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True Texas Project Scholarship Essay

November 2025

Our Troubled Economy

“The borrower is slave to the lender” Proverbs 22:7. The United States’ debt is astronomical. In May of this year, for the first time in history, all three major credit rating agencies downgraded the US from its AAA rating, signaling to the world their concerns about our rising national debt, our fiscal management, and our weakening ability to meet our fiscal obligations. Some people think that America is done for because it faces too many financial problems. While our economy has significant challenges, it is still the world’s strongest. The recent weakening of the dollar was invoked by numerous factors and produced both positive and negative outcomes. Inflation also has its benefits and ill effects. From its birth as a nation, the US has invariably been in deeper and deeper debt, thus a slave to our creditors. Historically, Americans turn to gold and silver as safe havens during economic uncertainty.

Strictly speaking, devaluation is the deliberate downward adjustment by a government of its country’s currency value compared to other national currencies, primarily through the fixed exchange rate. Countries do this to make imports more expensive and domestic exports more affordable, and to balance trade deficits. Per the above definition, has the United States recently devalued the dollar? No. But is the dollar weakening? Yes, various economic factors have contributed to the depreciation of the dollar by as much as 10.5% during the first half of 2025. From the first day of his second term, President Trump began working to ensure fair trade policies with countries around the world in accordance with his America First economic policy. To entice foreign governments to negotiate new and fair trade deals with the US, he threatened and/or imposed escalated tariffs, which created significant economic uncertainty. This uncertainty, in part, caused the current weakening of the US dollar. Because the US dollar is valued in comparison to other countries’ currencies, geopolitics also often plays a significant role in determining the dollar's value. Consequently, while the US dollar has depreciated in 2025, the Swiss franc, the euro, and the Russian ruble have all strengthened in the same time period by as much as 30%. Low interest rates are another major factor contributing to the decline of the dollar’s value. As of this writing, the Federal Reserve interest rate is in the target range of 3.75% to 4.0%. Not only is this historically considered low, but President Trump continues to pressure Federal Reserve Chairman

Jerome Powell to further lower interest rates. While the dollar has not technically been devalued, it has depreciated.

The value of the dollar fluctuates normally over time. For example, the financial crises of 2008 and 2019 were low points in the early twenty-first century for the dollar. The stock market experienced significant dips in 2025, with investors worrying about their financial futures and hesitating to increase their investments. When the value drops, it can have both positive and negative consequences. On a positive note, cheaper exports are a welcome asset to American businesses that sell their goods internationally. However, when traveling internationally, Americans receive less foreign currency than they would have previously when exchanging. Unfortunately, as imports became more expensive and businesses sought to maintain their profit margins, they have raised their prices and passed the costs on to average Americans. This is contributing to inflation. The value of the dollar is inherently unstable, and when it drops, both beneficial and detrimental consequences follow.

Inflation is the gradual reduction of purchasing power due to the average price of goods and services increasing over time. The root cause of inflation is a government-initiated increase in the money supply by the following three methods. As discussed above, the devaluation of the dollar can lead to inflation when the nation's monetary authority changes the currency rates. Governments also crank up the presses, print excessive money, and then proceed to distribute it to residents. Furthermore, loaning new money through the banks, the federal government precipitates inflation. A non-government-influenced cause of inflation is supply chain bottlenecks, which can result from issues such as natural disasters, changes in customs procedures, and transportation delays. Finally, shortages of key goods can also drive up costs. Inflation is an overabundant supply of money in circulation resulting from governmental and non-governmental influences.

Inflation comes in three types: demand-pull inflation, cost-push inflation, and built-in inflation. Demand-pull inflation occurs when citizens receive more money and proceed to spend more. The increased demand for goods and services pulls up the prices. When production costs rise, businesses mark up their prices, creating cost-push inflation. Built-in inflation occurs when people believe that prices will continue to rise, and employees demand higher pay to maintain their standard of living. Regardless of the type of inflation, there are always pros and cons. A couple of upsides of inflation include the higher resale value of in-stock products and, under optimum levels of inflation, the tendency to spend more freely. Simultaneously, inflation has the downside of customers paying more for products

and services, higher prices being levied on the economy, and prices rising asynchronously. No matter the type, inflation has both positive and negative effects.

My brothers and I have owned and operated a lawn business for four years. When we first began mowing lawns for our neighbors, we used my dad's equipment. However, we quickly expanded and needed our own tools. We bought a Honda 21" walk-behind mower for \$549. Now, twenty months later, the mower has gone up fifty dollars to \$599, a 9.1% increase. We also purchased an Echo gas straight trimmer for \$229 at Home Depot in July of last year. Seventeen months later, the price for the same trimmer is \$20 more, an 8.7% increase. Inflation affected us, even the smallest of businesses.

Due to the American Revolutionary War from 1775 to 1783, America was born in debt to the tune of \$42 million. We owed this small fortune to France, Dutch bankers, and domestic creditors. After the War of 1812, Andrew Jackson, our nation's seventh president, resolved to fix this "national curse" and to repay the \$58 million in debt it had accumulated. In 1835, Jackson succeeded. The national debt was at \$0 for the first time in US history. However, it stayed that way for only two years. Because of the Civil War, the national debt skyrocketed to over a billion dollars for the first time. The debt continued to increase during the Long Depression of the 1870s. During the Great Depression of the 1930s, it grew to \$33 billion. After World War II, it ballooned to \$285 billion. The economy prospered after the war, but government programs aiding the poor and America's involvement in foreign wars, like Korea and Vietnam, did not allow us to pay down our debt. On October 22, 1981, the US debt crossed the \$1 trillion mark! Astonishingly, the national debt doubled in the first decade of the twenty-first century under the Obama administration. The recession of 2008 and the COVID pandemic increased the national debt exponentially. Currently, our national debt stands at \$38,335,297,067,493... I mean, it's at \$38,345,811,611,088... No, wait. It is now \$38,351,257,486,138...

Herbert Hoover famously quipped, "Blessed are the young, for they shall inherit the national debt." When my generation becomes adults, for the first time in American history, we can expect lower living standards than our parents, even higher taxes, and reduced government services. Hurrah! All of this is due to the excessive spending habits of our government, resulting in our incalculable national debt. To be clear, the national debt differs from the deficit. The national debt is the total sum of the money the US owes its creditors. The deficit, on the other hand, refers to the yearly shortfall when expenses exceed revenues. Briefly, the United States appropriates 23% of its annual spending to Social Security, 14% to interest, and another 14% to Medicare. Todd Peeler just now quipped, "Blessed am I, for I shall inherit the national debt."

America holds 261.5 troy ounces of gold, which is worth about \$1 trillion today. Most of this is stored at Fort Knox, Kentucky. If our entire stockpile were sold, it would not even come close to paying off our national debt. For millennia, people have valued gold for its lustrous quality, durability, and as a symbol of power and wealth. Its extraction difficulty and relative scarcity justify its perceived value. Beyond its use in jewelry and as a medium of exchange, however, gold has no practical uses. Its value is largely a social construction. Today, gold is near \$4,230 per ounce, a record high. While gold is an excellent investment for our country and individuals, it has no inherent value.

Conversely, silver has many uses other than shiny jewelry. Included among these are applications in electronics, medicine, solar power, ball bearings, brazing, and soldering. Like gold, silver has historically been sought after as a medium of exchange and investment. The price of silver stands at \$56.65 per ounce. For several years, I have acquired silver - buying some here and a little more there when the silver market was lower. Three years ago, I was gifted a 1-ounce American Silver Eagle, also known as a Walking Liberty, worth about \$28 at the time. It is now worth \$64.41. Its value has more than doubled! Silver is a practical, pretty, and profitable investment.

Gold and silver have both more than doubled in price in the last few years. Multiple factors have generated this dramatic spike. For example, demand for gold and silver has significantly outpaced supply. Due to economic instability in recent years, investors have turned to more stable investment options, primarily precious metals. Moreover, considered as safe havens, gold and silver rarely take sudden downturns. The American government values gold and silver with a ratio of 1 ounce of silver to 1 ounce of gold. Currently, the ratio is roughly 80:1. It has gone as high as 125:1 in 2020 and as low as 2.5:1 in 3200 BC in Ancient Egypt. Investors make a wise choice when they place their hard-earned cash in gold and silver. As an investor myself, I hope that gold stays high and silver closes the ratio gap.

In summary, the weakening of the dollar is caused by tariffs, geopolitics, and low interest rates, which bring about both positive and negative consequences for Americans. The three major types of inflation, all primarily caused by an excessive amount of money in circulation, also have their benefits and drawbacks. Except for two years under the strong economic leadership of President Jackson, the United States has been a nation in debt. And unfortunately, our dues seem insurmountable. Gold and silver are both perennially valuable for their beauty, with silver retaining additional practical uses. When the economy is unstable, investors tend toward these precious metals. Most significantly, while researching this paper, I was surprised to learn that the Gatlin Brothers were wrong when they sang that all the gold in California is in a bank in the middle of Beverly Hills. Apparently, most of the US gold is

actually in a bullion depository in Kentucky. Still, Haggai 2:8 tells us, "The silver is mine, and the gold is mine, declares the Lord of hosts." The Bible reveals timeless truths and gives us pause to consider how to apply its wisdom to our troubled economy.