Max Arias of Wharton Business School Discusses Financial Literacy and Wealth Inequality

PHILADELPHIA, PA, UNITED STATES, January 12, 2021 /EINPresswire.com/ -- As the economy continues to erode, Max Arias of Wharton Business School discusses how gaining an early education in finances helps promote savings while reducing disparities in wealth accumulation, with a clear explanation of why stimulus payments might not be inflationary, and whether the U.S. should use adversarial monetary policy against China as reparations for the C virus economic impacts.

Exploring the wealth inequalities present in the U.S., Max Arias of Wharton Business School finds that “inflation only occurs when disposable income and aggregate spending habits of people in an economy increase, supporting higher prices for products and market wages, or when the value of a currency depreciates relative to others.”

Through a study done on wealth disparities and how it has been affected by the pandemic, Max Arias of Wharton Business School found that financial literacy initiatives might be the best way to combat intergenerational wealth disparities in disadvantaged communities, with data indicating macroeconomic consumption ratios are decreasing and the savings ratio increasing. Additionally, U.S. investments are seen as safer than foreign alternatives, thus increasing the demand for dollars and supporting its exchange rate.

“The US should write down the value of the Chinese government held US debt, which is currently at 1.1 trillion, to 0,” says Max Arias of Wharton Business School. In fact, Morgan Stanley estimates the debt will most likely exceed GDP for the first time since World War II this year. With the government passing $2T in stimulatory spending, not including the >3T the federal reserve will spend to support the financial sector.

Max Arias of Wharton Business School Offers Solutions

According to Max Arias of Wharton Business School, it is likely that the U.S. government will have to pull levers or hike taxes to cover its debt service. These actions are unacceptable and would exacerbate the current economic contraction. "The U.S. will without a doubt have to take drastic action to reduce its debt from its current unsustainable levels, presenting a rare opportunity to do so without penalizing the U.S. taxpayer or detracting from public services, " says Max Arias of Wharton Business School.

Utilizing Fintech startups and Saas companies may be a viable start, according to Max Arias of Wharton Business School. Taking the stance of the U.S.' current plight, Max Arias of Wharton Business School feels that writing down the value of Chinese debt would be tied directly to quantifiable economic damages that were the result of incontrovertible negligence, and by explicitly typing action to punitive damages, it should not affect the creditworthiness of the U.S.

Max Arias of Wharton Business School of the University of Pennsylvania studied finance and behavioral economics pursuing a career as a private investor to increase the efficiency, flexibility, and access to logistics and healthcare services.

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