey and Thomas 2017; Chambers, McLaughlin, and Stanley 2019; Bradley 2025). Small firms, lacking the resources to navigate complex regulatory landscapes, bear a disproportionate burden that can drive them out of business entirely (Crain and Crain 2014; Cordes, Dudley, and Washington 2022). In response to the significant economic challenges posed by regulations, President Trump has initiated a record level of agency deregulatory rulemakings, presidential actions (including Executive Orders, presidential memoranda, and presidential proclamations), and rescissions under the Congressional Review Act, resulting in over $5 trillion in regulatory costs that are in the process of being cut.

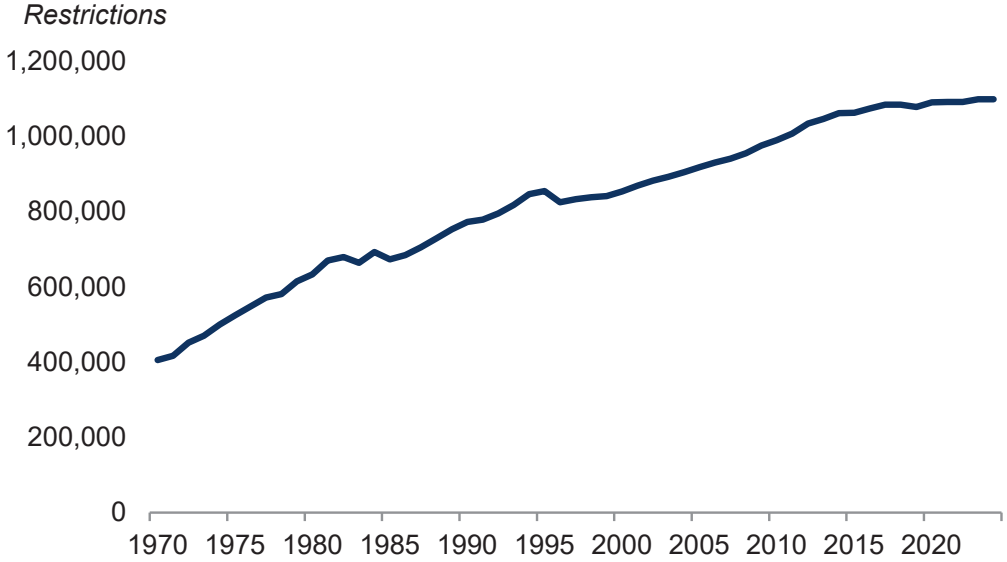
This chapter first focuses on the empirical costs of regulations and the potential savings from comprehensive regulatory reform. Then it discusses the various justifications for and negative consequences stemming from the use

of regulations. Finally, the chapter provides a detailed summary of the Trump Administration's current regulatory reform efforts.

The Empirical Costs of Regulation

A regulation is an authoritative rule or order that carries the force of law and is created and maintained by an authority—typically a government agency or executive branch body—to control or govern conduct within its area of responsibility or jurisdiction (Cornell Law School n.d.). Since individual regulations can vary significantly in length and complexity, a practical method to measure the level of Federal regulations is to sum the number of binding restrictions (i.e., words connoting a binding legal obligation, such as "shall," "must," "may not," "required," and "prohibited") in the *U.S. Code of Federal Regulations* (*CFR*). Using this measure, total binding restrictions increased from about 400,000 in 1970 to 1.1 million in 2024, reflecting an average annual growth rate of 1.9 percent (see figure 2-1). This is consistent with the 2.4 percent average

Figure 2-1. Regulatory Restrictions in the *U.S. Code of Federal Regulations*, 1970–2024



Source: RegData; 1970–2023 available at quantgov.org, Data for 2024 are to be released with RegData 6.0.
Note: Data for 1970–2019 are reported by the source as annual time series observations, while 2020–23 are reported as daily time series observations spanning the period January 1, 2020 to October 24, 2023. In the latter case, final observations for each year were employed to extend the annual time series. The annual observation for 2024 was obtained from prerelease access to RegData 6.0.

annual growth in the *CFR*'s total page count over this period.[1] This expansion has translated into significant economic costs.

Crain and Crain (2014) estimate that compliance costs averaged $13,000 per employee in 2012 (when expressed in 2024 dollars), with small firms facing disproportionately higher burdens than large firms. The regulatory environment thus enhances the returns to scale for established firms, discourages start-up activity, and misallocates capital.

Empirical studies confirm these effects. Gutiérrez and Philippon (2017) document underinvestment among U.S. firms since the early 2000s, which has been driven in part by regulatory barriers that reduce competition. Bailey and Thomas (2017) show that industries subject to heavier regulations have fewer start-ups, slower job creation, and lower exit rates for large firms. These findings align with Stigler's (1971) regulatory capture theory, which posits that regulations often serve entrenched special interests rather than the general public.

At the macroeconomic level, Coffey, McLaughlin, and Peretto (2020) estimate that Federal regulatory expansion slowed U.S. growth in gross domestic product (GDP) by 0.8 percent a year between 1980 and 2012. Given that real GDP grew at just under 2.8 percent a year over this period, the U.S. economy would have been nearly 25 percent larger (about $5.4 trillion, in 2024 dollars) if regulations had not grown over this period. Since this estimate excludes regulations enacted after 2012, lost output is likely much larger.

Finally, regulations have regressive effects. Chambers and O'Reilly (2022) find that increased Federal regulations are associated with higher income inequality at the State level, while Chambers, McLaughlin, and Stanley (2019) link regulatory accumulation to higher State-level poverty rates. These results suggest that regulatory burdens fall most heavily on small businesses and low-income households.

Potential Savings from Regulatory Reform

The Competitive Enterprise Institute estimates that the annual total cost of Federal regulations stood at a towering $2.1 trillion as of 2024 (Crews 2024). Exacerbating this significant burden, the Biden Administration finalized new regulations with $1.8 trillion in lifetime present value costs in just four years (Goldbeck 2025). Rolling back these Biden-era rules alone would result in substantial long-run cost savings, equivalent to an annual increase of 0.29 percentage points in U.S. GDP growth over a 20-year horizon.[2] However, this

[1] According to RegStats (2023), the *CFR* page count increased from 54,834 in 1970 to 190,260 in 2023, the last year reported.

[2] This assumes that every dollar of regulatory costs stem from deadweight losses and the rules yield no market benefits. While this assumption is surely violated in practice, it also ignores the countervailing growth enhancing impact of deregulation on total factor productivity, as reported by Coffey, McLaughlin, and Peretto (2020).

figure is conservative compared with Mulligan's (2024) estimate of $5.8 trillion. Mulligan attributes the discrepancy to agencies systematically underreporting opportunity and resource costs, often quantifying only clerical burdens such as paperwork hours while neglecting broader economic effects.

Mulligan's (2024) analysis of agency rulemaking found that for every $1 in reported costs, the "big four" regulators—the Department of Health and Human Services, the Federal Communications Commission, the Consumer Financial Protection Bureau, and the Department of Labor—failed to account for an additional $16 in missing costs. Excluding these regulators, agencies only reported about 59 percent of expected costs.

Adjusting for these omissions, Mulligan projects that Biden-era regulations cost roughly $5.8 trillion. Reducing this estimate by 13.3 percent to account for differences in projected versus actual agency self-reported costs, Biden's regulations cost society $5.02 trillion, with potential savings from reform equivalent to a boost in GDP growth of 0.78 percentage points over two decades.[3] These growth effects translate into substantial fiscal benefits. Using projections by the Office of Management and Budget (OMB), the additional economic activity generated by deregultion would reduce Federal deficits by $1.1 trillion to $2.9 trillion over the next decade.[4]

Beyond its impact on growth, regulatory accumulation also drives inflation. Firms facing new compliance requirements typically pass their costs on to consumers by charging higher prices, disproportionately burdening lower-income households that spend a larger share of their income on regulated necessities such as housing and utilities. Furthermore, regulations reduce firms' flexibility to expand output in response to growing demand, amplifying price pressures. Beach and Sheppard (2025) estimate that freezing regulatory growth for a decade would lower the price level by 5.7 percent, which is equivalent to reducing the annual inflation rate by 0.6 percentage point.

The Economic Challenges of Applying Regulations

At the Federal level, most regulations are promulgated by executive branch agencies through notice-and-comment rulemaking (as prescribed by the Administrative Procedure Act), which rely on statutory authority granted by

[3] Using these findings, Mulligan analyzed the Biden Administration's regulatory costs using data from 41 months in office and projected costs for the remaining seven months. He estimated agencies would self-report $2.077 trillion in regulatory costs over Biden's full term, with adjusted true costs reaching about $5.792 trillion. The actual agency-reported costs were $1.8 trillion—13.3 percent below Mulligan's forecast. Adjusting his "true cost" estimate accordingly reduces the cost of Biden-era regulations to $5.02 trillion.

[4] According to table 2-4 in the FY 2025 *Analytical Perspectives* (OMB 2025), a sustained 1-percentage-point increase in real GDP growth results in deficit reduction of about $3.7 trillion over the 10-year budget window.

acts of Congress.[5] These regulations are formulated by agencies so they can ostensibly pursue the goals and directives set out in statutes by Congress. However, some regulatory requirements are directly promulgated by Congress via statute.

The central question is whether regulations are an effective tool for influencing economic outcomes. Economic theory provides a framework. The First Welfare Theorem holds that in a perfectly competitive market with no externalities, complete information, and well-defined property rights, any competitive equilibrium outcome is Pareto efficient (Mas-Colell, Whinston, and Green 1995). In such cases, regulation cannot improve welfare. However, when these assumptions fail—through market power, externalities, asymmetric information, or inadequate provision of public goods—government intervention may be justified.

In other words, in markets with robust competition that keeps monopoly power in check and where fully informed market participants completely absorb both the costs and benefits of their transactions, government intervention is unable to alternatively allocate resources so that everyone will be better off. Of course, if any of these underlying assumptions are not met, markets will not allocate resources with perfect efficiency, a condition known as market failure. The presence of market failures does not mean that the market has entirely failed or that government intervention will necessarily yield a more desirable result, just that the market fails to perfectly achieve the optimal result. Real-world government intervention aimed at addressing such market failures can produce market failures of its own, and thus a balancing of failures is in order. The next subsections consider the most common underlying causes of market failure—including market power, externalities, asymmetric information, public goods, and bounded rationality—along with the challenges associated with regulatory remediation.

Market Power

When markets are not competitive, firms can exploit their market power to raise prices above what would prevail in a marketplace with vigorous competition. When faced with higher prices, consumers purchase less of the overpriced product, despite the fact that additional output could be produced at a cost below the subjective value of that output from the buyers' perspective.

---

[5] Agencies increasingly use guidance documents which supposedly interpret or clarify regulations or advise the public on matters of regulatory compliance. Guidance documents are not subject to the Administrative Procedure Act's procedural safeguards because they technically have no legal force and are not binding. But, as a practical matter, many guidance documents do bind regulated entities and can have a large economic impact. Failure to comply with guidance documents carries the risk of adverse enforcement action, and thus regulated parties generally obey the edicts contained in guidance documents (Zinberg 2024).

Moreover, the loss in purchasing power faced by consumers, since they must pay more for the products they do purchase, has subsequent effects in other markets since consumers must alter their spending patterns for other goods and services. Thus, resources are no longer efficiently allocated within the economy. Addressing this form of market failure through public policy is fraught with challenges. The use of economic regulations—that is, rules designed to control prices or producer entry—have been curtailed since the 1970s, since such policies have a poor track record (e.g., the dismantling of the Civil Aeronautics Board in 1978).[6] While the regulation of natural monopolies—that is, industries where output is most efficiently supplied by a single producer due to economies of scale—makes sense in some instances (e.g., large public utilities are still regulated by public utility commissions in many States), regulation is not always the best remedy to promote competition. In cases where there is a significant concentration of market power or a proposed corporate merger would reduce competition, the Department of Justice and the Federal Trade Commission can engage in antitrust enforcement using laws such as the Sherman Antitrust Act (1890) and Clayton Antitrust Act (1914).

However, in some cases, monopolies are contestable through disruptive innovation and competitor entry. History is littered with examples of short-lived monopolies, including the BlackBerry mobile phone and the Yahoo search engine, to name just two. In some instances, existing regulations may act as a barrier to entry, which actually inhibits competition. In such cases, deregulation may be the best option to promote competition. For example, 35 States and the District of Columbia have Certificate of Need (CON) laws that require prospective healthcare providers to obtain government permission before entering new markets or expanding operations. Bailey (2016) finds that CON laws increase overall healthcare spending by 3.1 percent, and Medicare spending by 6.9 percent. The widespread rollback of CON laws would thus boost competition among healthcare providers and reduce prices.

Externalities

An externality refers to an impact, which can be either positive or negative, on a third party outside a market transaction. A classic example of a negative externality is air pollution from an electric utility, which imposes costs on a community that are not paid for by the producers nor the consumers of energy. Because these broader pollution costs (e.g., negative health effects) are disregarded by both producers and consumers, there is an overproduction of both power and pollution.

To tackle this problem, regulators can either mandate changes to the method of production to reduce the extent of the externality (e.g., pollution abatement technology) or impose a tax on production to reduce both output

[6] For a detailed history of economic regulation, see CEA (2019, chap. 2).

and pollution (i.e., a Pigouvian tax).[7] Yet Hayek (1945) argued that central planners lack the required knowledge needed to allocate resources efficiently, meaning that interventions may often introduce new inefficiencies. Evidence from healthcare shows that government failures can exceed the market failures they attempt to remedy (CEA 2019, chap. 4). Furthermore, the public choice school of thought, which began with Buchanan and Tullock (1962), argues that the incentives of regulators may not align with the public interest, casting further doubt on the efficacy of government intervention. Alternatives such as private negotiation (Coase 1960) and community governance (Ostrom 1999) can sometimes internalize externalities more effectively.

Assymetric Information

Markets also fail when one party holds superior information. For any economic system to efficiently allocate resources, the participants must have access to all the necessary information germane to their decision-making. Otherwise, buyers and sellers cannot properly assess the value or level of demand for goods and services, or determine the lowest-cost means of production. In such a world, profitable production would be rare and chronic shortages would be commonplace. This is the crux of Hayek's criticism of socialism and explains intuitively why markets are superior to central planning, since markets aggregate and transmit this information in the form of price signals that guide efficient resource allocation. However, in a market economy, asymmetric information can still exist.

Akerlof's (1970) "market for lemons" illustrates how adverse selection can undermine markets. For example, since only the seller of a used car knows its true quality, buyers, unable to distinguish good cars from bad, are only willing to offer a price equal to the car's expected quality, which reflects the likelihood of getting a lemon—a bad car. In the case of a good car, this price is too low and the seller will not agree to the low-ball offer or will preemptively withhold their car from the market, knowing they will not receive a fair selling price. Sellers of lemons will accept a similar offer, and thus the only cars being sold are lemons.

Adverse selection in life insurance markets is another manifestation of this asymmetric information problem. In this case, customers seeking insurance are more likely to anticipate the need for insurance due to poor health, perceived health risks (e.g., family history), or occupational hazards, while insurance companies, not in possession of this information, struggle to charge actuarially fair rates. To mitigate this problem, those at an informational disadvantage can either seek this information from third-party sources (e.g., vehicle history reports for cars and credit reports for borrowers) or mandatory disclosures from those with an information advantage (e.g., health questionnaires). With regard

[7] The concept of a Pigouvian tax was first formulated in Pigou (1920). For a criticism of Pigouvian taxes, see Demsetz (2011).

to the disclosures, there is a limited role for regulations to ensure that adequate and truthful information is provided.

Public Goods

Outside the competitive equilibrium framework for private goods and services, another driver of resource misallocation stems from the inadequate provision of public goods (and services), which are special since their consumption is both nonrival (i.e., one person's consumption does not diminish the available supply to others) and nonexcludable (i.e., one cannot easily prevent others from consuming them). Clean air is a classic example of a public good.[8] Such goods, although they may be highly valued by individuals, cannot be profitably produced since firms cannot compel consumers to pay for them. In some cases, the government can either directly provide public goods (e.g., national defense) or promote their provision through regulation. For example, pollution restrictions curb toxic emissions and promote improved air quality. However, these policies result in a trade-off between private and public goods, since either (1) resources must be used to produce public goods and thus cannot be employed in the production of private output, or (2) productivity in the private goods market declines because some modes of production are no longer legal (e.g., more pollution-intensive production). Regulation can promote provision, but at the cost of reduced private output. Policymakers must weigh these trade-offs carefully.

Bounded Rationality and Behavioral Regulation

Some behavioral economists argue that consumers are irrational, justifying paternalistic regulation. Thaler and Sunstein (2003) advanced this view, but evidence suggests that consumers are more rational than regulators assume.[9] For example, Sallee, West, and Fan (2015) find that consumers respond strongly to fuel costs when purchasing vehicles, directly contradicting the rationale behind Corporate Average Fuel Economy (CAFE) standards, which assume consumers undervalue fuel efficiency. Mannix and Dudley (2015) note that if the most energy-efficient products truly offered billions in savings, consumers would have adopted them voluntarily—without market intervention.[10]

When this theory of bounded rationality is applied to the realm of finance, regulators contend that consumers seeking high-interest credit (e.g., payday loans) are victims of predatory lending. However, Agarwal and Bos (2019) find that 64 percent of pawn borrowers in their sample would likely have been

[8] Note that in some cases, negative externalities (e.g., too much air pollution) can be framed as a lack in the provisioning of public goods (e.g., not enough clean air).

[9] Cass Sunstein served as President Obama's Administrator of the Office of Information and Regulatory Affairs within the Office of Management and Budget.

[10] Susan Dudley served as President George W. Bush's Administrator of the Office of Information and Regulatory Affairs.

rejected if they had applied for credit at a mainstream financial institution, indicating that the majority of such borrowers are both rational and well informed regarding their credit options.

The fact that regulators continue to mischaracterize consumer behavior as irrational, despite overwhelming evidence to the contrary, calls into question the objectivity of their own decision-making. Viscusi and Gayer (2015) note that that government agencies often cite behavioral irrationalities to justify intervention, yet this rationale overlooks the fact that government decision-making suffers from the same behavioral limitations. Indeed, these policies are crafted by agents of the government who are presumably just as fallible as the general population. This problem is exacerbated by the fact that agency officials with a narrow policy scope likely have a tendency to exclude relevant concerns outside this scope. Thus, as Gayer and Viscusi (2013, 263) put it, "fuel efficiency and energy efficiency matter, but nothing else does." These shortcomings on the part of regulators lead to flawed rules seeking to address nonexistent problems. This unnecessary regulation thus creates market failures in the name of repairing them.

Given the narrow scope for economically efficient rulemaking, an obvious question arises: why are there so many Federal regulations? At the latest count, the *CFR* contains over 100 million words of regulatory text, and this does not include agency guidance documents. This huge volume of rules clearly goes well beyond the set of reasonable and appropriate rules most people would support, and also beyond the often-less-extensive statutory framework from which the regulations are supposed to derive. A plausible explanation is that regulations are in many instances a form of hidden taxation. Viewed this way, regulations are off-budget mandates designed to accomplish policy objectives without the need for explicit taxes and subsidies.

A Framework for Improving Regulation

Given the challenges of optimally regulating dynamic markets, regulators should focus their efforts on curtailing significant externalities that threaten consumer well-being, workplace safety, or the environment. When such risks are identified, agencies should follow sound rulemaking principles and consider nonregulatory alternatives that achieve the desired outcome. For example, well-designed public education campaigns can often achieve outcomes more effectively than prohibitions, punitive taxation, or civil penalties (e.g., efforts to reduce adult smoking or increase seatbelt usage).

When regulation is deemed necessary, agencies must ensure that expected social benefits outweigh social costs. Moreover, rules should be compared with alternative uses of scarce resources to determine whether they yield the highest social return. For instance, Thomas (2019) estimated that the

National Highway Traffic Safety Administration's backup camera rule cost $31 million per life saved (in 2024 dollars), crowding out more cost-effective private risk-reducing expenditures such as safer transportation choices.

Recognizing these trade-offs, both Trump Administrations have implemented regulatory budgets to discipline rulemaking. It is also the case that historically, individual analyses do not account for the cumulative impact of multiple regulations on the ability of an industry or consumer to pay for them, despite periodic calls to better consider such effects. In his first Administration, President Trump implemented the Federal regulatory budget through Executive Order 13771, which required the elimination of two regulations for every new rule introduced, but it actually achieved a 5.5-to-1 ratio in practice. More importantly, it introduced the idea of a regulatory cost cap, mandating that the total incremental costs of new regulations must be zero or less, unless otherwise required by law or approved by OMB. In response to the Biden Administration's rescission of his first Administration's regulatory budget framework, President Trump issued Executive Order 14192, which mandates that for every new regulation issued, agencies must eliminate at least 10 existing ones. It sets a regulatory cost cap for fiscal year 2025, requiring that the total cost of new regulations must be less than zero. Together, these orders promote efficiency and reduce the economic drag of overregulation by treating regulatory costs with the same discipline as fiscal expenditures.

Another strategy employed by President Trump is the use of regulatory sunsetting to efficiently eliminate obsolete and ineffective rules.[11] The fundamental idea behind sunsetting is simple: all regulations should be regularly reexamined to ensure that the rules operate as intended and that actual benefits exceed costs. Otherwise, obsolete and antiquanted rules which still have the force of law will needlessly accumulate. Automatically sunsetting regulations forces agencies to proactively justify the continued existence of rules that would otherwise persist indefinitely. This also eliminates the need to individually repeal bad rules through new notice-and-comment rulemaking, which takes 18 months on average (Yackee and Yackee 2012).[12] Expanding the use of sunsetting would allow Administrations to expand the scope of their deregulatory reform efforts.

Such a disciplined approach to rulemaking is likely to have a greater positive impact on social welfare in the long run than a situation in which agencies

[11] At the end of President Trump's first Administration, the U.S. Department of Health and Human Services promulgated a final rule adding sunsets to its rules (see 86 *FR* 5694). This rule was later rescinded by the Biden Administration (see 87 *FR* 32246). In his second term, President Trump issued Executive Order 14270, which mandates rulemaking to add sunsets to energy-related regulations across multiple agencies.

[12] In some instances, rules can be immediately repealed for "good cause" by way of interim final rulemaking, thus sidestepping the normal requirements for a Notice of Proposed Rulemaking under the Administrative Procedure Act. This, however, exposes the issuing agency to legal risks if the rule is challenged in Federal court.

are unconstrained by a regulatory budget. The reason for this is threefold. First, each dollar in social costs consumed by new rules yields a relatively high social return as measured by net benefits. This promotes efficiency at the start of the rulemaking process. Second, appropriate retrospective review of rules helps to eliminate costly regulatory burdens that no longer achieve the benefits that were anticipated when the original rules were promulgated. This promotes long-run efficiency over the life cycle of rules. Third and finally, since a regulatory budget economizes the use of scarce private resources to achieve social aims, it promotes increased long-run economic growth and technological innovation, which gives future generations better technology and greater resources with which to pursue worthwhile regulations.

Current Reform Efforts

Recognizing these economic challenges, the Trump Administration has implemented comprehensive measures to roll back regulatory overreach. President Trump worked with Congress to eliminate 22 regulations by way of the Congressional Review Act as of December 15, 2025, surpassing a record he set over the entirety of his first Administration. In his first 100 days in office, President Trump set a record by issuing over 20 presidential actions (i.e., Executive Orders, presidential memoranda, and presidential proclamations) to promote deregulation and regulatory reform. These actions cover a wide range of topics, including a freeze of all pending regulatory proposals, averting an estimated $180 billion in additional costs over the long-run; ending diversity, equity, and inclusion programs; removing obstacles to domestic energy production and resource extraction while sunsetting obsolete energy regulations; targeting regulations that increase the cost of living (e.g., food, housing, and healthcare); promoting American leadership in artificial intelligence (AI) and digital assets; and rescinding unconstitutional regulations that suppress competition–to name a few. A complete list of President Trump's 2025 presidential actions with a deregulatory effect is provided in table 2-1.

President Trump's memorandum, "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis," directs all executive branch departments and agencies to provide emergency price relief to American families. Federal agencies are currently working to reduce living costs, including the Environmental Protection Agency (EPA), and the departments of Agriculture, Commerce, Energy, Health and Human Services, Housing and Urban Development, Interior, Labor, and Transportation.

Under the President's directive, these agencies are taking action to lower housing costs and expand housing supply, eliminate unnecessary administrative expenses and rent-seeking practices that drive up healthcare costs, remove

Table 2-1. Presidential Actions with a Deregulatory Effect

Executive orders	*Date in 2025*
14148: Initial Rescissions of Harmful Executive Orders and Actions	Jan. 20
14151: Ending Radical and Wasteful Government DEI Programs and Preferencing	Jan. 20
14153: Unleashing Alaska's Extraordinary Resource Potential	Jan. 20
14154: Unleashing American Energy	Jan. 20
14156: Declaring a National Energy Emergency	Jan. 20
14178: Strengthening American Leadership in Digital Financial Technology	Jan. 23
14179: Removing Barriers to American Leadership in Artificial Intelligence	Jan. 23
14181: Emergency Measures to Provide Water Resources in California and Improve Disaster Response in Certain Areas	Jan. 24
14192: Unleashing Prosperity Through Deregulation	Jan. 31
14219: Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative	Feb. 19
14236: Additional Rescissions of Harmful Executive Orders and Actions	Mar. 14
14241: Immediate Measures to Increase American Mineral Production	Mar. 20
14255: Establishing the United States Investment Accelerator	Mar. 31
14260: Protecting American Energy from State Overreach	Apr. 8
14261: Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241	Apr. 8
14264: Maintaining Acceptable Water Pressure in Showerheads	Apr. 9
14267: Reducing Anti-Competitive Regulatory Barriers	Apr. 9
14270: Zero-Based Regulatory Budgeting to Unleash American Energy	Apr. 9
14275: Restoring Common Sense to Federal Procurement	Apr. 15
14276: Restoring American Seafood Competitiveness	Apr. 17
14281: Restoring Equality of Opportunity and Meritocracy	Apr. 23
14284: Strengthening Probationary Periods in the Federal Service	Apr. 24
14285: Unleashing America's Offshore Critical Minerals and Resources	Apr. 24
14293: Regulatory Relief to Promote Domestic Production of Critical Medicines	May 5
14294: Fighting Overcriminalization in Federal Regulations	May 9
14295: Increasing Efficiency at the Office of the Federal Register	May 9
14299: Deploying Advanced Nuclear Reactor Technologies for National Security	May 23

14300: Ordering the Reform of the Nuclear Regulatory Commission	May 23
14302: Reinvigorating the Nuclear Industrial Base	May 23
14304: Leading the World in Supersonic Flight	June 6
14308: Empowering Commonsense Wildfire Prevention and Response	June 12
14318: Accelerating Federal Permitting of Data Center Infrastructure	July 23
14331: Guaranteeing Fair Banking for All Americans	Aug. 7
14335: Enabling Competition in the Commercial Space Industry	Aug. 13
14337: Revocation of Executive Order on Competition	Aug. 13
14365: Ensuring a National Policy Framework for Artificial Intelligence	Dec. 11
14366: Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors	Dec. 11
14369: Ensuring American Space Superiority	Dec. 18
Presidential memoranda and proclamations	*Date in 2025*
Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis	Jan. 20
Regulatory Freeze Pending Review	Jan. 20
Regulatory Relief for Certain Stationary Sources to Promote American Energy	Apr. 8
Directing the Repeal of Unlawful Regulations	Apr. 9
Updating Permitting Technology for the 21st Century	Apr. 15
Rescission of Useless Water Pressure Standards	May 9
Protecting the Great Lakes from Invasive Carp	May 9
Stopping Radical Environmentalism to Generate Power for the Columbia River Basin	June 12
Simplifying the Funding of Energy Infrastructure and Critical Mineral and Material Projects	June 30
Regulatory Relief for Certain Stationary Sources to Further Promote American Energy	July 17
Regulatory Relief for Certain Stationary Sources to Promote American Chemical Manufacturing Security	July 17
Regulatory Relief for Certain Stationary Sources to Promote American Iron Ore Processing Security	July 17
Regulatory Relief for Certain Stationary Sources to Promote Security with Respect to Sterile Medical Equipment	July 17
Memorandum of Understanding between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland Regarding the Technology Prosperity Deal	Sep. 18
Regulatory Relief for Certain Stationary Sources to Promote American Mineral Security	Oct. 24
Regulatory Relief for Certain Stationary Sources to Promote American Coke Oven Processing Security	Nov. 21

Source: CEA analysis.

counterproductive requirements that increase home appliance costs, and expand employment opportunities for Americans.

Initial progress has been substantial:

- *Environmental regulations:* Reconsideration of the 2009 Endangerment Finding, which lays the groundwork to rescind the EPA's multipollutant emission standards for light-, medium-, and heavy-duty vehicles. When accounting for consumer preferences and perceptions of vehicle quality, the resulting net benefit to consumers from relaxing the de facto electric vehicle mandates is just under $4.7 trillion in net present value (EPA 2025, appendix B, table RIA-5).
- *Energy efficiency standards:* On May 9, 2025, the President signed four Congressional Review Act resolutions permanently blocking a Biden-era Department of Energy (DOE) appliance efficiency and reporting rule, as well as conservation standards for gas-fired instantaneous water heaters, walk-in coolers and freezers, and commercial refrigerators, freezers, and refrigerator-freezers. Rolling back all seven DOE appliance conservation rules could yield $23 billion in savings.[13]
- *Fuel economy standards:* The One Big Beautiful Bill Act (OBBBA) eliminated monetary penalties for automakers that fail to meet the Department of Transportation's stringent CAFE standards, and the National Highway Traffic Safety Administration has initiated rulemaking to rescind the 2024 CAFE standards, resulting in about $109 billion in additional savings.
- *Healthcare affordability:* The OBBBA delayed implementation of the very costly 2024 Centers for Medicare & Medicaid Services (CMS) nursing home staffing rule, which would have forced many nursing homes to shut down, stranding seniors in need of care. Subsequently, CMS issued an interim final rule to repeal this regulation.
- *Small business relief:* The Financial Crimes Enforcement Network issued an interim final rule rolling back the agency's 2022 Beneficial Ownership regulation, which would have compelled all companies to disclose their owners and imposed severe civil and criminal penalties for violations, including a fine of $500 per day if a violation continued and up to two years in prison. Now, only foreign firms registered to do business in the United States must comply with these disclosure requirements. The Financial Crimes Enforcement Network estimates that eliminating this rule will save businesses over 91 million hours annually in reporting burdens and $9 billion in reporting costs.

The Trump Administration's comprehensive approach to regulatory reform represents a fundamental shift toward supply-driven economic growth

[13] The seven energy conservation rules for appliances include gas-instantaneous water heaters, conventional cooking products, dishwashers, clothes washers, clothes dryers, consumer furnaces, and commercial water heating equipment.

and prosperity. By systematically removing regulatory barriers, implementing disciplined frameworks for future rulemaking, and prioritizing the needs of families and businesses, these policies are poised to deliver substantial benefits to the American economy.

Strengthening American Leadership in Technology

Technological innovation drives U.S. economic growth by enhancing productivity, which promotes higher real wages and improved living standards for American workers. Transformative technologies, like AI, create entirely new markets, industries, and career paths. Beyond economic benefits, innovation strengthens national security and builds economic resilience. By advancing domestic manufacturing capabilities and reducing dependence on foreign industrial supply chains, technological progress helps secure America's energy independence and strategic autonomy.

However, existing regulatory restrictions and regulatory uncertainty threaten American leadership in technology. Recognizing these opportunities and challenges, President Trump has signed several Executive Orders designed to accelerate technological innovation and cement American leadership in emerging high-growth sectors, particularly digital finance and AI.

To promote continued, rapid innovation in digital finance, President Trump issued Executive Order 14178, "Strengthening American Leadership in Digital Financial Technology." This Presidential action marks a significant policy reversal by revoking stifling regulatory restrictions on digital finance innovation, specifically President Biden's Executive Order 14067 and the Department of the Treasury's "Framework for International Engagement on Digital Assets."

President Trump's directive establishes several key policy objectives designed to position the United States as a leader in the digital finance sector. First, the order prioritizes protecting Americans' fundamental rights to access and participate in public blockchain networks without facing undue governmental restrictions. It seeks to bolster the dollar's sovereignty by actively supporting the development and global adoption of dollar-backed stablecoins, reinforcing the dollar's position in the international digital economy. Additionally, the Executive Order ensures fair access to banking services for all individuals and businesses, regardless of their involvement in digital assets.

The order also calls for establishing clear, technology-neutral regulatory frameworks that will foster innovation in digital assets and blockchain technologies while providing necessary legal certainty for market participants. Perhaps most notably, the order explicitly prohibits the "establishment, issuance, circulation, and use" of any Central Bank Digital Currency within the United States. This prohibition reflects concerns about consumer privacy and financial freedom, positioning private stablecoins as the preferred alternative for digital dollar

representation. By embracing private sector solutions over government-issued digital currencies, the order signals a market-driven approach to digital financial innovation.[14]

To further improve regulatory clarity about digital assets and promote U.S. leadership in blockchain technology, President Trump signed the "Guiding and Establishing National Innovation for U.S. Stablecoins Act" (i.e., the GENIUS Act) into law on July 18, 2025. While not deregulatory in nature, the GENIUS Act eliminated regulatory uncertainty by establishing comprehensive standards for liquid assets backing stablecoin issuance and mandating public disclosures, along with annual audits to verify reserve holdings and enhance transparency. The legislation paves the way for banks and approved nonbank issuers to enter this rapidly growing and lucrative market, while simultaneously subjecting stablecoin providers to anti–money laundering and sanctions compliance regulations.

To promote sustained, rapid development of AI, President Trump issued Executive Order 14179, "Removing Barriers to American Leadership in Artificial Intelligence." This Presidential action seeks to strengthen the United States' position as the global leader in AI by eliminating regulatory obstacles that may hinder AI innovation. The order prioritizes the development of AI systems that remain "free from ideological bias or engineered social agendas." To accomplish these goals, the order requires a comprehensive review of all policies and initiatives established under the previous administration's Executive Order 14110, which created a complex web of AI development restrictions that threatened to impede innovation. Furthermore, Executive Order 14179 directs federal agencies to identify and suspend any existing measures that conflict with the new policy direction. Furthermore, the order mandates the creation of a strategic action plan designed to "sustain and enhance America's global AI dominance" in competition with international rivals, particularly China. Through these coordinated efforts, President Trump aims to position the United States at the forefront of AI development while maintaining competitive advantages over foreign competitors in this critical technological domain.

Unleashing American Energy

Affordable and reliable energy serves as the backbone of the U.S. economy, powering every sector while keeping production and living costs manageable. This energy foundation ensures accessible transportation, supports millions of

[14] Private stablecoins are cryptocurrencies engineered to maintain a stable value relative to a reference asset, typically a national currency like the dollar. Dollar-backed stablecoin issuers achieve this stability through a reserve mechanism: they hold one dollar in reserve for each stablecoin issued and guarantee redemption at par value upon demand. This convertibility mechanism creates a reliable one-to-one peg with the underlying currency, providing users with the benefits of digital assets while minimizing price volatility.

jobs, and proves especially critical for emerging high-growth industries such as AI, robotics, and data centers. Beyond economic benefits, domestic energy production strengthens national security by reducing America's dependence on foreign energy sources. Therefore, President Trump has taken decisive action to eliminate unnecessary regulatory restrictions and also regulatory uncertainty that threatens domestic energy production.

In April 2025, President Trump issued three Executive Orders and one presidential proclamation to boost American energy output. A key component of this initiative, Executive Order 14260 ("Protecting American Energy from State Overreach"), aims to address State and local climate regulations that are unconstitutional or conflicting with Federal energy policies, thus providing energy producers with greater regulatory clarity and reduced compliance risks. The Executive Order specifically targets certain State-level policies, citing New York's climate change legislation—which retroactively imposes billions of dollars in penalties on energy companies for historical greenhouse gas emissions—and California's cap-and-trade program, which establishes infeasible emission reduction targets.[15]

To meet America's growing electric power needs and support the growth and development of data centers and industrial applications, President Trump issued four Executive Orders related to nuclear power in May 2025.[16] Collectively, these orders seek to quadruple domestic nuclear energy capacity between 2024 and 2050 and support the development of advanced Generation III+ reactors and small modular reactors. To achieve these goals, the orders implement much-needed reforms at the Nuclear Regulatory Commission, encompassing its "structure, personnel, regulations, and basic operations" (90 *FR* 22587). Furthermore, these orders mandate the deployment of advanced reactors across facilities operated by the Department of War and DOE, and establish a "fuel bank . . . of high assay low-enriched uranium . . . for any project from the private sector which receives authorization to construct and operate at a [DOE]-owned or -controlled site and that is regulated by [DOE] for the purpose of powering AI and other infrastructure" (90 *FR* 22581). The orders also initiate reforms of the bureaucratic reactor testing process at National Laboratories and establish a pilot program to construct and operate test reactors outside the National Laboratories but subject to DOE oversight.

To promote increased coal-powered electricity production and overcome the regulatory uncertainty associated with this power generation source,

---

[15] The New York retroactive penalty program was authorized by the state Climate Change Superfund Act (2024) and the California cap-and-trade system is principally authorized by the California Global Warming Solutions Act of 2006.

[16] These are Executive Order 14299 ("Deploying Advanced Nuclear Reactor Technologies for National Security"), Executive Order 14300 ("Ordering the Reform of the Nuclear Regulatory Commission"), Executive Order 14301 ("Reforming Nuclear Reactor Testing at the Department of Energy"), and Executive Order 14302 ("Reinvigorating the Nuclear Industrial Base").

President Trump issued Executive Order 14261. This Presidential action aims to revitalize the American coal industry through several key mechanisms. The order addresses growing energy demand from AI data centers and manufacturing facilities by promoting coal technology development and increasing Federal investment in the sector. Notably, the order reclassifies coal as a "mineral," thereby extending Federal mineral policy benefits to coal operations. This represents a significant policy reversal from the Biden Administration's efforts to transition domestic electricity generation away from coal-based sources.

In order to streamline energy regulations and eliminate obsolete rules, President Trump signed Executive Order 14270, which mandates that key agencies—including EPA, DOE, the Federal Energy Regulatory Commission, and the Nuclear Regulatory Commission—assign sunsetting expiration dates to all existing and proposed energy-production regulations. Under this system, current regulations will automatically expire one year after the sunset rule takes effect, unless agencies successfully justify their extension through notice-and-comment rulemaking. New regulations face even stricter limitations, with a maximum five-year lifespan before mandatory review and potential elimination.

Conclusion

Since returning to office, the President has prioritized comprehensive regulatory relief for American families and businesses. These reforms are projected to generate over $5 trillion in potential long-run savings through a systematic reduction of regulatory burdens.

The scale of this opportunity reflects the regulatory expansion of the previous Administration, which finalized regulations with record estimated costs ranging from $1.8 trillion to $5 trillion in present value. Reversing these regulations—assuming their costs directly reduced GDP without offsetting market benefits—could boost annual U.S. GDP growth by 0.29–0.78 percentage point over the next two decades.

President Trump has already signed executive actions that target key areas of the American economy, including consumer essentials, energy and natural resource production, and technological innovation. By targeting essentials like food, housing, energy, and healthcare, while simultaneously promoting innovation in digital finance and AI, the Administration's approach positions the United States for sustained growth and prosperity. Thoughtful deregulation can simultaneously boost growth, reduce inflation, and improve fiscal sustainability—outcomes that benefit all Americans.