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*Paying-Off Debt Puts the US Economy at Risk*

In 1961, Roger Maris, last game of the season at Yankee Stadium, hit his 61st home run, breaking his roommate's, Micky Mantle, record of 60. For this, Roger got a $5000 bonus, on top of his $18,000 salary, which was 3X the average salary for an American worker. Today, the highest paid baseball player makes $70M, 111X average US salary.

This increase in pay in multiples isn't because we like baseball so much—it's across the board. Since August of 1971 when we went off the gold standard, we have been on a credit/debt binge, with no down cycles because we adjusted interest-rates and printed ourselves out of them. For a long time it worked—but only until today or tomorrow.

Now everything is bloated. As Charles Hugh Smith tells us, prior to the 90's we managed to educate America without lingering student debt—but then everything changed. So the fat cats could become even fatter, we made universities reliant on federal funding/subsidies, to where a couple of administrators became a dozen and students paid heavily for their degrees—30 years. Student debt is now the largest debt on the books. To show we meant business, the only debt not allowed in bankruptcy—student debt.

For a long time I've threatened to get rid of credit cards and use cash. I could forgo the rewards from my card and the hassle of no credit, but I could not deal with the rash I would get from my wife—who doesn't share my concern that banks are the problem.

But now it's apparent that I best play the game—stay inside the lines. I read an article about a guy who paid-off all his debt and saw his credit rating fall from the 700s to zero. How is that possible? He is of a few fiscally responsible Americans that should be rewarded, not penalized, for saving to pay off debt. But, that's not the case. Not having a credit rating, he can't even get new credit cards to build back his credit rating.

Out on a walk, I put it together. Every dollar in the economy is created by banks, at the behest of Fed/Treasury, by the issuance of credit—which is actually debt. That's the model, such that responsible citizens are seen by banking as *dead-wood threats*.

The model probably emanates from 1913—with the creation of the Fed. But, how did banks work before Fed/Treasury issued dollars as debt (supposedly backed by gold)?

I'm not sure but I can surmise. Back when there were many local banks, choosing a bank to hold ones deposits depended on trusting a bank—and on its gold holdings.

Before depositing in a bank, one needed assurance ones savings would be safe. That called for banks to have collateralized all obligations with commensurate holdings of gold. Gold—not be loaned out. Instead, to be held as ongoing collateral insurance.

If I'm correct in my speculation (if not—I trust Bill Holter will set me straight), a major shift occurred with the end of the gold standard into a system of dollar creation based on credit/debt—which resulted in a psychological *sea change* for America/Americans.

For example, non-collateralized printing into feudal hell was the result of greed, with the monied-interests demanding more profit for self-same functions. As in, there used to be something called *usury* (one could be criminally-charged for charging more than 18% interest). Credit card interest is now unlimited, and usury/something from the past.

How did we get to this place? Back in 1980, US gold ratio to debt was 135%. Meaning the value of US gold (which we likely had at the time), as sufficient to cover all obligations, bonds/debt, and retain 35% of our gold. Now, do we have any gold at all?

The US Government can't cut spending. When a nation loses its manufacturing base, and trades industrialization for finance, our reality becomes virtual reality. Manufacturing models are ridiculed—except for Russian artillery rounds/hypersonic missiles.

In a debt-based model, the economic system/citizens undergo a gradual change where the real world no longer seems real when compared with the virtual world. Somehow, the bitcoins of the world, based on nothing (while providing the holder of bitcoin freedom of moving wealth outside of 3rd-party control), become the measure of all things. But those who know history cannot be lured from reality—they look to gold.

Elon Musk has left, likely disgusted. What he found to be gross excess, is being litigated away from him, and the billions he saved, next to Trump's *big beautiful bill*—why bother? In a debt-based economy, debt reduction, in whatever form, is seen as loss of jobs/wealth. Only additional debt keeps the economy going—until it finally collapses.

There are many one-sided articles out there, in support of tariffs/sanctions, favorably disposed to Trump's policies. One article, supportive of US sanctions on Cuba that failed to bring Cuba to its economic knees posited: the embargo may be *unwise*, but the primary cause of Cuba's poverty is a repressive socialist regime that extinguished freedom of its people, depriving them of the US as a trading partner. This author waves away 70 years of sanctions/repression, forgetting that, another socialist nation, not particularly sanctioned until recently, China, became the pre-eminent global economy.

That repressive tariffs/sanctions as mainstays of US policy are responsible for regime changes, after starving populations for decades. We'll leave it for another day.

What about articles contending Trump's tariffs bring $Bs into the US. Do I not get it, or do some economists miss it that tariffs bring no revenue? Paid by Americans, they add nothing to the balance sheet. Yet Peter Navarro assesses: Tariffs bring in $600B yearly—$6T over 10 years. Unless we produce the tariffed goods, tariffs bring $ zero?

A reduced trade deficit is seen a positive—though the reduction comes from a lack of trade. Bessent told the House that the US will *never default* on its debts. His assertion raises the possibility. As the political economics unravels—everything is on the table.

We will try to inflate our way out, while engaging in financial repression to make the debt *sustainable.* Worse yet, we will employ the provisions of the Section 899/Revenge Tax—nothing but the codification of what we did to Russian FOREX. This is designed to punish foreign capital flowing from countries not complying with US trade wishes.

As it comes apart, monied interests will scramble for control. As above, so below—Americans will suffer revenge tax/capital controls. And, what role will Palantir play in it?

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