The National Debt Of The United States: Solutions By National Reform

The national debt of the United States has experienced a steady yet dangerous increase by approximately 1 trillion dollars per year, reaching currently at about $22,750 and growing. Accompanying national debt is the growing rate of the federal budget deficit, causing the economic need to borrow even more money. The federal budget deficit is where the cost of things is greater than the national income, giving financial observers an idea of what is going to become of the economy in the near future. In the IOUSA videos, the debt-GDP ratio was said to be a little bit greater than 90%; the debt-GDP ratio now, in 2019, is at about 106%. However, there are some solutions, in the form of reforms, that can be put into place to help bring America’s national debt levels to a less extreme value. These solutions include tax reform, healthcare reform, defense reform, and social security reform.

One solution is the tax reform. This is where the government would change how taxes are organized and accumulated in order to benefit the economy. The last IOUSA video suggests reconsidering the usage of George W. Bush's idea of the 2001 tax cuts. The tax cut caused a rapid economic growth against the seemingly persistent decline, even increasing labor wages, educational benefits, and overall income. The only problem with this is, despite the fast recovery, it is not an everlasting solution; therefore, it must be kept in mind that Bush’s method only gained back about 10% of lost income and other back-up plans would need to be readily put into place. Another suggestion made to reform tax laws was the consumption tax. This is where the government places indirect taxes on consumed goods and services, such as in the form of sales tax. For example, if the United States were to add a 5% consumption tax to their national income tax and increase it ever so slowly over a decade or two, that money could go towards paying back our national debt. These modifications to the tax system may be beneficial enough to satisfy as a solution but could only occur for a short period of time as to not hurt the deficit.

Another solution is to reform health care, which increases the number of people who receive it, its providers, improves the access and quality of, and decreases the cost of getting it. If the government reforms medical attention across the nation where it is less focused on money earned and more about helping others, such as getting rid of the fee-for service system, consumers of these services can get more out of what they need in a more efficient manner rather than what hospitals do to receive more profit. Additionally, if the government raised the eligibility age that an elderly person could receive Medicare, less money would be wasted resulting from the lessened population. Changes such as these to America's health care system could bore great money savings and even a healthier country.

A third option that was suggested in order to promote economic growth and to decrease the national debt and deficit was to stop wasting money on things that are not being used presently, such as with our defense system. Large amounts of money are put into building new artillery and funding the preparation of a potential war effort when it could be used to pay back what is owed to Americans and other countries. If funding for defense growth ceased momentarily, or even reduced by a certain percentage much similar to that of pre-war levels, the government could put forth that money to fix the country's economy. Additionally, looking into other

programs that are still in place and funded for, such as the national conservation services established years ago, and eliminating those that have no real purpose anymore would save great amounts of money.

The last major solution presented in the IOUSA videos was social security reform. Such reform is made in order to improve what kind of lifestyle workers receive once they have retired and to insure that they actually get the standard of living earned after all those years of work. Some details to this reform would be to gradually increase the retirement age, to increase the amount taken out of the labor wage for taxes, and to reduce the cost of living adjustment, otherwise understood to be an increase in one's revenue. Much like the other solutions that were suggested, these modifications will cause an increased amount of savings that can be used to reduce the national debt, and therefore, the debt-to-GDP ratio mentioned in the introduction paragraph.

All these solutions will require reform dedication and modification if the government truly wishes to fix the nation's economy and bore continuous benefits. It would be mostly beneficial to reform all of these systems and services in a strategic manner because collectively how much the government wastes inefficiently pulls a lot of the nation's money in corners where it is not needed. Government spending and lack of detailed analysis of the economy is the problem; it is why the national debt has grown to such levels. In order to fix it, America will have to go through changes throughout most parts of their business life - in social security, health care, defense, and tax reform - so that future generations can live a comfortable life more parallel to that of the 20th century.