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Economic Research Paper

Writer and philosopher George Santayana said, "Those who do not learn history are doomed to repeat it." This is one of the main reasons it's important to learn about history, so we can learn from it and make our lives better because of it. There are many problems in the world today, but have you ever wondered if the same problems have occurred before in history? If so, how was the problem caused? How did the people in the past respond to or solve the problem? What can we do today to resolve these problems with this new knowledge? A smart person learns from his mistakes, but a truly wise person learns from the mistakes of others. With these things in mind, I will be exploring a current economic problem we are facing today and looking to the past to identify if this same economic problem has occurred before, so we can learn from the mistakes of others and ultimately better our lives.

The current economic problem I will be exploring is the underlying problem for a bunch of smaller economic problems. The value of money, printing money, national debt, interest rates rising/lowering, high taxes, and inflation are all sub-problems of the underlying problem that is Government Manipulation of the Economy. The economic principle I am addressing is the difference between a Free Market Economy (Pure Capitalism where the people/businesses control the economy/Austrian Economics) and a Centralized Planned Economy (Socialism/Communism where government controls the economy/Keynesian Economics). Our Country was founded as a Free Market Economy, but slowly it has shifted more towards a

Centralized Planned Economy where the government steps in and tries to help by manipulating things like interest rates, excess spending, taxes, and money circulation (printing money), which cause inflation and increase national debt. Some might not agree, but government manipulation of the economy is a huge problem in our country that is founded upon a Free Market Economy. Many want to replace Capitalism with Socialism, but I argue that a Free Market Economy is ultimately better for everyone compared to a Centralized Planned Economy and history would agree with me.

Not many people even see government manipulation of the economy as a problem, they see it as government helping out the economy. However, these acts are unconstitutional and contrary to the Founding Fathers. Article 1, Section 10 of the Constitution gives Congress the exclusive right and also the responsibility to provide a national monetary system based on gold and silver, and no state is allowed to use anything else in payment of its debts. There is no constitutional authority for the Federal Reserve System, which is responsible for the manipulation of things like interest rates, and money circulation. The National Center for Constitutional Studies has stated, "The Founding Fathers agreed with Adam Smith that the greatest threat to economic prosperity is the arbitrary intervention of the government into the economic affairs of private businesses and the buying public." These things are happening all the time nowadays, and people don't even realize it shouldn't be happening. They think it's normal.

This problem affects every single one of us. The printing of money that isn't backed by gold or silver decreases the value of the dollar significantly, meaning your money doesn't buy as much as it used to, which leads to inflation, and the price of everything goes up significantly. The raising of interest rates causes house payments to go up, making the price of homes go up significantly, greatly impacting the economy and making it very difficult for everyone to buy

homes. The rising of the national debt means fewer economic opportunities and slower economic growth. You have probably noticed that all of these situations have happened in the last few years and are continuing to happen as we speak. Here are some statistics to put into perspective the problem we are facing. At the start of 2020, we had ~\$4 trillion in circulation. Now, there is nearly ~\$19 trillion in circulation, a 375% jump in 3 years as a result of printing money. At the end of 2011, the average sales price of a home was ~\$260,000. Now the average sales price of a home is ~\$492,000, a 90% (almost double) increase in average housing price in the last 13 years. In June 2023 the national debt was ~\$31.47 trillion. Now the national debt is ~\$34.38 trillion. In recent months, the national debt has risen by \$1 trillion about every 100 days. How do I know these are problems? Let's take a look at what history tells us when government manipulation of the economy is unchecked.

I found three examples in history where the excessive printing of money by government has led to hyperinflation and the collapse of the economy. In 1921 the Weimar Republic government started printing excessive amounts of money to pay reparation debts. This led to hyperinflation in 1922 where prices rose by 700% causing an economic collapse. In 2007 the government of Zimbabwe printed excessive amounts of money to fund its increasing budget deficits. By 2008 hyperinflation set in and the value of the Zimbabwe dollar went to nothing. US\$1 became equivalent to Z\$2,621,984,228 collapsing the economy. In 2016 the government of Venezuela printed excessive amounts of money to keep up with urgent times. Hyperinflation started in 2017 which led to the overall inflation rate increasing to 53,798,500% causing the economy to collapse. In all three of these examples, government manipulation has led to the collapse of the economy, making these countries a nightmare for their citizens. Unfortunately, the United States is currently heading in the same direction, and if we don't stop printing money at

the rate we currently are, there is very little we can do to stop it. One thing holding our economy together right now compared to these other countries is the fact that the US dollar is the reserve currency, meaning other countries use the US dollar as well.

The solution to government manipulation is not an easy one. There are smaller things we can do to stop the progression of the problem, like stop printing money, eliminate the Federal Reserve, and revert to a gold and silver backed currency. However, many of these solutions are not permanent with our current economic system. The source of the problem is deeply rooted within the country's economic system as a whole. These issues stem from a Centralized Planned Economy/Keynesian Economic System and the best solution would be to revert to our pure capitalistic roots as a Free Market Economy/Austrian Economic System. Many think a Centralized Planned Economy/Socialism will work, but The Center for Constitutional Studies responds to the question, "Has socialism or collectivism ever worked anywhere in the world?" with, "Unfortunately, it has not. In fact, the militant forms of Socialism such as Communism, Nazism, and Fascism have caused more wars and shed the blood of more human beings than any system of government in the history of the world. Even the so-called 'peaceful,' forms of Socialism such as Democratic Socialism and Fabian Socialism have proven counterproductive and have continuously crept along the razor's edge of perpetual bankruptcy. Americans have sent over hundreds of billions of dollars in foreign aid trying to help the socialist nations survive. Now we are bordering on bankruptcy ourselves." Pure Capitalism has always been the best system. The permanent solution would require a full economic reset, which is what the three countries I mentioned earlier did. All three of these countries abandoned their currency completely and created a new currency or adopted a new existing currency, basically starting over completely economically.

The Center for Constitutional Studies said it best, “The highest level of prosperity occurs when there is a free market economy and a minimum of government regulations. Other than setting up a property monetary system and ensuring the free flow of commerce between the states, no power is given to Congress to regulate economic affairs of the people. It is a manifest intent to keep the federal government completely out of the free market economy and to leave any needed regulation to the states.” I’d rather not end up paying a million dollars for a loaf of bread. I honestly don’t know if it’s too late or not, but I do know it’s important to be aware of what happening in our country so we can prepare for what's coming. We can learn a lot from history. Let’s try to apply it.