ROCKLINC

Worth.Investing.

ROCKLINC Investment Partners Inc. **March 2026**
Jonathan M Wellum, President & CEO

Why Precious Metals Are Essential in America's Fiscal Reckoning

In the sixteen years from 2010 through 2025, the United States added roughly $63.8 trillion in combined on-balance-sheet deficits and unfunded liabilities while nominal GDP grew by only $16.3 trillion. Liabilities expanded nearly four times faster than the economy. By the end of 2025, total public debt plus the 75-year present-value shortfalls in Social Security and Medicare will stand at approximately $108.5 trillion. This is roughly 3.5 times annual GDP. These numbers are not forecasts, they are taken from the official Treasury data and the 2025 Trustees Reports. They describe a nation whose financial obligations have outrun its productive capacity for more than sixteen years.

The end of the gold standard in 1971 removed the hard constraint on deficit financing and monetary expansion. This enabled the long-term buildup of debt and unfunded obligations that we see today. It's interesting to note that annual arithmetic where liabilities expand faster than the economy every single year did not become a permanent feature until 2010. Before then, economic growth, occasional fiscal restraint, and less mature demographic pressures kept the gap from being negative in every year. In short: 1971 marked the beginning of the era that made this possible (fiat currency + expanding entitlements). But 2010 is the year when this trend became an unbroken annual reality leading to the devasting financial condition of the country that backs the reserve currency of the world.

Faced with such a gap, rational investors must ask a simple question: where do you store wealth when governments can no longer grow their way out of debt? The answer, for centuries, has been gold and other precious metals. Three interlocking reasons make ownership of physical gold, silver, and platinum not merely prudent but imperative given the current economic condition of the world's leading economies with the US at the forefront.

1. Gold is the ultimate hedge against monetary debasement.

When liabilities grow four times faster than GDP, basic mathematics eventually collides with politics. Politicians, looking to be re-elected will not slash promised benefits or raise taxes enough to close a $47.5 trillion cumulative net gap. The path of least resistance is the one central banks have followed since 1971: expand the money supply. Every major deficit spike in the table, the $3.1 trillion shortfall in 2020, the $2.8 trillion in 2021, has already been met with balance-sheet expansion (printing of money on the part of the Federal Reserve). Current debt levels, ballooning deficits, and rapidly expanding unfunded liabilities are not anomalies, they're simply the next chapter in the ongoing story of ever-increasing money printing and the debasement of fiat currency.

Gold cannot be printed. Its supply grows at roughly 1-2 percent per year, a rate dictated by geology and long-term capital commitments rather than a Federal Open Market Committee vote. Throughout history, whenever governments have resorted to inflation to lighten their real debt burden, whether it was the Weimar Germany, America in the 1970s, or Argentina in the 2000s, gold has preserved purchasing power. An investor who held gold from 2010 to 2025 would have watched the dollar lose roughly half its purchasing power against the metal while U.S. liabilities quadrupled relative to growth. In an environment where the "net gap" has been negative every single year except the brief post-COVID rebound, gold is not speculation; it is insurance against the not so quiet tax that inflation imposes on savers.

2. Precious metals provide portfolio insurance when confidence in fiat institutions erodes.

The table below reveals something much deeper than numbers, it reflects a structural breakdown in the intergenerational compact. Unfunded liabilities represent promises made to future retirees that the economy, even at optimistic growth rates, cannot keep. When those promises become visibly unsustainable, as Baby-Boomers fully exit the workforce, markets will price in higher risk premia on U.S. Treasuries, there will be credit downgrades, and over time the loss of reserve-currency status for the US dollar.

Gold and silver have always functioned as neutral referees in such crises. They require no counterparty. You do not need a government's good faith, a bank's solvency, or a bond rating agency's opinion. During the 2008–2009 crisis, gold rose 25 percent while equities and long-term bonds collapsed. In 2020, when the deficit hit $3.1 trillion and GDP contracted, gold again acted as the ballast. The 2025 snapshot where $108.5 trillion in total claims are measured against an economy producing roughly $30 trillion of GDP, is telling us that the next stress test will be orders of magnitude larger. Precious metals are the only asset class whose value does not depend on the same fiscal authority that created the problem.

3. Gold restores optionality in an era of forced financial repression.

Central banks and governments facing $108.5 trillion in obligations will try to keep real interest rates low, regulate capital flows, and tax savings more heavily. Financial repression, suppressing yields below inflation has become policy. In such a world, traditional fixed-income instruments become guaranteed certificates of confiscation. Equities, meanwhile, carry valuation risk if growth remains lacklustre or if higher taxes are imposed to service debt.

Gold sidesteps these traps. It pays no coupon, generates no taxable income until sold, and historically appreciates when real yields turn negative. Platinum and silver add industrial leverage: both are critical to AI spending (data centres), robotics, digitization and green-energy infrastructure, sectors that governments are subsidizing even as they debase their currencies. Owning a basket of physical precious metals therefore gives an investor three simultaneous advantages: a non-correlated store of value, a hedge against policy-induced volatility, and exposure to genuine scarcity in an age of monetary excess.

Critics will object that gold "pays no dividend" and has been volatile. The data refute them. Over the full 2010–2025 period, the volatility of gold was far lower than the volatility of the fiscal gap itself. While politicians zig-zagged from trillion-dollar surpluses that never materialized to trillion-dollar deficits that did, gold simply held its real value. In fact, gold began in 2010 at $1,096.20 per oz and finished 2025 at $4,325.60 per oz (both in USD). That's a 3.95 times growth which translates into a compound annual growth rate of 8.96% per year. Consider the alternative. How did parking your wealth in US Treasuries work out when they consistently delivered negative real returns after inflation in most of those years?

None of this is a forecast of a collapse. It is a statement of probabilities. When liabilities expand at four times the rate of the economy for sixteen straight years, the probability that the system can be stabilized without inflation or default rises toward zero. Gold and precious metals do not solve the underlying fiscal problem; they merely allow individuals to step outside of it.

In the end, the choice is not between gold and "the market." The choice is between an asset whose supply is fixed by nature and one whose supply is fixed by incompetent, arrogant and often corrupt politicians. The numbers in the tables below make that choice stark. Over the next decade, either the United States will restore fiscal discipline, a herculean task, that would benefit every asset class, or it will continue on the path documented from 2010 to 2025. In the second scenario, which the arithmetic overwhelming favours, gold will not merely preserve wealth. It will be one of the few places where wealth can still be preserved at all.

United States Fiscal Sustainability Overview (2010–2025)

All figures in billions of USD

Annual Flows: Deficits, Unfunded Liabilities, GDP Growth, and Net Gap

*Net Gap = GDP Growth − (Deficit + Unfunded Liabilities)**

A negative Net Gap means total liabilities grew faster than the economy.

Year	Deficit	Unfunded Liabilities*	GDP Growth	Net Gap*
2010	1,294	≈2,500	571	**−3,223**
2011	1,300	≈2,500	551	**−3,249**
2012	1,077	≈2,000	654	**−2,423**
2013	680	≈1,800	627	**−1,853**
2014	485	≈1,500	727	**−1,258**
2015	442	≈1,200	687	**−955**
2016	585	≈2,000	510	**−2,075**
2017	665	≈2,500	807	**−2,358**
2018	779	≈3,000	1,044	**−2,735**
2019	984	≈4,000	883	**−4,101**
2020	3,132	≈5,500	−165	**−8,797**
2021	2,775	≈4,000	2,350	**−4,425**
2022	1,376	≈3,000	2,329	**−2,047**
2023	1,695	≈2,500	1,757	**−2,438**
2024	1,817	≈2,500	1,486	**−2,831**
2025	1,775	≈2,450	1,469	**−2,756**
Total	**20,861**	**≈42,950**	**16,287**	**≈−47,524**

All figures in billions of USD

Insights from the Period

- Nominal GDP grew by ≈ **$16.3 trillion**.
- Combined on-balance-sheet deficits + unfunded liabilities grew by ≈ **$63.8 trillion** (nearly **4× faster** than GDP).
- Unfunded liabilities represent the approximate annual change in the 75-year present value of Social Security (OASDI) + Medicare shortfalls (midpoints of ranges used).

U.S. Debt & Unfunded Liabilities Snapshot – End of 2025 (Trillions USD)

Description	On-Balance-Sheet Debt	Unfunded Liabilities	Combined Total
Baseline (01/01/2010)	11.9	~42	~54
+ Growth (2010-2025)	+20.9	+43	+64
End-2025 Total	**38.5**	**≈70**	**≈108.5**

Net Position vs. Economy: Total liabilities (debt + unfunded liabilities) now stand at ≈ **3.5× nominal GDP**.

Notes

- **Unfunded Liabilities**: 75-year present value shortfalls for Social Security and Medicare (using midpoints of reported ranges).
- **Data Sources**: U.S. Treasury (deficits and debt), 2025 Social Security & Medicare Trustees Reports.
- The persistent negative "Net Gap" shows that liabilities have continued to outpace economic growth throughout the period.
- All figures are nominal (not inflation-adjusted).