

# The biggest challenge facing your national economy today

[Business](#)



Essay, Business Topic: The biggest challenge facing your national economy today The economy of United s is the largest economy in the whole world and is considered to be one of the super powers. The United States is made of a large number of states, each having its own local government and all these are then governed by the federal government which is headed by the president of United States. It is the largest multicultural nation of the world along with being the fourth largest country in terms of land area and population. Its currency, dollars, is treated as an international currency and most of the international transactions of foreign trade and exchanges are done in US dollars. Almost every economy in the world is somehow related to the US economy and therefore, even a minor effect on it could have larger impacts on the economies of different countries.

There are a number of problems and challenges being faced by the economy of United States today. The biggest problem, however, is the increasing debt which is considered to be the largest debt to be faced by any country. This includes household, local and state government as well as federal government debt. This debt has been accumulated over the past thirty years and has been growing much faster than the overall level of GDP. This poses serious threat for the economy as sooner or later this debt bubble will burst just like the housing bubble which led to the financial crisis in 2007. The bursting of the debt bubble will cripple the entire economy as it has become dependant on borrowing and debt. Nearly all the transactions of the economy is done on a credit basis, adding to the overall national debt. A burst of this bubble would affect the increasing standard of living being enjoyed by the citizens of America today. The household debt has increased

by about 1700% since the year 1971 and around 46% of Americans are dependant on credit cards (Michael, June 2012).

The second component of the national debt is the local and state government`s debt has crossed the 3 trillion dollar mark as most of the state governments are becoming bankrupt due to the increasing level of debts. Along with this, the federal government has been facing a hug amount of debt as well which has reached the dollar 16 trillion mark. In the recent years, around 3 trillion dollars of debt have been added to the overall level of national debt. The percentage of national debt is said to get more than double if the amount of household, federal and local governments` debt continues to rise at similar rate.

Similar cases of increasing debt have been observed in Greece, Italy, Portugal as well as some other countries. These increasing levels of debt pose serious challenges and threats for the future of United States. It costs around \$ 150 per hour for the future generations to pay. Therefore, increasing debt has become an issue which needs to be solved. This issue affects other aspects of the economy as well (Boccia. R, 2013).

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