Summary

The Trump Administration claims its rollbacks will lead to huge savings for American consumers. If you examine those claims closely, however, it turns out that the. numbers are rigged. For instance, the estimate for the biggest rollback ignores nearly all of the benefits of the rule that's being repealed. It also assumes that oil prices will fall. It also looks like it's telling us the immediate savings due to the rollback, but it's actually the total benefits over 28 years. Once you correct for all of that, the savings are nonexistent -- in fact, the rollback is almost certainly doing a lot more harm than good.

I hate to shatter your illusions, but you can't trust what the Trump Administration says about its regulations. Here's a recent example, from EPA chief Lee Zeldin: "In this past year, the Trump EPA finalized an estimated $1.6 trillion in deregulatory savings for American families and businesses, all while maintaining strong environmental protections," according to Zeldin. "The Trump EPA is proving you can lower costs, restore consumer choice, and protect the environment at the same time." That's all wrong. Or since there are three separate errors, I should probably say it's wrong, wrong, wrong.

Here's how Trump EPA says these savings worked. First, the Biden Administration allegedly added $1.8 trillion in regulatory costs, which the Trump EPA says works out to $10,000 per household. Then the Trump EPA returned most of the money to consumers by rescinding the Endangerment Finding ($1.3 trillion in savings) and repealing greenhouse gas emissions standards for power plants (another $310 billion). That's 88% of the supposed excess costs from Biden, so call it $8800 per household or about $3000 per person.

There are three things wrong with EPA's trumpeting of these reduced costs. First, the $1.3 trillion in savings claimed by the Administration are bogus. Second, even if the savings were real, they wouldn't be a current saving in consumer costs, as implied by EPA's statement. Instead, $1.3 trillion is the total savings over a 25-year period and amounts to little for the average consumer in any given year. And third, EPA is leaving out all the health costs of the increased air pollution due to its rollbacks. It's also leaving out the climate benefits, but I'm putting those aside for the now, though of course Trump doesn't believe those exist anyway.

Let's start with $1.3 trillion in savings, which EPA attributes mostly to decreases in

new car prices. This number is derived from the most optimistic scenario EPA considered, in which consumers only value fuel savings for the first 36 months of the vehicle's life — ignoring savings over the remaining 10 years of the average car's lifespan — and assuming oil prices keep falling for several decades. Even in its most optimistic scenario, then, EPA rigs the accounting by leaving out most of the saving in fuel costs that the Biden rule would have produced. It also leaves out all the savings in maintenance costs from consumers switching to EVs.

Second, even if the $1.3 trillion in savings were real, they'd be spread over 28 years. If you factor in that many of the projected benefits will be a decade or two from now. Economists use a technique called discounting to account for those delays. , Even under its most optimistic scenario (and ignoring most increased fuel costs due to the rollback), EPA says its rollback will "result in a reduction in net societal costs of about $920 billion *over 2027 through 2055* at a 3 percent discount rate ($48 billion annualized per year), or $680 billion at a 7 percent discount rate ($55 billion annualized per year)." If you take the higher figure of $55 billion, that comes out to an annualized figure of $160 per person. That's the high-end cost estimate, reached only by (a) spinning the analysis in EPA's favor, (b) using the most favorable calculation based on its most optimistic scenario, and (c) ignoring many of the cost savings produced by the Biden rule. Once you take into account the costs EPA left out, like about ten years of fuel savings per vehicle, even that $150 is probably a huge overstatement.

Third, the Biden rule would have reduced air pollution as well as emissions that contribute to climate change. In a shift from the approach used under every President since Reagan — even in the first Trump Administration — EPA has decided that it will no longer even attempt to measure environmental benefits like the health effects of lower pollution levels. In effect, it is ignoring the entire purpose of environmental rules and its own entire mission: protecting the environment. It's hard to see how Zeldin could claim to be "maintaining strong environmental protections" when EPA didn't bother to estimate the impact of increased pollution.

Once you include the fuel savings EPA ignored, the reduced car maintenance, and the health costs of air pollution (not to mention the contribution of gas and diesel to climate change), it's clear that the big EPA rollbacks will make Americans worse off. The Trump EPA's claims to the contrary are deeply dishonest.