

# ‘Lost Couple of Decades’ Looming for U.S. Economy: Chart of Day

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By David Wilson

Aug. 7 (Bloomberg) -- The U.S. economy may be just as sluggish during the next 20 years as Japan's economy was in the last 20, according to Comstock Partners, a money manager founded and run by [Charles Minter](#).

Stimulus programs and a surging money supply aren't likely to "solve a problem of excess debt generation that resulted from greed and living way beyond our means," the firm wrote yesterday in an unsigned report on its Web site. "We could wind up with a lost couple of decades."

The CHART OF THE DAY shows U.S. total debt and gross domestic product since 1952, along with the ratio between them, based on data compiled by Bloomberg. The ratio rose in the first quarter to 372 percent even as household borrowing dropped for a second straight quarter, an unprecedented streak.

The U.S. is headed for "a deleveraging period" in which the amount of so-called private debt, including consumer borrowing, collapses as government borrowing explodes, Comstock wrote.

Assuming that private borrowers pay down debt at the same pace as they did in Japan after its 1980s economic bubble burst, the savings rate will climb to about 10 percent in 2018, the [report](#) said. The estimate was made in a study by the Federal Reserve Bank of San Francisco that Comstock cited. It's more than double the 4.6 percent [rate](#) for June.

Citing the [study](#) in addition to its own research, Comstock wrote that reduced borrowing may curtail growth in U.S. consumer spending by 0.75 percentage point annually on average during the next nine years.

(To save a copy of the chart, [click here](#).)

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