ECONOMIC POLICY

Trump Is Big Tech's Personal Lobbyist

The administration is working hard to eliminate taxes and regulations on Silicon Valley firms—even in other countries.

BY **DAVID DAYEN**
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Credit: Julia Demaree Nikhinson/AP Photo

During the debate over the GOP mega-bill, Big Tech firms led a radical attempt to shield themselves from oversight. They pitched a ten-year moratorium on state regulations on artificial intelligence, which would be implemented through a kind of blackmail: The only way for states to receive certain federal grants (initially for information technology upgrades but eventually tied to broadband funding) would be to agree to the moratorium. The goal was a hands-off environment for the AI rollout, benefiting the biggest companies in tech.

Once word got out about this upending of state sovereignty, lawmakers vociferously rejected it. The Senate took a vote on the provision, and it was opposed 99-1, a degree of unanimity you pretty much never see in today's Congress. That was supposed to be that—until the Trump administration just went ahead and gave the industry their wish anyway.

Buried in the **White House AI Action Plan** released on Wednesday is a recommendation to "accelerate AI innovation" by requiring any federal agency with control of discretionary funding grants to "consider a state's AI regulatory climate when making funding decisions and limit funding if the state's AI regulatory regimes may hinder the effectiveness of that funding or award." This is a recapitulation of the AI regulation moratorium, again using federal funding to force states into compliance with a laissez-faire regime for AI.

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In addition, the action plan fast-tracks AI data center permitting, encourages replacing federal government functions with AI (which is **happening rapidly**), and weakens oversight for AI procurement. Public Citizen co-president Rob Weissman called it "an AI plan written by Big Tech."

Donald Trump and JD Vance came to power long on rhetoric about cutting down the power and influence of the tech industry. As I write this, Meta, Apple, Amazon, and Google are still formally being sued by the federal government. Trump's Federal Trade Commission litigated the trial against Meta in the spring, and Google has twice been found guilty of monopolization, with Trump's Justice Department pursuing a breakup in the remedy phase.

Yet there is far more evidence that Trump and Vance are happily doing the bidding of the biggest tech firms, while claiming to be adversaries. You see it in the friendliness toward AI, which Google and Microsoft and Meta are certainly thrilled about. You also see it in how the Trump administration is using its clout all over the world to force other governments to take down their sovereign laws that impact Big Tech. Any more of this and Trump and Vance might have to register as personal lobbyists for Jeff Bezos and Mark Zuckerberg.

Back in June, Canada **struck down its digital services tax** in order to facilitate trade negotiations with the U.S. Canadian Prime Minister Mark Carney has said in recent days that there was **little chance at success** in these trade negotiations, yet that tax remains rescinded. The policy was a 3 percent tax on revenues from digital services provided to Canadians, only on companies with significant revenues. It would have cost the biggest tech firms a cumulative $3 billion, which is really a flyspeck in the ocean of Big Tech profits. But the precedent was set: Trump will try to intimidate anyone daring to hurt his pals in Silicon Valley.

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This strategy is being replicated around the world. As trade negotiations move forward in advance of an August 1 deadline, ***The Wall Street Journal*** reports that digital trade is taking center stage, targeting both taxes and regulations. The administration is asking Brazil, South Korea, and the European Union to change their digital rules as a condition of making a deal. Already, it has gotten Indonesia to drop tariffs on software downloads and India to postpone a digital services tax.

This is rich for a lot of reasons. First of all, the rationale for Trump's tariffs is that we must close the large U.S. trade deficit in goods. But tech profits abroad come from *services*, which are not put into the administration's equations. In fact, the U.S. has a surplus in trade in services, in large part because of these digital services. Nevertheless, the White House is trying to solve the trade deficit in goods by trying to strike down alleged barriers for trade in services, which aren't even real barriers. In actuality, it's a play to make tech firms more money.

Second, the entire populist critique of trade is that, in the hands of neoliberals, trade became an excuse to advance the interests of large corporations. A decade ago, I **wrote a feature for the *Prospect*** about this corporate misuse of trade, particularly by forcing countries to give up their sovereignty through building into trade deals policies on labor or the environment or other "non-tariff barriers" that companies could never get through a legislature. So here we have the allegedly populist Trump administration just doing unpaid lobbying services for the largest corporations in the world. Way to stick it to the globalists!

The tech industry, incidentally, **invented the concept of digital trade**, sold it to government officials, and bent the trade landscape toward their interests. The Trump administration, in this sense, doesn't represent a break with the corporate-driven trade status quo, but total continuity.

There's also the point that the very companies benefiting from the U.S. trying to cancel their taxes overseas have been repeatedly found to hide software and intellectual-property profits in **overseas tax shelters**. It's revealing that the only real excuse in the *Journal* story is that Trump has always tried to stop overseas taxes on U.S. companies. So the excuse is that he's always been in the tank for Big Tech. OK.

The AI action plan demonstrates that the Trump administration has been very friendly to Big Tech inside our borders too, even at the agencies that are allegedly getting tough on the industry. At the Federal Trade Commission, the **failure to revive the "click to cancel" rule** is a big bonus for tech firms that offer subscriptions that they make difficult to end. Rebecca Kelly Slaughter, a Democratic FTC commissioner who was illegally fired by Trump (a lawsuit challenging the firing was initially successful but is under appeal), referred to the merger between advertising giants Omnicom and Interpublic. The FTC **approved it with only one condition**: The merged company cannot facilitate advertiser boycotts based on political viewpoints, a stipulation clearly intended to protect Elon Musk's X from public pressure.

"There's been a lot of rhetoric about working for the people and populism, and a lot of action in the other direction," Slaughter said. She believes that the firing of her and fellow Democratic commissioner Alvaro Bedoya (who has since resigned) represented a tipping point for the agency. Before that, the FTC maintained former chair Lina Khan's merger guidelines and challenged mergers. Since then, it has fallen along pro-monopoly lines.

"I don't think our firing is a small part of that," Slaughter said. "It was saying to [Republican FTC commissioners] Andrew [Ferguson] and Melissa [Holyoak] and Mark [Meador], 'Do everything I say for my corporate overlords or you get fired.' It can't be divorced from that tableau with the tech oligarchs at the inauguration."

With a **relatively paltry investment**, Big Tech CEOs are reaping a massive return. The cries from Trump and the Republicans of "taking on Big Tech" are absurd. And it should concern everyone that those antitrust lawsuits against the tech giants will end with wrist slaps and nothing of consequence. Trump's too invested in being Silicon Valley's man in Washington.
