



Written by [Steve Byas](#) on January 12, 2026

Trump Favors Government Control of Interest Rates

President Donald Trump took to social media last week to support a one-year, 10-percent cap on credit card interest rates. Trump did not explicitly say whether he was simply asking Congress to use the power of the federal government to implement this price control, or whether he intended to simply make a law to that effect by issuing a presidential executive order.

“We will no longer let the American Public be ‘ripped off’ by Credit Card Companies that are charging Interest Rates of 20 to 30%,” [Trump wrote](#) on Truth Social.



Dragon Claws/iStock/Getty Images Plus

Credit Card Companies Oppose the Plan

Not surprisingly, the major credit card companies oppose the move, arguing that any such interest-rate ceiling would hurt lower-income Americans the most, driving them to seek alternatives such as payday loans or pawning items.

It isn't likely that the executives who run these companies have the interest of lower-income Americans as their true chief concern. But regardless of what Visa, Mastercard, and other credit card companies really think, this effort by Trump to impose a price control on private American companies should be of concern to any American who favors the free-enterprise system, limited government, and fidelity to the Constitution.

In fact, self-described American socialists like Senator Bernie Sanders (I-Vt.) and Representative Alexandria Ocasio-Cortez (D-N.Y.) also favor immediate caps on interest rates, for five years.

The credit card companies and the big banks argue that lowering interest rates on their credit cards would lead to fewer cards being issued to high-risk borrowers. There is evidence that they are correct. For example, the state of Arkansas has long had a law limiting interest rates to 17 percent, and both lower-income borrowers and those with poor credit ratings are often cut out of the consumer credit markets in that state.

Many Republicans Support Controls

Despite GOP politicians' rhetoric of support for the free-enterprise system and opposition to government price controls, many Republicans often support them. For instance, Sen. Roger Marshall, a Republican from Kansas, [said](#) that Trump's effort to cap interest rates is a way to “lower costs for American families and to reign [sic] in greedy credit card companies who have been ripping off hardworking Americans for too long.”

Other Republicans who favor government price controls on interest rates include Senator Josh Hawley of Missouri and Rep. Anna Paulina Luna of Florida. Both are consistent allies of Trump.



History of Price Controls

Price controls have been around for a long time. Writing in his classic book [Economics in One Lesson](#), journalist and Austrian school economist Henry Hazlitt said, “We cannot distribute more wealth than is created.”

In the days of the Roman Empire, the Emperor Diocletian decreed, under penalty of death, that certain wages and prices be set, not by the free market, but rather by the government. The edict covered more than a thousand individual wages and prices, from the price of beer to the wages of reading teachers.

The results were quite predictable: widespread shortages.

Government can no more repeal the laws of supply and demand — which determine the prices of products and labor (wages) and the price of money (interest rates) — than it can repeal the law of gravity. They cannot make $2 + 2 = 5$.

The law of demand states that the demand for a product varies inversely with its price. If the price of a product is high, the quantities demanded will be lower. If prices are low, the quantities demanded will be higher. On the other hand, the law of supply says that the quantity of a product offered for sale varies directly with its price. Therefore, if the price/profits are high, suppliers will offer greater quantities for sale. And if the prices/profits are low, they will offer smaller quantities for sale.

Distorting the Market

Keeping the above laws in mind, we can predict with unerring accuracy the results of any government price control. Interference with the price-system method of allocation of resources inevitably leads to distortions in the market, in some cases resulting in shortages, and in other cases surpluses.

Any government price control, whether of wages, prices, or interest rates, is a lie. It is stating that a product or service has a value either above or below what would exist if a free people determined its price in the free market. Government mandating interest rates below the market level invariably will result in less credit being available. Lower-income individuals will still have a need for money, however, and will often then resort to even more expensive sources for loans, from payday lenders or pawnshops.

Lenders with high interest rates are typically accused of “predatory lending.” However, in almost all cases, the business relationship is initiated by the borrower, not the lender.

The Most Dangerous Aspect

What is [particularly dangerous](#) about all of these government-imposed price controls is that they leave the impression that government can, by decree, alter the natural workings of the free market in such a way as to benefit the public. Sadly, many will conclude that since the free market does not work well in one instance, perhaps we should not even have a free market at all, and that we should replace it with a socialistic or fascistic economic system instead.

Another concern about Trump’s proposal is that if he were to actually impose controls (as did Emperor Diocletian) via presidential executive order, it would be a gross violation of the Constitution and its separation of powers. Executive orders by a president are to enforce an existing law, not to make law. All power to make laws is reserved to Congress. The Constitution is quite clear on this.

Yet, there are many Republicans and self-proclaimed conservatives who would go along with President Trump on this, simply because Trump did it.



Written by [Steve Byas](#) on January 12, 2026

This is perhaps the most dangerous aspect of this entire issue.



Subscribe to the New American

Get exclusive digital access to the most informative,
non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



Subscribe

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.