Aziz Abubeker  
Thesis Paper

“The United States increasing international debt does not threaten its position in the global economy.”

In today’s world nations economies are more linked together than ever before. The global marketplace is filled with new emerging actors fighting for their stake. Countries that were once considered developing are now emerging as key players and some analysts say threaten the United States position as a leader. A countries external debt can be a key indicator to its economic stability but is not the only one that should be considered. When assessing the current state of the U.S. economy on a global scale other factors must also be weighed.

A nation’s external debt is the sum of all debt owed to creditors that are not domestic, so this encompasses public and private debt. It can be owed to banks, corporations, governments, and individuals. Just like households it is possible for a country to maintain investments and capital, while at the same time being in debt. The United States has an excess of capital and estimated in the hundreds of trillions in assets. How much debt a country is able to take on depends on the size and strength of the economy, that being said the United States is more than capable of taking on a sizable debt. Debt is more of a worrisome to developing nations who would never be able to pay back their creditors.

The Federal Reserve’s position as a “bank to the world”, and the dollar being the most widely accepted currency also help the United States solidify its position in the world. It is possible for the United States to print as much money as it wants but risks inflation. This action would harm other nation’s economies since most have reserves in the dollar, and base their whole economies around it.