Promises Broken: How President Trump's 100-Day Disaster is Raising Costs for Families

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Introduction

The first 100 days of a presidential administration represent a symbolic yardstick for assessing the vision, discipline, and momentum of a new president. It's a chance to put down a marker for how they will serve the American people and what they will prioritize. As we pass the 100-day threshold of Donald Trump's second term, this administration has so far failed to tackle the cost-of-living crisis. Instead, it has prioritized erratic tariff policy, deregulation of vital government watchdogs, gutting of federal staff, and cuts to critical federal programs like Medicaid and food assistance – which only exacerbate the rising cost of living crisis faced by American consumers.

In particular, Trump's reckless tariff policy will raise costs for American families and businesses, as economic analysis from sources across the ideological spectrum – from conservative and progressive think tanks to financial firms – predicts. Awareness of this risk reaches beyond academia, K Street, and Wall Street. Consumer and small business surveys reveal that inflation expectations are rising to historic highs as economic sentiment reaches historic lows.

The bitter irony is that the president is *choosing* to put the pedal to the floor on inflation just as key indicators of price acceleration – including the Consumer Price Index (CPI) and Producer Price Index (PPI) – signaled that underlying inflation cooled (if still not where the Federal Reserve would like it to be). During the 2024 campaign, where inflation and cost of living dominated voters' concerns – particularly among less engaged voters who skipped the ballot box in 2020 but voted in 2024 – candidate Trump repeatedly promised to lower prices for the American people on "day one" of taking office. One hundred days into his administration, this promise remains unfulfilled.

Unless the president changes course, his economic agenda will drive inflation higher. In fact, economists predict he could lead the nation into its first stagflationary period – where heightened inflation is paired with slower economic growth and rising unemployment – in more than 40 years. Analysts estimate the initial impact of the Trump tariffs to cost the average household more than $4,500 annually.[1] The University of Pennsylvania Wharton Budget Model has projected a lifetime loss of $22,000 for a middle-income household. Families will be forced to swallow these higher prices at the

[1] The Tax Foundation estimates that the tariffs will amount to a tax increase of $1,243 per US household.

same time they face higher unemployment and cuts to vital support designed to help them weather economic storms.

This brief reviews how consumers and small businesses fare at the 100-day mark of the Trump Administration. It also offers an actionable alternate path the president can take to actually lower costs for consumers and businesses, if he is serious about reducing inflation.

The Trump Administration's Impact on Consumers

At the 100-day mark of the second Trump Administration, U.S. economic indicators are beginning to lag as a response to Trump's capricious economic policymaking. Federal Reserve Chairman Jerome Powell recently observed that a tension remains between the "hard" data on inflation showing continued moderation and the "soft" data of surveys of businesses and consumers, which show heightened inflation risks looming. However, we find the hard data is mixed.

While some traditional measures of inflation, including CPI, show slowing, the prices of everyday essentials have either remained the same or grown even more expensive since President Trump's inauguration.

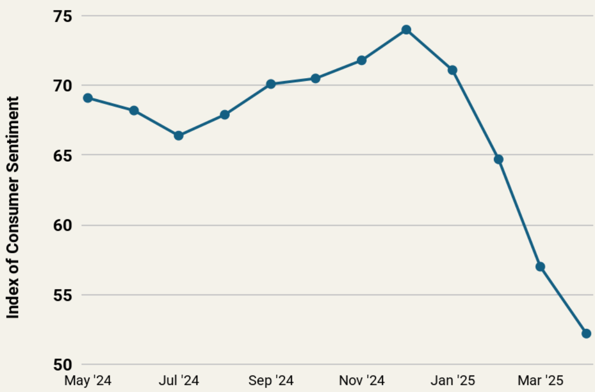
The "soft" survey data also make clear that consumers are well aware of the risks to their economic well-being. Growing numbers of respondents to consumer surveys from the Conference Board and University of Michigan cite Trump's tariff policy as a source of anxiety or concern.

It turns out that President Trump himself is the primary risk to the U.S. economy. The strong and stable economy Trump inherited – with declining inflation, low unemployment, and robust economic growth – could have continued well into Trump's second term with minimal maintenance. Instead, the president's erratic and misguided trade policies threaten stagflation: higher inflation, higher unemployment, and slower growth.

Consumer expectations data make it crystal clear that President Trump himself is driving inflation and recession risks upwards. Well-established consumer sentiment surveys are converging on a consensus: Consumer optimism about the current and future health of the economy is plummeting while expectations about inflation are skyrocketing.

The University of Michigan Survey of Consumers finds declining consumer sentiment since the president took office, dropping 27% since January 2025. This is the steepest 3-month drop since the onset of the COVID-19 pandemic. Americans now believe prices will increase by 6.5% in the next year, the highest inflation expectations since 1981. In March, 40% of Americans reported that they believe their own financial situation will deteriorate over the next year, reaching a record high.

Consumer Sentiment Has Nosedived Since Trump Took Office

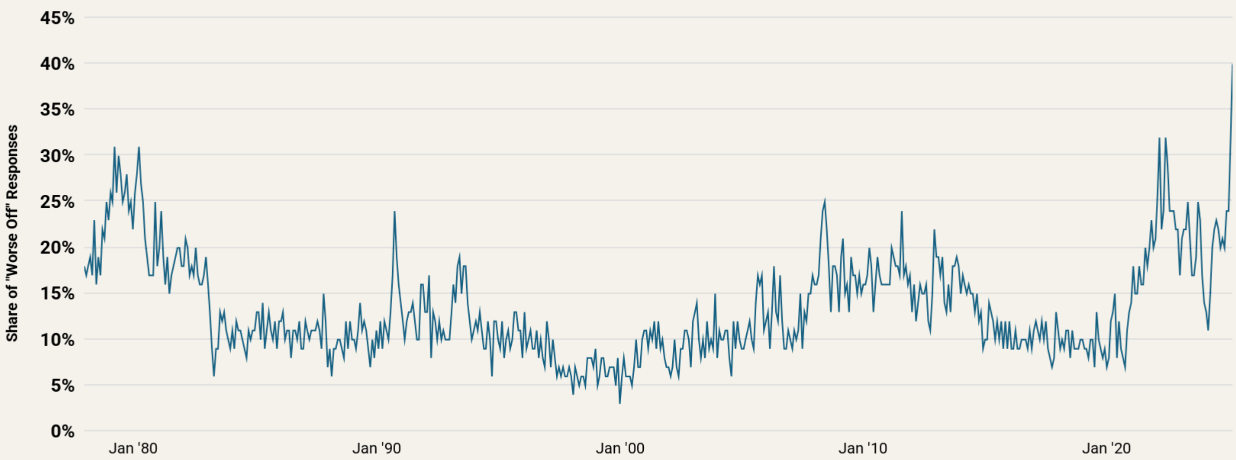


Source: University of Michigan Survey of Consumers

Trump's Economic Agenda Has Spiked Americans' Inflation Expectations to Levels Not Seen Since 1981

Source: University of Michigan Survey of Consumers

Record Number of Americans Expect Their Own Financial Situation To Deteriorate Over the Next Year



Source: University of Michigan Survey of Consumers

The Conference Board Consumer Confidence Index has fallen for five consecutive months. The Conference Board also finds that consumer expectations about the economy have fallen to their lowest level since October 2011 and expectations about inflation over the next year have climbed to 7.0%, the highest since November 2022.

Grocery Prices

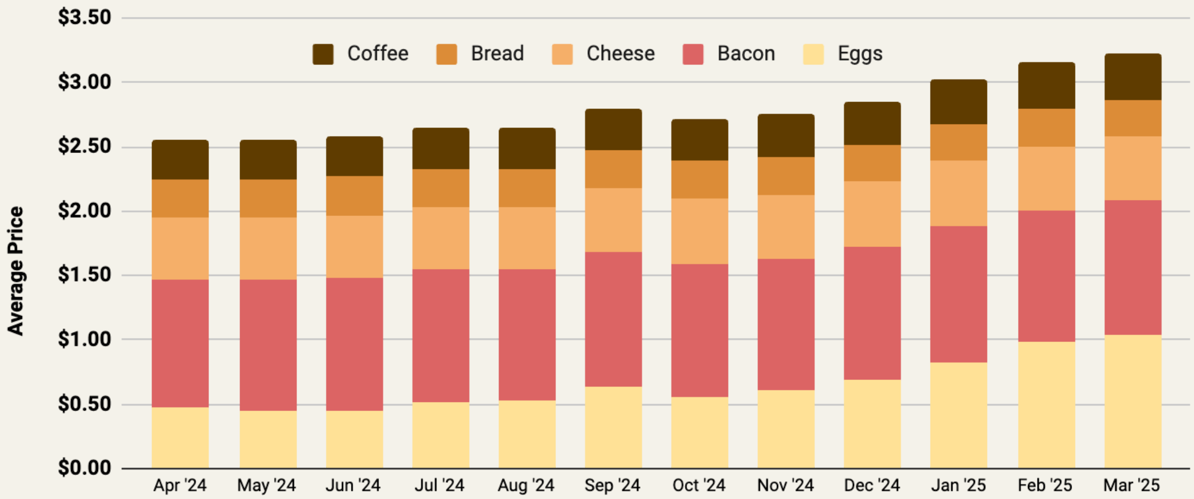
After 100 days in the White House, President Trump has failed to bring the price of groceries down and, in fact, is threatening a trade war that will drive food prices even higher. The price of groceries remains a sore spot for consumers, with a plurality of voters from all parties citing it as their most frustrating cost, with good reason: grocery prices are 24% higher than when Trump left office after his first term. In reviewing the indices that make up CPI's food from home index, as well as the history of a few core, familiar items to consumers, we get a more granular view of what working families see daily at the grocery store.

Since Trump returned to the White House, the price of groceries has increased by 0.5% in only two months. The price for meat, poultry, fish, and eggs has grown the fastest, up 2.9% since January 2025 and 30.7% since January 2021. A number of key staples are at historic highs, increasing between 5% and 26% in only two months, including:

- Eggs are at a record high of $6.23 a dozen, up 26% from January 2025 alone.
- Boneless chicken breast is priced at $4.16 per pound, on par with the historic highs of 2022-23 and above any average price prior to April 2022.
- Ground beef is at an all-time high of $5.79 per pound, a 46% increase from January 2021.
- Coffee is also at an all-time high of $7.39 per pound of ground roast, a 61% increase from the last month of the first Trump Administration.

Outside of the grocery store, Americans are paying more for their breakfast runs. Bloomberg's Bacon, Egg and Cheese Index, which measures the price of a classic breakfast, reached a record high of $3.23 in March, up 6.7% from $3.03 in January. This will only get worse as Trump has levied 10% tariffs on coffee – 99.8% of which is imported to the U.S. – and has gutted the U.S. Department of Agriculture's (USDA) bird flu response team. One estimate forecasts that Trump's tariffs will increase food prices by 2.8% over the long run, and fresh produce could increase by 3.6%.

The Price of a Classic American Breakfast Has Increased by Nearly 7% Since Trump Took Office



Source: Bureau of Labor Statistics and Bloomberg Calculations

Car Prices

After years of supply chain issues exacerbated by the pandemic, Americans pay about 20% more for new and used cars today than they did at the end of Trump's first term. Things will only get worse if the Trump Administration remains on its current course. As a result of the president's trade agenda, prices for new and used vehicles are poised to soar by more than 10%, up from the current average new car price of roughly $47,000 and used vehicle average price of over $25,000. With dealers typically holding onto a few months of inventory, consumers have pushed up sales in an effort to get ahead of the impact of the president's 25% tariffs on imported vehicles and auto parts. Despite the president's promises that tariffs will restore domestic manufacturing, the heightened costs and uncertainty about the future have prompted automakers Stellantis and Volvo to idle plants across multiple U.S. states, Canada, and Mexico.

The cost of buying and owning a car – a necessity for millions of Americans without access to public transportation – has stretched family pocketbooks thin. Auto insurance costs and repair are up 7.5% and 4.8%, respectively, since March 2024. Auto loan sizes and monthly payments have also increased in recent years. Average loan interest rates are at historic highs, at 9.2% for new cars and 13.9% for used cars. Recent volatility and upward movement on yields in the Treasury bond market could drive auto loan rates even higher. The growing cost of car ownership has likely contributed to the highest rate in decades of subprime consumers – generally defined as borrowers with credit scores below 620 on the FICO scale – delinquent on their car payments.

President Trump's economic policies will increase car prices at a time when many car owners are already facing higher monthly payments, auto insurance premiums, and costlier visits to the auto repair shop. Expert analyses of the president's tariffs generally anticipate that his policies will increase the cost of a vehicle by approximately $2,000 – $10,000,[2] with a disproportionate impact on more affordable cars priced at $30,000 or below, which tend to be foreign-made. Chair Powell, in a speech at the Economic Club of Chicago on April 16, warned that the administration's policies would significantly disrupt auto industry supply chains – potentially for years.

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[2] There are a range of studies of the price impact of the Trump auto tariffs. The Yale Budget Lab estimates that prices will go up 12% in the short-run and 15% in the long-run, translating to up to an additional $7,400 to the price of an average 2024 new car. The Center for Automotive Research anticipates an increase of $4,239 to the cost per US-built due to imported parts and an estimated average tariff cost per imported vehicle of $8,722. Cox Automotive expects price increases of 10-15% for vehicles subject to tariffs and 5% increases for vehicles not subjected to the full tariff. It also found that nearly 80% of vehicles priced under $30,000 will be hit by tariffs. Goldman Sachs estimates an $2,000 to $4,000 increase in vehicle prices over the next six- to 12-month timeframe.

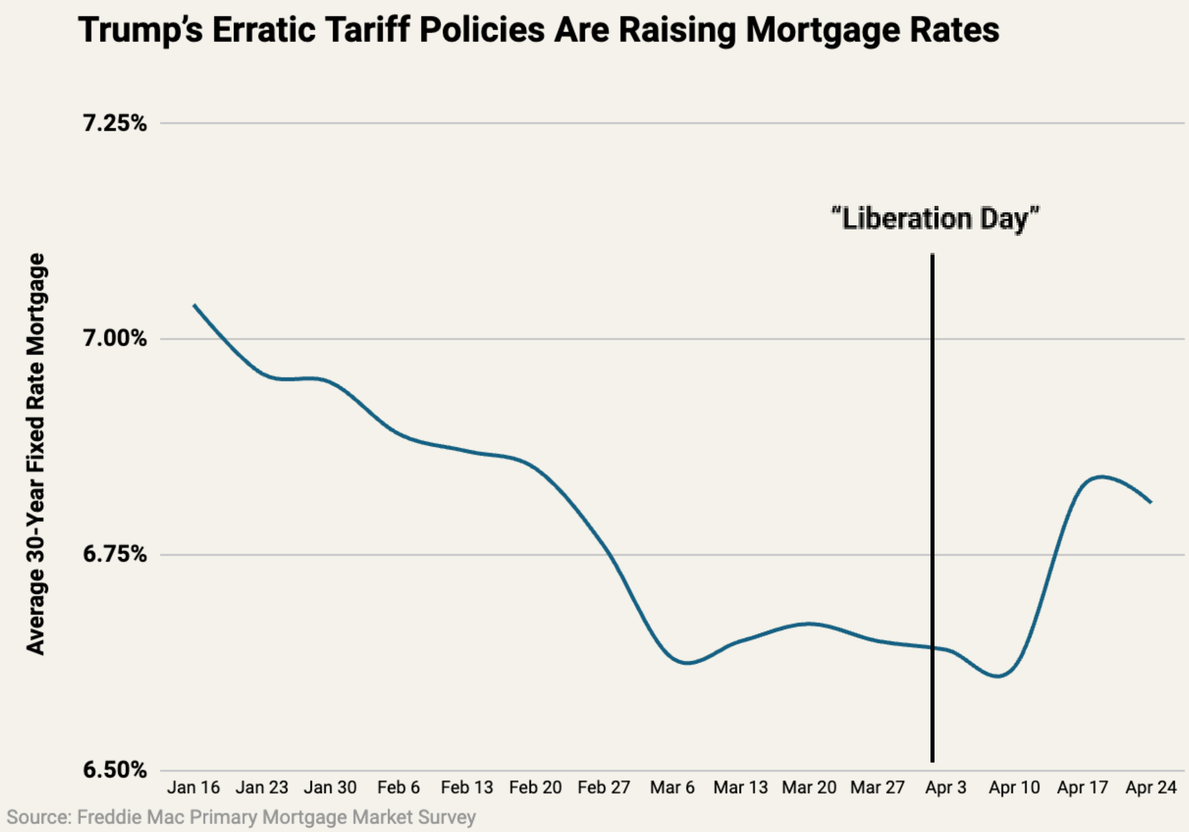
Housing Costs

When President Trump took office again in January, he did so after Americans had already suffered rising housing costs over the course of the pandemic and recovery period – with housing costs for renters and homeowners rising about 26%. The U.S. faces a housing shortage of several million homes, resulting in a tighter housing market with rental and home vacancy rates below historical averages. About half of renters spend more than 30% of their incomes on housing, a traditional marker of overly burdensome housing costs. Mortgage rates have climbed again due to the disruption to bond markets caused by the president's erratic tariff policies.

Instead of launching serious efforts to address the cost of housing by increasing housing supply or taking on the algorithmic pricing platforms used by apartment building landlords to drive up rents, the Trump Administration has instead pursued policies that will raise the cost of construction and significantly slow it down. For example, the administration's aggressively anti-immigrant rhetoric, scare tactics, and deportation actions, including high-visibility visits to schools and workplaces, could lead to labor shortages on home building crews, as undocumented immigrants – who constitute up to one-fifth of the construction industry's workforce – leave work sites for fear of deportation. This would raise labor costs and cause construction delays.

The administration's tariffs will have an even bigger impact on housing affordability. One analysis predicts that home construction costs could climb 4-6% in the next 12 months, adding roughly $20,000 to the price of a new home. In fact, according to a survey by the National Association of Home Builders (NAHB), 60% of single-family home builders report that their suppliers have *already* increased prices by an average of 6.3% due to new and anticipated tariffs. These increases have contributed to a 15% decline since January 2025 in the NAHB/Wells Fargo Housing Market Index, which measures builder confidence.

After mortgage rates dropped in the weeks after Trump took office, they spiked again following "Liberation Day." This was driven by declining confidence in U.S. government debt – which influences mortgage rates – due to the president's inconsistent messaging and unclear endgame. Volatility and high interest rates will further reduce housing affordability, and the Mortgage Bankers Association is already reporting a rise in riskier adjustable rate mortgage applications, where the mortgage rate changes periodically, to the highest share of overall applications in nearly two years.

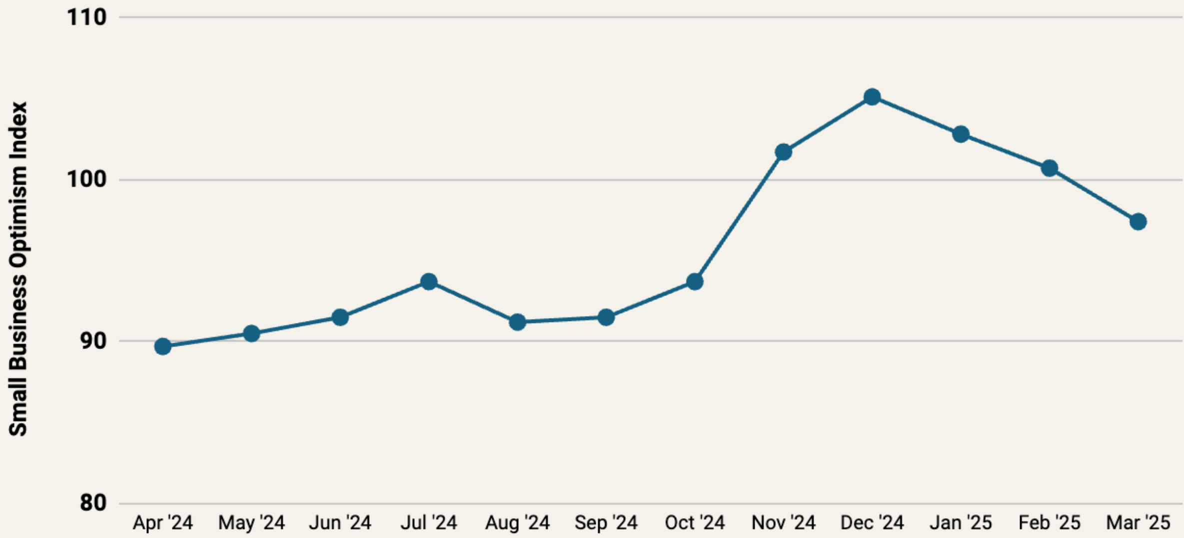


The Trump Administration's Impact on Small Businesses

Small businesses are already feeling the effects of the president's ill-conceived tariff policy. Many businesses are experiencing higher prices for the inputs they need to offer their own products – with increases to the products on their own shelves and to the components they need for manufacturing. Heightened uncertainty about prices and U.S. policy is chilling business investment and preventing long-term planning. As long as the president chooses to continue with his inflationary policies, small businesses will bear the brunt – and many will be at risk of failing.

The monthly National Federation of Independent Business (NFIB) Small Business Economic Trends survey has shown significant spikes in uncertainty and a precipitous drop in optimism about the economy. Following the election, small business optimism reached its highest level since October 2018. However, as soon as Trump took office and launched his trade war, optimism declined for three consecutive months.

Small Business Optimism Has Fallen Every Month Since Trump Took Office



Source: National Federation of Independent Business (NFIB) Small Business Economic Trends survey

Surveys of small business owners show consistent pessimism and uncertainty. The U.S. Chamber of Commerce's quarterly Small Business Index found similar results in the first quarter of 2025. The latest index – which measures the health of the nation's small businesses through a survey on topics such as hiring, sales, costs, and more – declined significantly from a near-record high. The Federal Reserve Bank of Atlanta's survey of business owners in Georgia, Florida, and Alabama found a sharp spike in year-ahead inflation expectations, increasing from 2% in December to 2.8% in April. And a March survey of small business owners across the country by Small Business for America's Future found that 78% of businesses expect tariffs to raise their costs, 58% anticipate supply delays, and 51% are putting off business decisions until trade policies become more certain.

Small Manufacturers

The current state of play for small manufacturers provides a stark split screen between Trump's proclaimed argument for his tariffs and the real-world impact that his erratic approach is having. The president has repeatedly invoked tariffs as a tool to revive domestic manufacturing. At a White House Rose Garden address on April 2, 2025, where he first announced his broad package of tariffs, Trump promised:

> "Jobs and factories will come roaring back into our country... We will supercharge our domestic industrial base. We will pry open foreign markets and break down foreign trade barriers, and ultimately, more production at home will mean stronger competition and lower prices for consumers."

However, a broad range of manufacturing industry surveys make clear that the Trump Administration's policies seem far likelier to summon a manufacturing recession than a golden age. Recent survey findings include:

- The Institute for Supply Management - Manufacturing Purchasing Manager's Index (PMI) fell into contraction for the first time this year in March 2025, driven by reduced demand and production. The survey also found that new orders and employment fell. At the same time, the Prices Paid Index jumped in March 2025 to the highest since June 2022, with tariffs cited as the driver.
- The Federal Reserve Bank of New York – Empire State Manufacturing Survey found continued contraction in the New York state manufacturing industry, with input and selling prices climbing at the fastest pace in two years. In the three months since President Trump took office, sentiment about future general business conditions has fallen to the lowest level since September 2001.
- The Federal Reserve Bank of Philadelphia – Manufacturing Business Outlook Survey reported one of the largest one-month declines in its current activity index for manufacturers in the eastern Pennsylvania, southern New Jersey, and Delaware region on record, exceeded only by larger drops in Spring 2020 and October 2008. Meanwhile, the survey's prices paid index, which measures the average change in prices paid by manufacturers, reached its highest level since July 2022.

These surveys indicate that manufacturers of all sizes are beginning to experience increases in input prices and other costs at the 100-day mark of the second Trump Administration. Apart from surveys, however, there are already reports of more than 6,000 manufacturing layoffs linked to the onset of Trump's tariffs. On the social media platform X, for example, Democratic Representative Ro Khanna identified roughly 4,000 announced layoffs in April as tariff fallout, including 1,200 employee layoffs by Midwest steelmaker Cleveland-Cliffs. Khanna's estimate did not include the 900 "temporary" layoffs announced by automakers Stellantis or the 800 layoffs announced by Volvo, which include hundreds of layoffs at the Mack Trucks plant in Macungie, PA, and the Volvo powertrain plant in Hagerstown, MD. In addition, Whirlpool announced 650 layoffs at an Iowa manufacturing plant due to declines in consumer demand as consumer sentiment tanks and consumer uncertainty rises.

Restaurants

The restaurant industry, hit hard during the pandemic and immediate recovery, is experiencing new sources of instability and higher inflation from President Trump's policies. These new forces of disruption come only a few years after the COVID-19 pandemic forced restaurateurs to adapt to changing government mandates, incorporate new technologies to support increased carry-out and delivery orders, and adjust operations to meet changing consumer preferences.

As we hit the 100-day mark of the second Trump Administration, restaurants are already starting to see cost increases and reduced receipts as suppliers and consumers begin to change behavior as they monitor tariff developments. According to a National Restaurant Association (NRA) analysis of PPI data, wholesale food prices are up by 6.6% over the past year. Wholesale food prices overall are up 29.8% since the end of Trump's first term. Restaurants, in turn, have increased menu prices. In March 2025, full-service establishments increased prices by the highest amount in 14 months. An NRA survey in February found declines in a number of performance indicators, including reduced foot traffic and sales and heightened uncertainty about future sales growth and the economy.

The Trump Administration's tariffs will drive up input costs and disrupt supply chains for restaurants. Universal tariffs and those targeting steel and aluminum, as well as other products from Mexico, Canada, and Europe, will increase the costs of products that run the gamut from coffee, olive oil, tomatoes, imported beers, wines, and spirits, and kitchen equipment. Restaurant owners will be forced to mitigate the impact of these cost increases in a variety of ways, from pausing expansion plans, shrinking or adjusting menus, finding alternative sources, and raising menu prices for American families even more than they have already done. In turn, burdened by price hikes and the resulting slowdown in economic growth, consumers will likely pull back on spending. We have seen some evidence of this, with one major bank finding that consumers have started reducing spending on "nice-to-have" services like dining out, travel, and other leisure activities. On top of these early signs of tariff impact, restaurants and the hospitality industry as a whole will suffer revenue losses from plummeting foreign tourism following the president's inauguration.

Small Retailers

Small retailers face skyrocketing costs and barren inventory. Since Trump took office, the prices paid by retailers for the products on their shelves have been relatively flat. For example, input prices for clothing, toys, and imported home furnishings have not moved, while the price of American-made furnishings has jumped 0.9% in only two months. Trump's massive, blanket tariffs on China will supercharge these prices, as the U.S. imports roughly 98% of retail clothing, 80% of toys, and 34% of home furniture from China. Small online retailers will also face heightened costs, as 60% of Amazon sales are made by independent businesses, and 70% of Amazon products are made in China. Due to the dominance of China in the manufacturing of these products, the 145% tariff imposed by the Trump Administration on Chinese imports, in addition to the tariffs imposed on other common exporters of products to the United States such as Mexico, Bangladesh, Vietnam, and more, leave the retail industry particularly vulnerable to these taxes.

In the face of this anticipated onslaught of tariff-driven input price increases, retailers are scrambling to prepare, and there is a real risk that Trump's chaotic policies will strengthen the biggest retailers at the expense of small businesses. The prevalence of fixed price contracts between retailers and suppliers in the retail sector means that the effects of tariffs may take longer to materialize in the retail sector than in manufacturing or agriculture. This gives big box retailers added leverage vis-à-vis suppliers, as they can squeeze them for reduced pricing, shifting the burden of price pass-throughs to small retailers. Indeed, there are already reports that Target and Walmart are putting pressure on their suppliers to lower prices, and that Walmart has asked its Chinese suppliers for a 10% discount for each round of U.S. tariffs. Large retailers also have much greater capacity than small retailers to purchase goods in advance in order to build inventories ahead of the application of tariffs. Small retailers have virtually no ability to onshore the manufacturing of their inventories due to cost, lack of manufacturing expertise, insufficient access to capital, and ongoing policy uncertainty.[3]

Trump's tariffs are also beginning to snarl supply chains and raise the risk of product shortages that small retailers will have a harder time navigating than the big box stores. After an initial jump in shipments prompted by businesses seeking to build inventories ahead of the tariffs, reports are growing of steep declines in the number of container ships departing China. Trucking activity out of Los Angeles, a major trucking hub, has declined 23% year over year as of late April – a leading indicator of a major slowdown in supply chains that could hit consumers in the form of empty shelves. Indeed, the CEOs of Walmart and Target raised the prospect of product shortages with Trump in a meeting the week of April 21st, according to press reports. While the big box retailers can use their purchasing power to ensure their shelves are top priority if supply chains break down, small retailers will be at risk of eating higher costs for scarce products or even going out of business.[4]

A Better Way Forward on Cost-of-Living: Four Areas of Focus

The looming risk of stagflation is the product of policy choices. President Trump has chosen, despite ample public warnings from economists, business leaders, elected officials, and others, to advance a set of policy priorities that will increase inflation and slow growth.

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[3] Beth Benike, owner of Busy Baby, the Minnesota Small Business Administration (SBA) small business of the year, has provided a number of interviews in recent months that offer a clear explanation of the difficulties that small retailers face in onshoring their manufacturing, with including with The New York Times Daily Podcast. She said: *[Tariffs on equipment purchases would] doubl[e] my cost to even set up manufacturing... Then I have to find somebody with the expertise to set up the manufacturing and to run the manufacturing. But because this type of manufacturing doesn't really exist in the US right now, there's no expertise in the US to set this up for me. Now we have to talk about the cost of importing the raw material, and the tariff on top of that. Then we have to talk about the downtime I have. So I told you, I got two to three months worth of product in my warehouse right now. It will take 12 to 18 months, if I had the money, if I had the expertise, to get this set up.*

[4] For example, ABC News reported on a furniture store owner in Kansas shutting down because of the tariffs, with the owner saying that he could not continue the store's operation by using American-made products, with 90% of their items made overseas. He said: *"I don't think that furniture manufacturing is ever going to come back to the US. North Carolina, where it used to be made, it's like a ghost town."*

While we have little reason to believe that Trump will choose a more rational and targeted approach to trade policy, we put forward the following set of recommendations for actions his administration can take to deliver lower prices to working people.

1. Get Serious About Competition in the Food Industry

Trump has acknowledged that voter concerns about grocery prices contributed to his 2024 election victory, but 100 days into his second term, he has failed to take serious action to lower costs. Polls show that 81% of people believe their grocery bill is higher than last year, and groceries are the most frustrating price increase for likely voters. Market concentration in the food industry is a serious contributor to price increases, driving a number of court decisions and lawsuits related to allegations of price fixing amongst egg, beef, chicken, and potato producers. Significantly, amidst the increase in egg prices to record high levels, the profits of the nation's largest egg producer, Cal-Maine, occupying about one-fifth of the market, have risen to record levels even as it has received more than $20 million in federal aid for euthanizing hens following avian flu outbreaks.

The Trump Administration should focus more intently on leveraging federal authorities to bring down the price of food. Earlier this year, a group of Senators and members of Congress laid out a set of recommendations for how the Trump Administration can lower grocery prices. The following includes some of these ideas and builds upon them:

- **Task the Federal Trade Commission (FTC) with working with the USDA to prohibit exclusionary contracting in the food industry,** such as slotting fees imposed by big retailers on brands to secure shelf space and kickbacks offered by dominant brands to retailers in the form of rebates. These "pay to play" fees contribute to higher grocery costs and make it harder for smaller businesses to compete for shelf space. These tactics may violate several competition laws.

- **Encourage the FTC to provide guidance on possible violations of long-established competition laws within the food industry and take enforcement seriously.** There are underutilized laws on the books that govern price discrimination, such as the Robinson-Patman Act, a 1936 law that prohibits price discrimination by sellers and requires them to offer the same price terms to all buyers to prevent unfair competition and protect smaller businesses. The administration has an opportunity to augment its focus on competition by providing guidance to the industry to signal its intent to provide closer scrutiny.

- **Increase federal contracting for food with small farms and suppliers.** The administration can make food supply chains more resilient and robust by increasing its contracting – largely driven by USDA and Department of Defense spending – with small businesses in the food sector. Notably, however, Trump and Elon Musk's DOGE are targeting agencies, including the USDA, for dramatic funding and staff cuts that will make food supply chains even less resilient.

- **Take more aggressive action to investigate price fixing and block mergers in the food sector, where appropriate.** Reports of Department of Justice (DOJ) scrutiny of Cal-Maine Foods are encouraging, and we urge the administration to take an aggressive stance on potential price fixing or other anti-competitive behavior in the food industry. Under the previous administration, the DOJ filed multiple suits against food industry companies under the Sherman Act and the Packers and Stockyards Act, and these actions should continue. The administration should also closely scrutinize continued consolidation in the food sector and challenge mergers and acquisitions where appropriate.

- **Investigate and regulate bundling and tying in the seed and chemical industry.** Major agricultural conglomerates force farmers to buy all their products from a single manufacturer, even when other suppliers would be cheaper and better for a seed or fertilizer. This locks in dominant companies and ultimately means American families will pay more for food.

- **Reinstate and make food assistance expansions permanent.** At the outset of the pandemic during the first Trump Administration, Congress established temporary Supplemental Nutrition Assistance Program (SNAP) emergency allotments that increased SNAP benefits. The Biden Administration built upon this policy in 2021, and the SNAP expansion reduced overall poverty by 10% and child poverty by 14%. This expansion lapsed in 2023, costing households with children $223 per month in aid. Instead of cutting SNAP andMedicaid, as proposed in the Republicans' reconciliation bill, the Trump Administration should reinstate all or some of this assistance to help families pay for groceries, as we have previously called for.

- **Take on anti-competitive practices in the meat processing industry.** The meat processing industry is highly concentrated, which contributes to higher prices. Instead of deregulating food safety protocols, the Trump Administration could address some persistent issues in the industry by modifying the rule on Inclusive Competition and Market Integrity under the Packers and Stockyards Act to identify and ban recurrent unfair practices, like exclusive contracting between packers and large feedlots, that affect market-vulnerable farmers.

2. Act Aggressively to Ensure Competition Across the Economy

To ensure families have access to fair prices on all consumer goods, the administration needs to take competition policy seriously across all sectors. On April 9, President Trump signed an executive order that directed agencies to identify for elimination or modification regulations that serve as barriers to competition and facilitate monopolistic practices. If the Trump administration wants to make this initiative more meaningful than just lip service and prevent further deregulatory giveaways to big corporations, the following regulations are particularly ripe for consideration:

- **Tighten federal rules to strengthen the federal government's ability to take on harmful pricing practices.** Some businesses are leveraging emerging technologies, algorithms, and artificial intelligence to impose abusive pricing practices. This includes imposing surprise junk fees on transactions across the economy, leveraging data gathered about consumers to impose individualized pricing ("surveillance pricing"), or taking advantage of unexpected events (e.g. supply chain back-ups) to engage in price gouging. These tactics are anti-competitive when big corporations use them to limit price transparency, leverage market power to impose higher costs on consumers or other businesses, or utilize the same technology platforms (as in the case of rental platforms like RealPage) to de facto coordinate price increases. The Trump administration should review existing rules to sharpen the toolkit for the FTC and other agencies to investigate and crack down on these behaviors. And, to protect consumers against the regressive and unfair fees big banks and other financial institutions levy, the President should oppose efforts by Congressional Republicans to roll back existing rules to limit overdraft fees and to abandon the Consumer Financial Protection Bureau's rule to cap credit card late fees.

- **Reform procurement regulations to encourage increasing contracting opportunities for small businesses and growing the pool of small vendors that do business with the federal government.** The federal government recently set new records for contracting with small businesses, but complex processes have contributed to a broader 50 percent decline in the number of small businesses that received federal contracts annually since 2010. The Trump Administration can leverage the President's order to revisit federal regulations to reduce barriers, finalize open rulemakings by the Small Business Administration and the Federal Acquisition Regulatory Council that would encourage additional opportunities for small businesses on large contract vehicles, and set goals to increase the number of new entrants to the federal marketplace.

- **Eliminate and reduce industry antitrust immunity grants in the airline and shipping industries.** Under current rules, the Department of Transportation (DOT) and Federal Maritime Commission (FMC) both provide discretionary grants of antitrust immunity for the shipping and airline industries, respectively. The FMC's exemption allows ocean carriers to coordinate shipping that might otherwise be considered anti-competitive under antitrust laws, but these exemptions may also make it easier for the industry to raise prices. Similarly, DOT currently grants antitrust immunity to international airline alliances to allow them to coordinate on pricing, schedules, and other sensitive matters. The DOT can creatively leverage its authorities to approve certificate transfers under a merger to help foster new agreements that benefit consumers.[5] The two agencies can examine ways to cabin and reduce the regulatory immunity that ocean shippers get under FMC review and that airline joint ventures get under DOT review.

- **Require FERC to challenge utility mergers.** The Federal Energy Regulatory Commission (FERC) has considerable power to consider the competitive risks of common ownership when assessing acquisitions involving less than a controlling interest in competing firms. Unfortunately, FERC has often been too deferential to corporate interests when reviewing electrical utility mergers and growing evidence that increased concentration among electrical utilities contributes to higher home and business energy costs. The Trump Administration can update the 1990s-era merger guidance at FERC to align it with the 2023 Merger Guidelines and use that guidance to actually challenge electrical utility mergers to prevent consolidation that can raise prices in the long term.

3. Seize upon recent momentum on prescription drugs

Prescription drugs eat up a sizable portion of Americans' budgets: In 2023, U.S. consumers spent $722 billion on prescription drugs, an uptick of nearly 14% from 2022. Trump's tariffs are set to raise the costs of prescription drugs – for consumers, pharmacies, and domestic manufacturers – even higher, as the U.S. is reliant on imports for the vast majority of the active pharmaceutical ingredients used in medicines. The administration has an opportunity to build upon the progress made in recent years to bring down the cost of prescription drugs by taking on unfair drivers of high drug prices.

For example, the market for pharmacy benefit managers (PBMs) – middlemen that manage drug benefits for health plans by negotiating prices with drug manufacturers and determining which drugs are covered – is dominated by three large actors. These firms, which are vertically integrated with insurers and retail pharmacy chains, drive up prices through opaque pricing practices, restrictive formularies that limit access to lower-cost generic and biosimilar medications, and low reimbursement rates for independent pharmacies, stifling competition and consumer access. Arkansas and Alabama recently passed laws to crack down on several PBM practices that hurt consumers and independent pharmacies. Trump also signed an executive order on April 15 to increase

[5] For example, the Alaska Airlines-Hawaiian Airlines merger agreement from September 2004 included enforceable terms that protected the value of miles, preserved critical flight services, and ensured other consumer benefits.

transparency in PBM practices and encourage state-level drug importation efforts, among other steps, as well as an order to direct agencies to push hospitals and insurers to provide more accurate health care price information to patients.

While there is still significant room for improvement, these are positive steps that build upon recent progress to reduce the price of prescription drugs. The administration can go further by:

- **Support a bipartisan push to crack down on PBM practices.** In December 2024, Elon Musk tanked an end-of-year budget compromise that included bipartisan language that addressed the problem of PBMs by requiring greater transparency, banning compensation tied to Medicare list prices, and mandating full rebate pass-throughs. However, the President could build upon the successes in Arkansas and Alabama by supporting legislative action on PBMs, drawing from a bipartisan bill that would eliminate conflicts of interest within the PBM structure by requiring PBMs and insurers to divest pharmacy businesses within three years.

- **Expand the Medicare Drug Pricing Negotiation Program.** The Trump Administration could work with Congress to expand the number of drugs subject to negotiation to 30 or more, beyond the existing caps of 15 drugs in 2027 and 2028, and 20 thereafter. This expansion would not only benefit consumers, it would also save the federal government hundreds of billions over the next decade.

- **Change course on giveaways to Big Pharma.** Under current law, small molecule drugs (synthetic drugs like statins) and biologics (drugs that use biological materials like vaccines and monoclonal antibodies) are eligible for negotiation by Medicare 7 years and 11 years after their Food and Drug Administration approval or licensure date, respectively. President Trump's recent executive order directs the Secretary for Health and Human Services to work with Congress to push back the window for small molecule drugs to 11 years to match biologics, a change on the Big Pharma wish list that would delay the delivery of savings to patients. President Trump should reverse course and claw back this sweetheart deal for a pharmaceutical industry he has railed against in the past.

- **Extend drug price inflation penalties to commercial plans:** Under current law, U.S. drugmakers are required to pay fees to Medicare if the price of their drugs rises faster than the rate of inflation. Since April of 2023, Medicare beneficiaries have saved on over 120 drugs thanks to the Medicare Prescription Drug Inflation Rebate Program. The president should build on this success by working with Congress to extend these inflationary penalties to commercial health plans. One study found that expanding these rebates could save more than $8 billion, or 4.1% of the annual spending on retail prescription drugs.

- **Reconsider unstrategic tariffs on pharmaceutical drugs:** The Trump Administration is investigating whether drug imports threaten national security, potentially leading to tariffs on foreign-made pharmaceuticals. U.S. reliance on imports for the active pharmaceutical ingredients that are used in medicines means that, though wholesalers and manufacturers will be forced to absorb the cost of the tariffs, those costs will trickle down to patients and employers, as pharmacies and Medicare and Medicaid reimbursement rates raise premiums and out-of-pocket costs. Shortages of cheaper generics might also force some patients to switch to more expensive alternatives. With 1 in 4 Americans already struggling to afford medications, the last thing patients need is policy that exacerbates price pressures. The administration should work with Congress to strengthen domestic supply chain resilience and reinvigorate U.S. manufacturing capacity to curb the nation's reliance on foreign countries for critical drugs used by millions of Americans and enact a strategic trade agenda to ensure that domestic manufacturers are protected from unfair practices by foreign competitors.
- **Create a Public PBM.** The Trump Administration can combine the drug purchasing power of the Department of Veterans Affairs, the Federal Employees Health Benefits program, and other areas of active participation in the drug markets to increase bargaining leverage and negotiate broadly on behalf of the government for necessary drugs. This program could further be opened to private purchasers to create an option to avoid costly private PBMs.

4. Make lowering the cost of housing a real priority

The Trump Administration could act to increase the construction of new housing and crack down on anti-competitive practices that drive up the price of housing. A 2024 analysis by the White House Council of Economic Advisers found that the use of algorithmic pricing platforms like RealPage, which command an 80% market share for commercial revenue software management for multifamily units, increases rent by more than $800 a year. To begin to address these mounting problems, the Trump Administration could take the following actions:

- **Support bipartisan legislation to increase the housing supply.** The Trump Administration should work with Congress to advance legislation to increase the production of affordable housing, potentially working from bills introduced this year. This includes bold, comprehensive reforms, like the American Housing and Economic Mobility Act, sponsored by Senators Elizabeth Warren (D-MA) and Raphael Warnock (D-GA), which would build or rehabilitate nearly 3 million units over ten years and lower rents by 10%. Representative Ocasio-Cortez (D-NY) and Senator Tina Smith (D-MN) have introduced the Homes Act, which would establish a public option for housing development, building or maintaining 1.3 million public, affordable housing units.

Bipartisan legislation has also been proposed to support new housing supply, including the Neighborhood Homes Investment Act, which would establish new federal tax credits to defray the cost of building or rehabilitating affordable homes in distressed urban and rural areas, and the Housing Supply Frameworks Act, which would provide state and local governments with a federal framework to modernize zoning and land-use regulations to promote additional housing construction.

- **Continue the crackdown on the use of algorithmic pricing software.** The Trump DOJ should continue to pursue its litigation against RealPage and six major landlords that collectively operate more than 1.3 million rental units across 43 states and Washington, D.C. The administration could go further by supporting federal legislation to restrict the use of algorithmic pricing tools that enable landlords to collude and artificially inflate rental prices. Additionally, the FTC should work to support state and local efforts to ban the use of algorithmic pricing software to engage in price fixing with rental units.

- **Challenge the dominance of mega investor-owned housing.** The Trump Administration should continue the FTC investigation of investor-owned housing, an issue that Vice President JD Vance has expressed concerns about in the past, and identify actions to ensure the affordability of these housing units. Investor-owned units present a growing affordability challenge: According to the Private Equity Stakeholder Project, private equity firms own 8,200 apartment buildings with over 2.2 million units, representing about 10% of American apartment units as well as 1,500 manufactured housing parks in the U.S. with nearly 324,000 lots.

- **End the exemption from antitrust review for housing real estate acquisitions.** Institutional investors and other large property owners are responsible for a growing share of rental units. For other industries, when companies of sufficient size make large acquisitions, the Hart-Scott-Rodino Act requires the acquisition to be reported to antitrust enforcers for review to ensure the purchase would not harm competition or create a monopoly. The FTC has historically interpreted this law to exempt residential property acquisitions, but the time has come to revisit this. The Trump Administration could rescind this interpretation and review residential real estate acquisitions for antitrust and competition concerns.

Conclusion

On January 20th, 2025, President Trump took office after committing to lowering prices on day one during a campaign where the cost of living was the central issue. The president inherited a strong economy with inflation moderating from its 2022 peaks, and instead of intently focusing on lowering consumer prices further, Trump immediately chose to pursue a set of policies that will further accelerate inflation. Most prominently, the president has launched a trade war with the entire world through an erratic cycle of threats and retreats that are continuing to discourage consumers, chill investment, and disrupt equities and bond markets. This chaotic policymaking has real costs for consumers and small businesses. Multiple surveys of consumers and businesses reveal skyrocketing expectations about future inflation, and more businesses are reporting price increases for the products and supplies they use to stock their shelves or manufacture their goods. The country is on the precipice of stagflation – the toxic combination of rising prices and slowing economic growth – and the tragedy is that it did not need to be this way. President Trump has chosen this path.

Author Bio

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