

## Monetary Mania

By Benjamin Quiroz

Many have complained about the economic status of America over the course of the nation's history. However, few can argue that the financial situation has been as bad as it is currently. Even during the Great Depression, in 1936 when the public debt was \$33.7 billion, the nation had a significantly more stable federal debt than it does today. As of the writing of this paper, the national debt sits at around \$38 trillion dollars, this number however, continues to climb. Some may note that comparing the national debt in 1936 to today requires adjusting for inflation due to ongoing currency changes. This assertion is correct; so, when recalculated, the 1936 debt amounts to approximately \$754.7 billion in today's money, which is still significantly lower than the current national debt. In addition to this both gold and silver have been in concerning trouble themselves. In recent years, both these precious metals have experienced a significant price increase, resulting in a surge in demand that surpasses previous years. Investors have responded to these market changes by closely checking and tracking their own stocks of gold and silver. The continuous fluctuation in the prices of these precious metals has raised concerns about the stability as well as the security of these traditionally safe forms of currency. The public on both sides of the political spectrum have been highly discontented with the entire scenario as well as the increasing prices and have had to change their lifestyles in extreme ways to counteract the ongoing financial decline. Given all the problems mentioned above, three large questions appear: how did we get into this state, how do we fix it, and finally if we stay on this path where will it lead?

To understand how America arrived at the financial state that it rests in today one must examine the history of America's national debt. Since the economic status of the nation during the Great Depression has been addressed in this essay already, it makes sense that the next numbers to

observe is America's post-World War II debts. In 1946 toward the end of the Second World War the national debt was an astounding \$2.87 trillion dollars in today's money which sadly still sounds better than the current national debt by a few trillions. Nevertheless, by 1974 the national debt had shrunk to \$1.61 trillion, surprising when one considers that America was in the midst of the Cold War including various arms races with the U.S.S.R. However, this was a momentary reprieve. At the turn of the century the national debt was 10.9 trillion dollars in today's money. Over the next 25 years or so the debt from 2000, \$5.674 trillion, doubled because of inflation and turned into \$10.9 trillion. In 2010 in the middle of Obama's Presidency the national debt soared to \$20.529 trillion and in 2025 our debt reached \$38-39 trillion. Most of the increases in the debt have occurred within the last 25 years of the nation's modern history. The increase in debt in general can only be attributed to the government's willingness to spend large sums of money on things that are unnecessary. President Calvin Coolidge reprimanded the government over its excessive use of pencils and the cost of resupplying them. In the modern political climate, both sides are not above spending enormous amounts of cash to win the American people over. The Democrats in recent years have spent 1.2 trillion dollars on infrastructure in 2021. They have also spent large amounts of money arming foreign countries and sending aid to others. The Republicans employ the most effective methods of raising personal wealth and thereby national wealth, but the problem is too fast moving to wait for the enrichment of every citizen, and they have failed to remove or fix issues with governments cost efficiency. They have, however, sought to minimize the bureaucratic state by downsizing the government workforce which has helped somewhat. Due to the recent spending and increase of crisis worldwide, like the terrorist bombings on 9/11, or the lockdowns of 2020, people have started rushing back to gold and silver. This rush to traditional sources of wealth has raised the demand for these highly sought after resources. Additionally, the mass printing of the

dollar has increased prices dramatically over the course of 25 years. During the turn of the 21st century silver was five dollars, and gold was 284 dollars per ounce. Today silver is forty-eight dollars an ounce and gold is 4,000 dollars for the same. The prices have risen exclusively in the last 35 years. The prices of gold and silver from the 1940-50s to 1980s remained mostly consistent throughout the years with spikes in price in cents not thousands of dollars. Due to these political issues and uncertain times many jobs have shut down, and many jobs have moved overseas. Paired with the inflation of the dollar, which was all too apparent in the history of the national debt, the American people have received a punch where it hurts the most, the wallet.

The ways to end the economic crisis are various, however it seems like one option shines from the rest. Cut all unnecessary government spending. Milton Freedman, one of the 20<sup>th</sup> century's greatest economists, argued against the extensive government programs that continue to plague the nation, stating that, "The ultimate burden of government is spending. The question is not whether taxes should be cut, but whether spending should be cut." Therefore, to follow that advice, stop paying for unproductive programs and funnel all the money into the debt for as long as it takes to at least cut it in half. Some suggestions include cutting international programs like foreign aid, unemployment insurance, environmental protection funding, and housing assistance. Cutting these programs temporarily will give the government a surplus of money ranging from 140-150 billion dollars. If Congress puts this money into the debt, it will slow the problem to give the government more time to develop with permanent solutions. In addition to these cuts, the government must stop printing new money in order to put inflation levels back down to at least stable levels. Every year the government spends about 6.8 trillion in a year, defense is 17.7%, benefits are 21%, infrastructure has an allotted 6.12%, and administration receives 0.0485% that administrations of the government spend on supplies. All these services cost \$3.047 trillion, half

of the government's yearly spending. Therefore, if the government were to put the other half directly into the debt, the national debt would be cut in half in 4.39 years. Bringing down the national debt would allow the country's citizens to invest more in themselves, their families and in America. If today's politicians wanted to, we could be debt free by 2033. However, politicians would rather blame their fellow Americans for a difficulty that can easily be rectified. It is reminiscent of two children caught with a broken vase, blaming each other instead of taking responsibility and fixing the problem.

Barak Obama said of the debt that, "Increasing America's debt weakens us domestically and internationally. Leadership means that 'the buck stops here.' Instead, Washington is shifting the burden of bad choices today onto the backs of our children and grandchildren. America has a debt problem and a failure of leadership." If we continue spending like we are currently we will be \$50 trillion dollars in debt in 17 years from now and while it is possible to pay that off it will be much more difficult than it is now. Americans cannot keep shifting the burden off to their children and grandchildren. An overwhelming national debt leaves the country vulnerable. If the federal government does not pay its debts America will not be able to defend the nation at home or abroad as successfully as in the past. America will no longer be able to fund our port, the TSA, soldiers, and politicians. Much of the debt can be purchased by America's enemies, leaving our government dependent on the charity of others, which is unreliable, especially in crisis. The pressure to do something is on the American people right now, and that pressure is to elect representatives, regardless of political orientation that want the debt to go down.

No one can predict the future, and the economy is complex. When addressing the nation's economic problems three looming questions appear: how did we get into this state, how do we fix it, and finally if we stay on this path where will it lead? Clearly the rising prices of all luxuries and

commodities, from gold and silver to even the price of turkey at Thanksgiving, accentuates the fact that the choice must be made fast. If citizens continue to ignore the problem, the America of the future will be vastly different from how it is today. Perhaps it will be known as the land of debt and the home of the afraid.