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Business Story

US Government 'hiding true amount of debt'

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THE actual figure of the US' national debt is much higher than the official sum of \$US13.4 trillion (\$14.3 trillion) given by the Congressional Budget Office, according to analysts cited on Sunday by the New York Post.

"The Government is lying about the amount of debt. It is engaging in Enron accounting," said Laurence Kotlikoff, an economist at Boston University and co-author of *The Coming Generational Storm: What You Need to Know about America's Economic Future*.

"The problem is we're seeing an explosion in spending," added Andrew Moylan, director of government affairs for the National Taxpayers Union.

In 1980, the debt - the accumulated red ink incurred by the Federal Government - was \$US909 billion.

This represented some 33 per cent of gross domestic product, according to the Congressional Budget Office (CBO).

Thirty years later, based on this year's second-quarter numbers, the CBO said the debt was \$US13.4 trillion, or 92 per cent of GDP.

The CBO estimates the debt will be at \$US16.5 trillion in two years, or 100.6 per cent of GDP.

But these numbers are incomplete.

They do not count off-budget obligations such as required spending for Social Security and Medicare, whose programs represent a balloon payment for the Government as more Americans retire and collect benefits.

In the case of Social Security, beginning in 2016, the US Government will be paying out more than it is collecting in taxes.

Without basic measures - such as payment cuts or higher payroll taxes - the system could be on the road to bankruptcy, according to officials.

"Without changes," wrote Social Security Commissioner Michael Astrue, "by 2037 the Social Security Trust Fund will be exhausted. There will be enough money only to pay about \$US0.76 for each dollar of benefits."

Mr Kotlikoff and Mr Moylan agree US national debt is much more than the official \$US13.4 trillion number, but they disagree over how to add up the exact number.

Mr Kotlikoff says the debt is actually \$US200 trillion.

Mr Moylan says the number is likely about \$US60 trillion.

That is close to the figure quoted by David Walker, the US Comptroller General from 1998 to 2008.

He launched a campaign to convince Americans that the federal spending and debt is a greater threat than terrorism.

But whichever figure is accurate, all three agree that the problem has worsened in the last few years.

They say it is because Congress and the Administration, whether Republican or Democrat, consistently overspend.

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