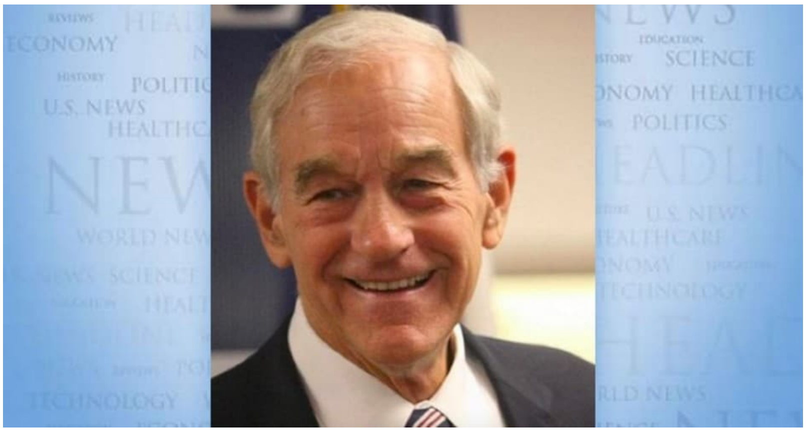
The Real Affordability Agenda



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Donald Trump's victory in the 2024 presidential election was due in large part to his promises to pursue an America First foreign policy and rein in inflation. One year later, prices remain high, and President Trump is more focused on overseas meddling than on the American people. This has helped enable Democrats to win governor races in Virginia and New Jersey, and self-described Democratic socialist Zohran Mamdani to win the New York City mayor race by running on "affordability."

Since the election, President Trump has made a number of proposals to ease the burden of high prices. One of the president's proposals is changing federal housing regulations to encourage lenders to offer 50-year mortgages. Though a 50-year mortgage in comparison to a 30-year mortgage could reduce monthly mortgage payments by over a hundred dollars for a median price home, it could also roughly double interest payments made over the life of the mortgage. So, while the longer mortgage may provide a short-term benefit, in the long run it is a losing proposition for potential homeowners.

President Trump also proposed using the revenue from his tariffs to give most Americans at least 2,000 dollars. This may provide some help for struggling Americans, but it does not compensate for the damage inflicted on the American economy by the tariffs.

President Trump has also announced plans to reduce tariffs on some countries in regard to coffee, bananas, and other agricultural products. This reduction in the tariffs has come with an admission from the Trump administration that the high tariffs have led to increased prices and thus harmed Americans. Hopefully, President Trump will provide more relief from his tariffs, including relief aimed at helping American manufacturers who rely on imports for raw materials and tools.

While Democrats talk about "affordability," most are unwilling to support the free-market policies that produce abundance and affordability. Instead, they want more government interventions in the marketplace — even though history shows government interventions cause price increases and shortages. For example, New York City Mayor-elect Mamdani thinks the way to address housing costs in New York City is through new price controls on rent. He does not seem to understand that a reason housing costs are so high in New York City is because of the city's existing rent control law.

Another example is congressional Democrats' "solution" to the large increases in Obamacare premiums being to extend the 2021 "temporary" Obamacare subsidies enacted as part of covid relief legislation. Unfortunately, the Republican alternative appears to be to just send Americans money to use to pay medical costs.

Politicians with both parties ignore the real cause of price inflation: the Federal Reserve. When the Federal Reserve increases the money supply, it reduces the dollar's value, thus increasing the average American's cost of living. A major reason the Fed devalues the dollar is to monetize the ever-increasing federal debt by purchasing Treasury securities. Therefore, an important action the president and Congress could take to make America affordable again would be to reduce federal spending and start paying down the over 38 trillion dollars debt. Congress should also pass legislation forbidding the Federal Reserve from purchasing federal debt.

Congress should also pass the Audit the Fed bill, legislation exempting precious metals and cryptocurrencies from capital gains taxes, and a repeal of any other laws that prevent Americans from using alternative currencies. Auditing and ending the Federal Reserve is the true affordability agenda.

Ron Paul is a former U.S. congressman from Texas. This article originally appeared at the Ron Paul Institute for Peace and Prosperity and is reprinted here with permission.