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Dave Windsor's 'Alaska Real Estate'

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United States Losing Governance Credibility

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In 2011 Standard & Poors (S&P) downgraded the U.S. credit rating from AAA to AA+. Just last week Fitch downgraded the U.S. similarly to AA+. Only 9 countries remain with an AAA rating, including Germany, Switzerland and Australia. The reasons for the United States losing credit credibility around the world are essentially twofold.

First is the exploding **National Debt** - that is, how much borrowed money the nation owes today. Think of it as the credit card balance for the country, like your own credit cards and other debts.

The national debt of the nation is approaching 33 trillion dollars (A billion is a thousand million. A trillion is a thousand billion). The Gross Domestic Product (the dollar value of all goods and services produced in the country) is 27 trillion dollars per annum. In other words, the United States owes closer and closer to a full year of what it can produce. Your Federal Government actually spends more money than you give it to spend with your taxes paid (Unforgivable if it was your family!).

The national debt crisis, kicked down the road by both political parties when in power, is starting to look really ugly. The rest of the world (mostly Japan, China and the UK who carry most of that

debt) is not sure it can trust America to pay off its debts in the future and so can they safely give any more credit, or should they charge higher interest rates to do so? Watch the value of the U.S. Dollar (DXY index today at around 102.00) drop in the next few years.

The second serious problem being observed by the world is **Political Instability**. This also is in dire need of being fixed by a more moderate and congenial US Congress, respecting each side's views while observing the constitution and rule of law.

Fitch explained that both these issues, National Debt and Political Instability, come down to a judgement on **Governance** – how well a country is managed. Canada, for example, remains with AAA because it is considered governed more responsibly.

Your part in the healing of the political landscape and the abatement of the nation's debt is to talk more about it, just as you would discuss the family's personal finances around the dinner table (once mobile phones are turned off).

In my real estate activities I observe reasonableness outweighing confrontation 90% of the time and, for this reason, I believe Americans will straighten out the balance sheet and political discord in the nation. Do speak up and advocate for

respectful discourse and better governance. At www.usdebtclock.org you can follow the national debt and other statistics, live.

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