

\$38 Trillion in Debt: Is a Gold Standard Now Inevitable?

[Rick Adams](#)

[GoldBuzz](#)

November 2nd 2025



Remember when a dollar was actually worth something? Like, literally worth a specific amount of gold?

For most of American history, that's exactly how money worked. Until 1971, when [*Nixon slammed the door on the gold window*](#) and gave us the monetary system we're stuck with today - one where the government can print money like it's going out of style. Which, judging by that \$38 trillion debt pile, might actually be happening.

What Exactly Was The Gold Standard?

[*The gold standard*](#) was beautifully simple: every dollar in your pocket could be exchanged for a fixed amount of gold. From 1900 to 1933, that rate was \$20.67 per ounce. Then [*FDR bumped it to \\$35 in 1933/34*](#) (nice 69% profit for Uncle Sam there). This wasn't just an American thing - most major economies tied their currencies to gold, creating predictable exchange rates and limiting how much money governments could print.

Think of it like having a credit card with an actual limit versus one where you keep calling to raise the ceiling every few months. Guess which one we have now?

The Good, The Bad, and The Golden

The pros were real: The gold standard kept inflation in check because governments couldn't print their way out of problems. It enforced fiscal discipline - imagine politicians actually having to balance budgets! International trade was simpler with stable exchange rates, and your savings held their value over decades, not just until the next crisis.

But it wasn't all sunshine and gold bars: The money supply couldn't grow with the economy, potentially causing deflation. During crises, governments couldn't inject liquidity to save failing banks. Countries with gold reserves had massive advantages over those without. And when everyone wanted their gold at once? Well, that's how you get bank runs.

How It Actually Worked

Under the classical gold standard, central banks held gold reserves backing their currency. If you had \$100, you could walk into a bank and exchange it for about 5 ounces of gold (at the old \$20.67 rate). Countries settled trade

imbalances by literally shipping gold across oceans. When gold flowed out, the money supply contracted, forcing economic adjustment.

[The Bretton Woods system \(1944-1971\)](#) was gold standard-lite: only the dollar was backed by gold, and other currencies were pegged to the dollar. It worked great until it didn't - when everyone started cashing in their dollars for gold, Nixon pulled the plug rather than watch Fort Knox empty out.

The \$1 trillion Accounting Trick

[As I discussed on Thursday](#), The US still values its gold reserves at \$42.22 per ounce - the price set in 1973. With gold trading around \$4,000, that's like keeping a Picasso on your books at the garage sale price you paid in 1973.

Simply revaluing gold to market prices would create over \$1 trillion in "new" money on the government's books without selling a single ounce. Treasury Secretary Scott Bessent recently hinted at "[monetizing the asset side](#)" of the US balance sheet, and [Trump signed an executive order creating a sovereign wealth fund](#).

This sounds great, but the trouble is that \$1 trillion would barely make a dent in the debt which is increasing at an accelerating pace. In fact, it only took [71 days](#) for the debt to grow from \$37 trillion (August 12, 2025) to \$38 trillion (October 23, 2025).

To end the ongoing government shutdown, the Democrats are demanding [an additional \\$1 trillion in spending](#), on things like the Affordable Care Act, Medicaid and media outlets like PBS and NPR. So, a trillion isn't really going to fix this mess.

However, if this does happen, then it would likely drive gold prices higher in the near term due to psychological and demand-driven factors, and would bring gold right back into the heart of mainstream awareness.

Or Maybe A Golden Stablecoin?

While gold revaluation percolates, the Trump administration is pushing hard on stablecoins - cryptocurrencies pegged to the dollar. Trump's crypto czar [David Sacks claims stablecoin legislation](#) could unlock trillions in Treasury demand.

Treasury Secretary Bessent said ["we're going to keep the US the dominant reserve currency in the world and we're going to use stablecoins to do that"](#) and pending Congressional legislation for a "National Bitcoin Reserve" explicitly states the cash would come from revaluing gold reserves.

Could we see a government-issued, gold-backed digital dollar? It would combine old-school hard money credibility with new-school crypto efficiency. Other countries are already experimenting with central bank digital currencies. A gold-backed version would be the ultimate power move but it also raises all sorts of disturbing questions about government control and surveillance.

Bottom Line

Whether it's a formal gold standard, a sneaky revaluation, or some hybrid digital solution, one thing's clear: the current system of infinite money printing is reaching its limits. Central banks are already voting with their vaults, stockpiling gold at record rates.

History shows that currency systems don't die quietly - they reset dramatically. And with \$38 trillion in debt that can never realistically be repaid, some form of monetary reset isn't just possible.

It's starting to look inevitable.

Rick Adams is the founder of [GoldBuzz](#), the 3x weekly [free gold newsletter](#). Rick worked as an analyst for both Scotland Yard and British Aerospace and is now based in Canada.

Prior to founding GoldBuzz, Rick completed a 4-year independent research project into gold and silver prices, called [Theseus](#).
