OPINION

# WILL THE UNITED STATES REGAIN CONTROL OF ITS PUBLIC DEBT?

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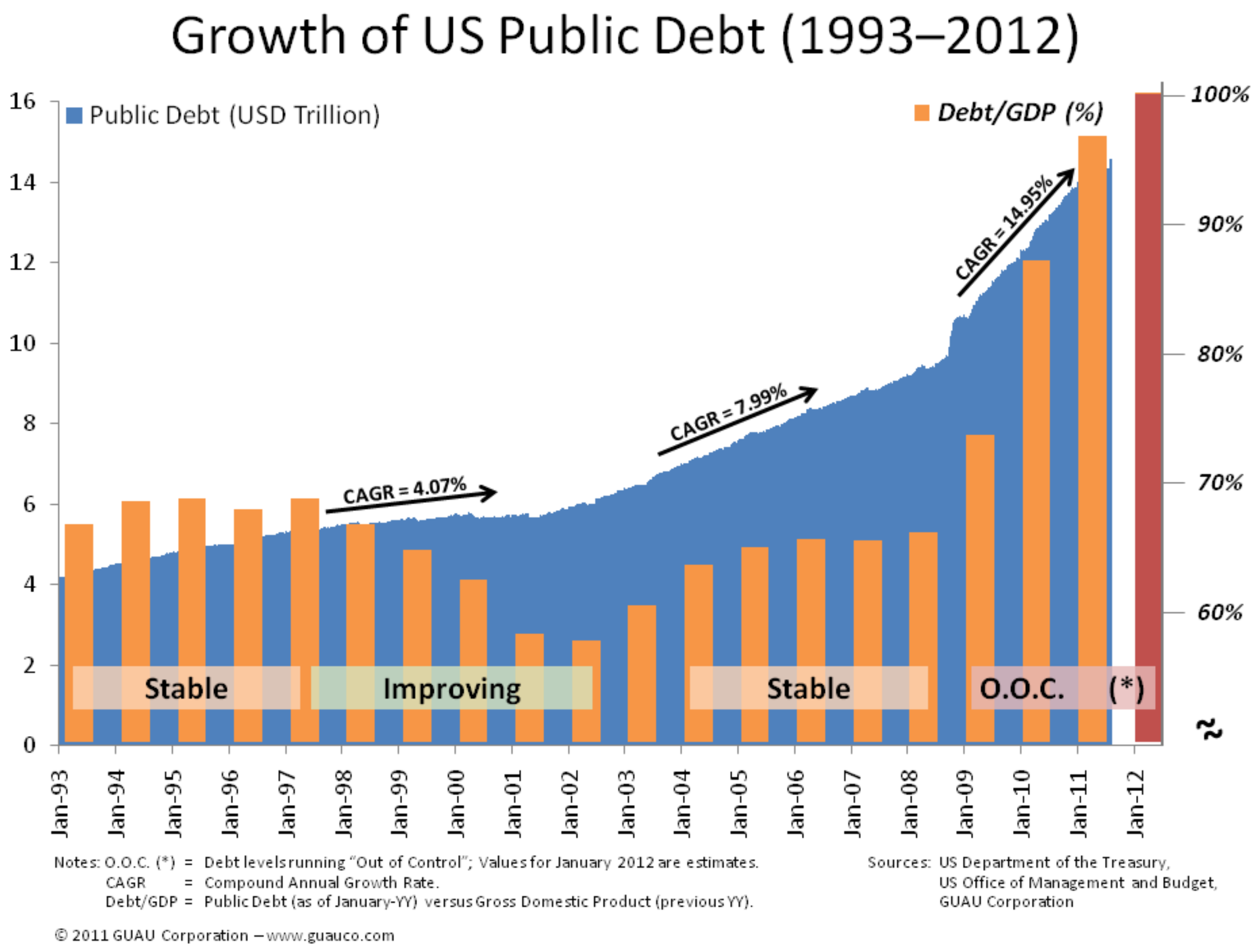
Rating agencies are concerned about the United States public debt. In early January 2011, it escalated to USD 14 trillion which represented almost 97% of the Gross Domestic Product (GDP). The following chart highlights that ***total public debt has been accelerating at an unprecedented compound annual growth rate of 14.95% since January 2009:***




In 2009, total federal outlays climbed to 25% of GDP. Increased government spending keeps exacerbating the debt burden. Granular data from the US Office of Management and Budget reveals significant upticks in several lines between 2008 and 2011. One of such upticks has added USD 107 billion in health care services, as part of a total increase of USD 836 billion. Absent appropriate balancing measures, in 10 years this extra spending would build up an accumulated total of over USD 8 trillion.

Sound lending principles prompt borrowers to allocate funds purposefully and manage expenses. ***As a borrower, the US government should control federal spending and public debt more effectively and spur GDP growth.*** Besides supporting the people, the public sector, and the financial system, federal monies must also mind the real sector and spark productive investments in commerce and industry.