

Americans deep in debt, owing banks \$1 trillion in credit cards

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Washington, June 12 (RHC)-- An unprecedented level of debt has plunged average Americans into dire economic straits, adding to the hardships of citizens trying to make ends meet amid soaring inflation. The Washington, DC publication The Hill reported on Tuesday that a typical American household now carries \$10,000 in credit card debt, raising America's credit card balance to the tune of \$1 trillion.

At 24 percent average interest rate on a new credit card and monthly payments of \$250, it will take households until 2030 to pay off their debt, while spending a total of \$20,318, twice what was spent. U.S. credit card debt stands at \$986 billion, according to the Federal Reserve, showing an increase of \$250 billion in two years.

Other sources calculate a higher debt. WalletHub reported \$1.2 trillion at the end of 2022. "In 2021, we saw people paying off a record amount of debt," WalletHub's senior analysis, Jill Gonzalez, said, adding, "People had been saving through 2020, without much to do."

A new survey conducted by the United States' central bank shows the country's record high inflation has eroded the sense of financial security among American households.

In 2020, the COVID-19 pandemic, reached its peak as a global pandemic, forcing the government to limit people's movement in cities and countries around the globe. Gradually movement restrictions were removed and spending picked up and saving slowed down.

At the same time, the U.S. Federal Reserve commenced an unprecedented campaign of interest rate hikes while the inflation rate was soaring to record levels. In the fourth quarter of 2022, credit card debt rose by \$86 billion, indicating the largest increase on record.

Overall, one-third of U.S. households cite inflation as their current main financial challenge. This shows an increase of more than 400 percent from 2016. A US study earlier this year predicted that the United States is poised to enter a recession this year and face high inflation well into 2024.

Recession and high inflation are expected to hit the United States this year that will continue well into 2024, according to a majority of economists.

In the meantime, the United States has imposed unprecedented economic sanctions against Russia while supplying heavy weaponry to Kiev to wage war against Russian troops deployed in eastern Ukraine.

Analysts cite the heavy burden imposed by Congress, giving ten of billions of dollars of tax-payers money to Kiev to fight Russians as one of the main sources of increased poverty in the United States.

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