

America's Spiral Towards Fiscal Catastrophe

One can hardly ignore the current economic situation facing America today. The dark state of affairs before Americans is particularly ominous for the younger generations, who still have years ahead of working to make a living and saving for retirement ahead. The situation facing the country and its youngest citizens has steadily grown worse over the years, from the national debt, to massive inflation, to an increased lack of trust in the paper currency. The dollar is swiftly losing its value, and with it, the value of the savings of the American people, such as the residents of this great state of Texas. The unsustainable speed at which the dollar loses its value and the national debt grows bodes ill for the future of America, and will continue to negatively impact young Texans if changes are not made.

The problem facing our economy can quickly be noticed considering the state of the national currency. Fifty years ago, one United States dollar was equivalent to about \$5.99 today. This means that if a Texan had saved \$100,000 by 1975, and left it untouched to the present day, the \$100,000 that they or their posterity would have would be now worth \$16,699.25 in 1975 terms¹. This loss of value is due to the massive number of dollars that have been created since that time, similar to how an oversupply of wheat in the agricultural industry will result in lower wheat prices. As might be expected, the dollar being worth less than it used to be has resulted in items such as food, gasoline, homes, cars, and clothing costing much more than before, as illustrated with the example of the value of \$100,000 in 1975, and now. A reason that the government is so free to rapidly expand the number of dollars in circulation because, since 1971, the U.S. currency is a "fiat currency", or a currency that only has value due to the government stating that it has such. It has no value in and of itself, and is not backed by a precious metal, such as gold or silver. One consequence of this is that the value of the dollars

¹ <https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator>

held by American citizens is entirely reliant upon the state of the government and its monetary policy. As previously noted, the government can print dollars and dilute their value. In a worst case scenario, should the government collapse due to some catastrophe, the dollars held by Americans, having no government behind them insisting that they have value, being unredeemable for a particular amount of precious metals, and being unable to be sold for its intrinsic value like those metals, would be worthless, causing the economic standing of Americans to be decimated. Additionally, more and more citizens and central banks are starting to buy gold and silver to insulate their savings and deposits from the burning fire of inflation, and this increased demand is resulting in the recent rises of gold and silver prices. From these examples, the problems with our currency can quickly be perceived, as well as the desperate need for its reform.

Additionally, the national debt hangs as an economic sword of Damocles over America. At the conclusion of the American War for Independence, the national debt was nearly \$77 million dollars, the equivalent of almost \$2.87 billion in 2024.² Today, however, the national debt has swelled to an astounding \$38 trillion dollars.³ In the 2023 fiscal year, the government paid \$658 billion in interest. The following year, it paid \$880 billion, or 3.1% of GDP.⁴ The deficit for the 2024 fiscal year was \$1.8 trillion,⁵ with the United States posting a deficit every year since 2001. Another problem with the debt is who owns it. One of the top two owners of US Treasuries, one way the government gets loans, is China, owning \$759 billion, or 8.87% of all foreign owned debt.⁶ Should China, in an act of malice, sell all of their Treasuries, it would cause the value of Treasuries to collapse, causing a severe panic in the financial world. Adding to the problems the debt causes, the government's large balance and the functioning of inflation forces

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<https://www.historicalconquest.com/single-post/lesson-plans-for-the-birth-of-a-nation-the-financial-struggle-for-a-new-country#:~:text=War%20Debt%20and%20Financial%20Instability,to%20meet%20its%20financial%20obligations.>

³ <https://www.pgpf.org/national-debt-clock/>

⁴ <https://www.pgpf.org/article/what-are-interest-costs-on-the-national-debt/>

⁵ <https://www.cbo.gov/publication/61181>

⁶ <https://www.congress.gov/crs-product/RS22331>

it into a vicious cycle of interest rate hikes and cuts. The government often pressures the Federal Reserve to lower the interest rate when the time comes to refinance the debt. Otherwise, the interest would grow the debt even faster. Inflation, however, hinders the government's ability to lower rates as lowering the interest rate makes it easier for citizens to get loans and, therefore, spend. This increased demand results in more inflation, which results in disgruntled voters. To preserve their chances of reelection, the leaders of the government must walk a fine line between managing the national debt, and keeping the cost of living affordable for Americans. These threats resulting from the national debt are another contributing factor for the rises in the prices of gold and silver. Americans are using these historically valuable metals to insure their savings against the possible collapse of the American currency from high inflation or governmental collapse. The recent dramatic increases in these metals point towards a citizenship that has less and less trust in our government. If change is not made, America will continue sinking into the mire of financial dependence, endangering her economy more and more, and, with the economy, her citizens' ability to make a living and build a life.

The situation, however, is not hopeless, and there are ways to correct America's course. Firstly, an amendment can be added to the Constitution prohibiting the Congress from running a deficit except during national emergencies, such as a war. This would help slow the speed of the growth of the national debt and help the government eventually repay existing debt. Additionally, the government could end the vicious cycle of interest rate hikes and cuts that hurts Americans so much by discontinuing the Federal Reserve, allowing interest rates to work naturally without any artificial raising or lowering of them for political purposes. Lastly, the government can end the fiat state of the currency, returning it to being backed by gold and silver. These changes, though, can only be effected by the votes of American citizens. Only 64% of voters voted in the 2024 presidential election, while only 46% voted in the 2022 midterm elections.⁷ In order to more effectively change the course of government, all Americans must

⁷ <https://www.pewresearch.org/politics/2025/06/26/voter-turnout-2020-2024/>

vote not just for the president, but also for members of the legislative branch who are willing to make necessary changes.

These issues present a distressing and difficult situation for young Texans. The value of their savings are rapidly being inflated away, and high interest rates make it difficult to purchase a home. The national debt is growing at a frightening pace, forcing the national government into a vicious cycle of interest rate hikes and cuts, and the percentage of the debt owned by foreign countries makes America dependent upon them. Gold and silver prices are rising fast, a signal of Americans' lack of trust in the ability of the paper currency to retain its value. Reform is urgently needed for America's economic system for the sake of current generations, and generations to come.