

MACRO • WEALTH PRESERVATION

The National Debt and the Quiet Tax of Inflation

What History Suggests About Debt, Currency, and Where Real Wealth Goes

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Key Takeaways

- The U.S. national debt is approaching \$39 trillion, growing by roughly \$7.5 billion a day, with annual interest costs around \$1 trillion.
- Numbers this large stop being intuitive. At a dollar per second, spending \$39 trillion would take more than a million years.
- History shows heavily indebted governments rarely repay in full. They more often reduce the real value of the debt over time through inflation.
- Through long stretches of history, durable wealth has tended to be held in real assets rather than in cash whose purchasing power erodes.

Why This Matters

If you spent a dollar every second, how long would it take to spend \$39 trillion? A million seconds is about 12 days. A billion seconds is roughly 32 years. A trillion seconds is about 32,000 years. To spend \$39 trillion at a dollar per second would take more than 1.2 million years, longer than humans have walked the Earth. Numbers this large stop being numbers and become concepts we discuss but cannot truly grasp. This paper looks at what scale like that has meant historically, and what it suggests for preserving wealth. It is educational and not a market forecast or investment recommendation.

What Heavily Indebted Governments Tend to Do

Across history, governments facing obligations they cannot realistically repay have rarely paid them back in full. More often, they have reduced the real burden of the debt over time, allowing inflation to shrink what each unit of currency is worth. The debt is not erased so much as diminished in real terms.

Ancient Rome offers a vivid example. Early Roman silver coins were roughly 98% pure, real value in your hand. As the empire's obligations mounted, emperors cut the silver content, first to 90%, then 80%, then 50%. By the empire's decline, Roman "silver" coins contained a small fraction of actual silver: same

coin, same name, far less value. Emperors called it currency management; citizens experienced it as a loss of purchasing power. Historians call it debasement.

The Modern Parallel

The U.S. dollar has lost a large share of its purchasing power over the decades, a well-documented consequence of sustained inflation. The mechanism is different from clipping coins, but the effect on a saver is similar: the currency buys less over time. This is not a distant, hypothetical crisis. It is a gradual, ongoing process that affects every dollar held in cash.

It helps to be clear-eyed rather than alarmist here. Inflation is a normal feature of modern economies, and moderate inflation is the explicit policy goal of central banks. The point is not that catastrophe is imminent. The point is that holding wealth primarily in cash, over long periods, means quietly accepting an erosion of its real value, and that large and rising public debt creates ongoing pressure in that direction.

Cash is not risk-free. Over long horizons, the risk it carries is simply less visible: the steady loss of what each dollar can buy.

Where Durable Wealth Has Tended to Live

In Rome, those who held their wealth in debased coins watched it erode, while those who owned land, businesses, and other real assets fared better. The broad historical lesson is not a specific prediction but a tendency: over long stretches, wealth that endures has more often been held in productive, real assets than in currency itself. The difference between wealth that lasts and wealth that quietly evaporates has often been less about the size of the account and more about what it was held in.

For an individual investor, the practical translation is familiar and unglamorous: a diversified portfolio of productive assets, businesses, real estate, and other holdings that can grow over time, has historically been a more durable store of value than a large cash balance left to inflation. None of this argues for abandoning cash, which serves essential purposes for liquidity and safety. It argues for being deliberate about how much wealth sits in a form that loses purchasing power by design.

The Bottom Line

The scale of the national debt is genuinely hard to comprehend, and history suggests such burdens are managed down in real terms rather than paid off. That does not call for fear or dramatic action. It calls for awareness: understanding that cash carries a quiet, long-run cost, and that a thoughtful allocation toward productive real assets has historically been one of the more reliable ways to preserve wealth across decades. How that applies to your specific situation depends on your goals, timeline, and circumstances, and is worth discussing with an advisor.

References and Sources

The following sources support the figures, rules, and statements described in this paper. They are provided for verification and for compliance review.

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