Commentary

Trump Playing Chess As Interest Rates Drop on Tariff Announcement, Bringing Costs Down

President Donald Trump holds up a chart while speaking during a "Make America Wealthy Again" trade announcement event in the Rose Garden at the White House on April 2, 2025, in Washington, D.C. (Chip Somodevilla / Getty Images)

By Randy DeSoto• April 4, 2025 at 2:05pm

President Donald Trump shared a video on social media Friday indicating that he's playing chess rather than checkers with his tariff policy, given one result has been that interest rates have dropped.

Trump reposted the video on Truth Social, which another user originally created for TikTok, showing that he's not particularly upset about the stock market taking a major nosedive over the last two days since he announced his new tariff policy.

The president said that he would be charging countries essentially half what his administration calculates, on average, they are imposing on the United States.

Further, there will be a 10 percent baseline across the board.

According to the video Trump reposted, he is "crashing the stock market by 20 percent this month, but he's doing it on purpose."

Not found

Trump is playing chess while everyone else is playing checkers. pic.twitter.com/fvThLx82Ev

— AmericanPapaBear (@AmericaPapaBear) April 4, 2025

"Why is he doing this? To push cash into Treasuries, which forces the Fed to slash interest rates in May, and those lower rates give the Fed the ability to refinance trillions of debt very inexpensively. It also weakens the dollar and drops mortgage rates," the narrator of the video said.

Lower interest rates for the consumer mean credit card payments fall and mortgage payments do too, which all puts money in the pockets of Americans.

Many have noted on social media — including venture capitalist and co-host of the "All-In Podcast" Chamath Palihapitiya, a Trump supporter — that the yield for 10-year Treasury bonds dropped to under 4 percent after the president's Wednesday tariff announcement.

Looky looky...

Geiger Capital @Geiger_Capital

Bessent just got a 3 handle.

11:44 PM · Apr 3, 2025

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The reason is that when investors flee from stocks, they tend to go to Treasury bonds as a safe haven. When many people want to buy bonds, the yield goes down because it becomes a seller's market. Buyers are willing to take less yield in exchange for higher security.

The video Trump shared above stated that one benefit from this trend will be tens of billions in savings to the federal Treasury in interest payments.

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The total interest payment on the nation's over $35 trillion in national debt last year was $881 billion, surpassing the total defense budget.

Finance expert Tanvi Ratna argued on X that what Trump is engaging in is a "full spectrum reset."

"Start with the debt: $9.2T must be refinanced in 2025. If rolled into 10-yr bonds, every 1 basis point drop in rates saves approx $1B/year; so a 0.5% drop would save $500B over a decade. Lower yields free up fiscal room—without them, core spending gets crowded out," she wrote.

One basis point is 0.01% (1/100 of a percent) or 0.0001 in decimal form. Here is the further breakdown of her calculations.

Replying to @tanvi_ratna

Start with the debt: $9.2T must be refinanced in 2025.

If rolled into 10-yr bonds, every 1 basis point drop in rates saves approx $1B/year; so a 0.5% drop would save $500B over a decade.

Lower yields free up fiscal room—without them, core spending gets crowded out.

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Trump likened what the country is experiencing right now under his tariff policy to a medical procedure.

“I think it’s going very well,” the president told reporters at the White House Thursday after the stock market took a major hit.

“It was an operation, like when a patient gets operated on. It’s a big thing. I said this [would] exactly be the way it is,” he continued, meaning there would be some turbulence.

PRESIDENT TRUMP: "The markets are going to boom. The stock is going to boom. The country is going to boom — and the rest of the world wants to see is there any way they can make a deal."

Watch on X

2:56 PM · Apr 3, 2025

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U.S. through tariffs and pro-growth tax and regulatory policies is working.

“The markets are going to boom. The stock is going to boom. The country is going to boom — and the rest of the world wants to see is there any way they can make a deal,” Trump said.

Besides dropping interest rates, countries are now approaching Trump, saying they want to lower their tariff rates to zero in exchange for the same rate from the U.S.

Lower interest rates at home and tariff rates abroad for U.S. exports. Sounds like a win-win.

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Tags: **Donald Trump, Federal Reserve, Stock market, Trade and tariffs**

[Randy DeSoto](#)

Contributing Journalist

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Randy DeSoto has written more than 3,000 articles for The Western Journal since he began with the company in 2015. He is a graduate of West Point and Regent University School of Law. He is the author of the book "We Hold These Truths" and screenwriter of the political documentary "I Want Your Money."

@RandyDeSoto

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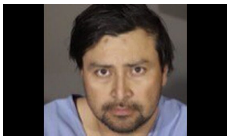

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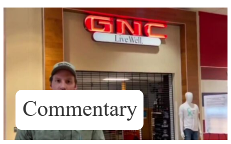

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