



Wharton Academic Forecasts 2025 Economic Crisis Due to \$34 Trillion Debt, Likely to Pose Challenges for Upcoming Administration

Description

The USA's Federal Debt, currently a staggering \$34 trillion, could potentially disrupt the global economy as early as next year. This dire prediction was given by Professor Joao Gomes, a distinguished finance expert from the Wharton Business School. He warns that if the future president of the USA pursues costly policies, the growing 'debt mountain' could derail the next administration.

Echoing his concerns are various financial experts who foresee the debt-to-GDP (Gross Domestic Product) ratio soaring to a mind-boggling 190% by 2050 if the economy continues on its current route. As a historical comparison, the administrations helmed by Presidents Biden and Trump have seen the largest deficit accumulations since the era of President Roosevelt's response to the Great Depression.

This stark rise in debt is partly attributable to the devastating impact of the COVID-19 pandemic on both the national and global economy. Despite the grave implications of this looming debt, Professor Gomes suspects that neither the Republican nor Democratic parties will view this as a priority issue.

In 2023, the US national debt reached an alarming high of \$34 trillion. This figure equates to an overwhelming \$101,233 of debt per person in America, according to the Peter G. Peterson Foundation. The exponential expansion of the deficit further results in the government expending over \$1.8 billion daily on interest payments alone, holding substantial implications for the future of the US economy.

This mounting debt load could escalate inflation, result in costlier household borrowing, and put key national programs such as Social Security and Medicare under strain. Rising interest payments on national debt are forecasted to overshadow defense spending soon.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, called this level of debt "dangerous" and deemed the record figure an utterly "depressing achievement." According to the non-partisan Congressional Budget Office, interest payments are currently the fastest-growing part of the federal budget.

This translates into a grim future where, by 2024, only Social Security will cost the government more than interest payments. Hence, lawmakers and the future president face the pressing task of mitigating the mounting debt, with the clock ticking ever louder.

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Vocabulary List:

1. **staggering** // (adjective): Extremely surprising or shocking.
2. **disrupt** // (verb): To prevent something from continuing in its usual way.
3. **dire** // (adjective): Extremely serious or urgent.
4. **derail** // (verb): To prevent a plan or process from succeeding.
5. **foresee** // (verb): To predict or anticipate.
6. **deficit** // (noun): The amount by which something especially a sum of money is too small.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is an appropriate word to describe the sudden and shocking increase in costs?

- Option: Smart decisions
- Option: Meticulous
- Option: Staggering
- Option: Tactic

2. Which term best represents causing chaos or interruption in a system?

- Option: Efficiency
- Option: Disrupt



Option: Rerouted
Option: Compelled

3. What do we call a negative balance or shortage of something?

Option: Affluent
Option: Deficit
Option: Deliberate
Option: Accolade

4. What word describes being productive without wasting time or resources?

Option: Incarceration
Option: Dire
Option: Defiant
Option: Efficient

5. What term means thinking again about a decision or plan?

Option: Reconsidering
Option: Prosperity
Option: Foresee
Option: Windfall

6. Which term refers to a digital or virtual currency that uses cryptography for security?

Option: Smart decisions
Option: Megalomania
Option: Cryptocurrency
Option: Conceivable

7. What is the term for an obsession with power and a delusional belief in one's own greatness?

Option: Conviction
Option: Megalomania
Option: Defiant
Option: Tactic

8. What word means changing the course or direction of something?

Option: Staggering
Option: Rerouted
Option: Execute
Option: Accolade

9. Which term means to carry out or accomplish a plan or action?

Option: Tactic
Option: Execute
Option: Disembark



Option: Contend

10. What term describes having a great deal of wealth or success?

Option: Windfall

Option: Respected

Option: Affluent

Option: Profits

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. High sales resulted in increased _____ for the company.

12. She spoke with such _____ that everyone believed in her cause.

13. Passengers will _____ the plane only after it comes to a stop.

14. The team will have to _____ with injuries if they want to win the championship.

15. Improving the _____ of the manufacturing process saved the company time and money.

16. Winning the lottery was a unexpected _____ that completely changed her life.

17. Using the right _____ can give a team an advantage over their opponents.

18. The community faced a _____ situation after the natural disaster.

19. The CEO detailed the plan and expected the team to _____ it flawlessly.

20. After receiving feedback the management is _____ their approach to the project.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. Taking time to evaluate all options and outcomes often leads to success.
22. His years of hard work and dedication earned him the admiration of his peers.
23. She was known for her attention to detail and precise work.
24. The financial gains from the successful venture were substantial.



25. The period of economic growth led to increased wealth and well-being for many.
26. His strong belief in justice motivated him to fight for what was right.
27. In the face of adversity she stood her ground and refused to back down.
28. Streamlining processes and minimizing waste improved overall productivity.
29. The urgency of the situation left him with no choice but to act.
30. Despite the challenges finding a solution was within the realm of possibility.

Answer

Multiple Choice: 1. Staggering 2. Disrupt 3. Deficit 4. Efficient 5. Reconsidering 6. Cryptocurrency
7. Megalomania 8. Rerouted 9. Execute 10. Affluent

Gap-Fill: 11. profits 12. conviction 13. disembark 14. contend 15. efficiency 16. windfall 17. tactic 18. dire
19. execute 20. reconsidering

Matching sentence: 1. Smart decisions 2. Respected 3. Meticulous 4. Profits 5. Prosperity 6. Conviction 7.
Defiant 8. Efficiency 9. Compelled 10. Conceivable

CATEGORY

1. Business - LEVEL4

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