

# U.S. debt to reach \$50 trillion by 2030

## Former Treasury official: Nation's liability growing to unmanageable levels

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A former State Department official is warning that U.S. national debt is growing to unmanageable levels, [Jerome Corsi's Red Alert reports](#).

C. Fred Bergsten, former assistant secretary of international affairs for the Treasury, sounded the alarm that dollar deficits may not be funded for long by foreign nations, including China, in the [Nov./Dec. 2009 issue](#) of the Council on Foreign Relations "Foreign Affairs" magazine.

By 2030, Bergsten anticipates the net foreign debt of the United States will exceed \$50 trillion, or 140 percent of gross domestic product.

He predicted that by 2030, the United States will be paying \$2.5 trillion a year to the rest of the world, equal to the nation's current total spending on health care, just to pay the interest on U.S. debt.

Bergsten warns the U.S. debt crisis is so severe that the Obama administration must both reduce federal budget deficits and embrace a declining dollar, or face a collapse of the U.S. economy.

"These projections suggest that the United States' annual current account deficit will thus climb to almost \$6 trillion by 2030, more than seven times its previous high," he wrote. "Such a sum would account for more than 15 percent of GDP, or two and a half times the peak rate of 2006, and would be at least triple the accepted international norm for sustainable current account deficits, which is four or, at most, five percent of GDP."

He continued, "It has long been known that large external deficits pose substantial risks to the U.S. economy because foreign investors might at some point refuse to finance these deficits on terms compatible with U.S. prosperity.

"Any sudden stop in lending to the United States would drive the dollar down, push inflation and interest rates up, and perhaps bring on a hard landing for the United States – and the world economy at large."

Bergsten warned the Obama administration risks becoming increasingly dependent on foreign nations buying U.S. debt to keep the federal government operating.

"The country's fate is already in the hands of its foreign creditors, starting with China but also including Japan, Russia, and a number of oil-exporting countries," he stressed. "Unless the United States quickly achieves and maintains a sustainable economic position, its ability to pursue autonomous economic and foreign policies will become increasingly compromised."

The Obama administration has [admitted to a \\$1.4 trillion deficit in 2009](#) the largest federal budget deficit relative to the size of the economy since 1945.

Moreover, the Obama administration projects a \$9 trillion addition to the national debt over the next 10 years, nearly doubling in one decade the approximately \$11.9 trillion national debt accumulated since the founding of the United States.

Corsi wrote, "The idea the Obama administration could solve the problem by balancing the federal budget is almost laughable in an era where President Obama is pushing through Congress health-care reform legislation that would extend government-funded benefits to illegal aliens, without taking into serious consideration how such generous benefits could realistically be funded."

Red Alert's author, whose books "[The Obama Nation](#)" and "[Unfit for Command](#)" have topped the New York Times best-sellers list, received his Ph.D. from Harvard University in political science in 1972. For nearly 25 years, beginning in 1981, he worked with banks throughout the U.S. and around the world to develop financial services marketing companies to assist banks in establishing broker/dealers and insurance subsidiaries to provide financial planning products and services to their retail customers. In this career, Corsi developed three different third-

party financial services marketing firms that reached gross sales levels of \$1 billion in annuities and equal volume in mutual funds. In 1999, he began developing Internet-based financial marketing firms, also adapted to work in conjunction with banks.

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