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National Debt

The national debt is a critical issue in the United States because it continues to intensify as years move and thus will lead to more ramifications to the country. The United States has placed the issue of the national debt as a significant controversy on the domestic policy. Moreover, due to the financial inducement brought into the United States economy for the past few years, it is evident why the public has started to attend to the subject. US Department of Treasury (2014), defined national debt as the direct obligation of the United States administration. The same source also added that there are several types of national debt including the public debt and gross federal debt. Public leaders should inform the public about the effects of national debt when funding products are approved. Regrettably, the way the issue of the national debt is being portrayed to the public is very ambiguous because majority of the individuals do not realize how national debt can affect their lives.

National debt will continue to increase because the United States government always spends more finances than what is obtained from taxes and other sources of income hence resulting in increased debts. Although most of the national debt is obtained through administration bonds referred to as treasuries, they have substantial effects on economic firmness and other implications to the value of the currency in economic development, trade and unemployment (Carney et al., 2014). Therefore, the general public needs to be informed about the effects of national debts because it plays a critical role in the economic growth of the country and thus must be controlled and managed properly. Considering the United States national debt has augmented rapidly and is currently more than the overall population, it is important to understand how people are affected by its increase. One of the reasons the public should understand is that national debt per capita will rise because as debt continues to intensify the

more chances for the government will be unable to pay. Thus, forcing the treasury department to increase the profits of the present treasury security to bring interest stakeholders. Furthermore, this will lead to a decrease in the tax income that should support other administrative services as most of the income will be directed to pay debts (Carney et al., 2014). These shifts in spending will make individuals experience lesser standards of living considering that borrowing more money to cater to economic development will be hard. Another effect of the national debt is an increase in prices of goods and services which will be brought by the pressure exerted on the corporations operating in the United States. The corporations will be regarded as riskier and thus required to intensify their profits on the acquired bonds hence the need to raise prices.

Lowering the national debt is essential in the country as increased debts have their ramifications. For example, an increase in national debt results in reduced income growth in the country. Therefore, as economic development is slowed down, the wages and salaries will also be reduced hence reducing the general income of individuals and the country in general. Carney et al. (2014), argues that increased debt causes an intensification of the interest to be paid. While interest increases as the number of debt increases, this interest that is utilized in servicing the debts will reduce expenditure on other essential programs that would impact the countries future in terms of climatic variations or develop a robust national defense. Also, increased debt results in more problems for future generations. The burden that is left to the future generation is high due to the costs associated with the debts including, the reduced income, augmented interest rates and deteriorating fiscal space. Therefore, with higher national debt the United States government will need to employ more funds on funding the consumption of the previous generation than capitalizing on the future generation.

References

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