

# Debating america's credibility in front of investors through a study of the natio...

[Economics](#)



Our national debt not only reflects our credibility as a country, but also demonstrates how responsible of a country America can be. This debt should most definitely be either drastically reduced or completely eliminated so that our government can prove, not only to the American people, but to the world that we can be fiscally responsible.

Most people would think that the national debt was a problem only recently started when the housing bubble collapsed in 2008, but it actually goes back to the beginnings of our country. One of our four founding fathers, and the first Secretary of the Treasury, Alexander Hamilton was the leading economist of the 1700's. Hamilton believed that some national debt, while not excessive, would actually help our country in establishing credit with other nations of the world. James Madison, our fourth president shared this similar fiscal credibility and before the War of 1812 proposed that we rent Portugal's Navy rather than spend our money on building ships. Just twenty years later, our sixth president John Quincy Adams made the first presidential avocations for federally funded roads, canals, and rivers, he also called for a national observatory in an attempt to establish the federal government in the lives of Americans. Andrew Jackson, however, proved himself to be extremely adept in getting rid of financial debts, and was the president under which the U. S. was completely debt free for the first and only time in history.

While there had been some conflicting viewpoints in the past, none were ever as historic as the Jackson versus Bittle Bank war of the 1830's. Henry Clay, our nation's great compromiser, was running for president in 1832 and he made a huge push towards the renewal of the national bank. Nicholas  
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Biddle, our current President of the National Bank sided with Clay in this dispute, causing Jackson to consider both Biddle and Clay personal enemies. Jackson hated the idea of a central bank and subsequently vetoed the bank bill. Biddle commented on the veto calling it the “manifesto of anarchy.” Congress was in recess at the time, and Jackson took it upon himself to dodge the National Bank, and he commanded his current Secretary of the Treasury to move all of the money from the current national bank to lower level state banks. Congress then returned to session, and censured Jackson for his radical actions. Eventually in 1836, Jackson succeeded and the national bank was completely expunged.

Our debt has grown immensely since the 1830's to the point where our elected politicians cannot agree on any means of lowering it. Our government debt should be moderate; the current debt today is overly excessive (Schacht). Our politicians only attempts at cutting down our debt is to cut small programs by a little bit and when in actuality “cutting small programs does not do anything; you need to start hitting programs like Medicare, Medicaid, and Social Security.” (Schacht) One of the most viable solutions Washington has come up with is the idea of a sequester, this is because it puts necessary pressure and deadlines on politicians, (Schacht) adding incentive for them to do more reasonable budget cuts on their own. The main issue is that the national debt needs to be reined in a lot; too much of our spending is going towards the interest on our debts (Schacht).

Not only have politicians raised the debt ceiling, allowing us to incur more debt, but also have resorted to printing money, subsequently damaging our

economy, just so they can keep our country running on borrowed time. Printing money only creates inflationary money which transfers real resources to the government at the expense of everyone who holds U. S. currency (REF). Printing money also causes us to lose value in our currency; the lost value is the hidden tax of inflation (REF). We not only pay for this spending in inflation, but also in a variety of other ways such as explicit taxes and a reduced growth to our economic system (REF). Washington has been asking us to believe that government programs can provide the people with free things forever, but in the end, the people have to pay, and the bill on this “ free lunch” is drastically increasing (REF).

Although you could be fooled by the minimal options from Washington, there are several viable solutions to reducing our country’s national debt. What the American people need is a better long term economic agenda; our main requirements are solely defense and income security (Carmichael). Somewhere along the way, our political system confused the use for debt, Debt should only be used to appreciate assets and should be able to be comfortably paid off so that it doesn’t build up to something you can’t handle in the future (Carmichael). The best economic plan would be to adopt the mindset of the government as an individual; whatever would be good financial advice for the American individual will work for our country (Carmichael). The best solution for solving this more and more looming crisis would be to stop printing money. If we cannot print money at home when we need it, the government shouldn’t be able to print money for this same reason. (Carmichael)

Overall, it is easy enough to realize that our national debt is a current and pressing problem that could very well affect our near future. This problem is not just the debt itself, but the precedent of our many years of spending beyond what we could begin to earn through tax revenue. Reining in our debt and deficit spending will not only prove to the American people that we can responsibly manage money, but also show the world that we have once again established ourselves as a fiscally responsible nation.