

# [Secretary of state alexander hamilton](https://assignbuster.com/secretary-of-state-alexander-hamilton/)

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Secretary of the Treasury Alexander Hamilton Alexander Hamilton was appointed the Secretary of the Treasury in 1789and he initiated the creation of the first American bank to manage issues surrounding credit money. Low collection of taxes among the 13 states forced the U. S. Secretary of State to create a system that allowed the states to access funds by selling debt to Americans (Sharma 29). The concept increased the quantity of money in circulation as lenders would benefit from interests and borrowers would easily access credit in a proportioned manner. Thus, Hamilton created a system that allowed public and private to access credit by servicing the Federal debt. In 1790, Hamilton’s idea went through and the Bank of the United States was created with $10 million. The main sources of income for the bank would be the government securities, which were paid at 6% annually by the Federal government.   
Hamilton wanted to increase the available credit to the public and private enterprises as a way of ensuring circulation. Hamilton’s view was to sell Federal securities to the private sector to gain capital for developing the physical economy. Banks have adopted the Hamilton concept to issue students with credit cards as a way of encouraging growth of national credit worth as opposed to being debt free. Federal student loan and credit card debt account for $914 billion and $672 billion of the 2012 American household debt compared to $750 billion for auto loans (Department of Treasury and Education 30). Statistics indicate that in 2012, household debt grew to $11. 31 trillion attributed to what families owe due to student loans, credit cards, home and auto loans (Sharma 31). The U. S. national debt is above the 100% of its GDP because of raising credit from securities. Therefore, the only way to correct the Hamilton mistake is by increasing revenues while applying spending cuts. Contrastingly, the deluge of credit cards targeting students increases their spending habits. This is detrimental to the economy since students owe the banks money and interest, which increase the American household debt. Moreover, Americans are least likely to develop the culture of saving for future financial stability since they continually incur debt because of using credit cards.   
In conclusion, the deluge of credit cards targeting students is contributing to household debt, which is detrimental to family life. American gain the habit of spending credit before even having it on hand and this trend is getting more students into debt. Thus, the Hamilton monetary policy of using securities to fund national spending has caught up with students, who owe banks trillions in credit cards.   
  
Works Cited   
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