

Looming Global Debt Crisis

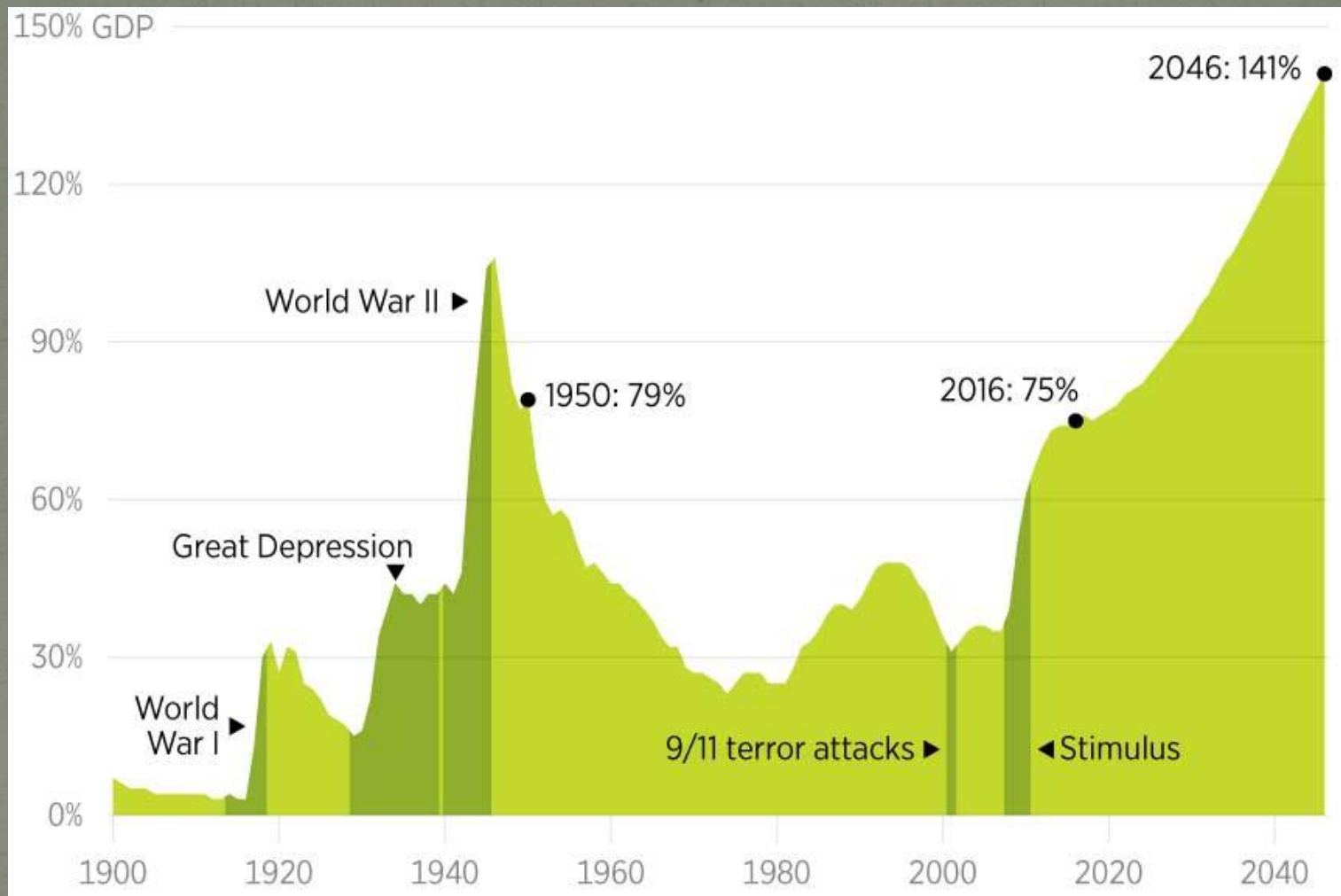
With

Dr. Jerry O'Driscoll

Thank You to the Heritage Foundation for the Charts

- Federal Spending is Unchecked
- Spending is Being Financed by Debt
- The Debt Build-Up is Unsustainable

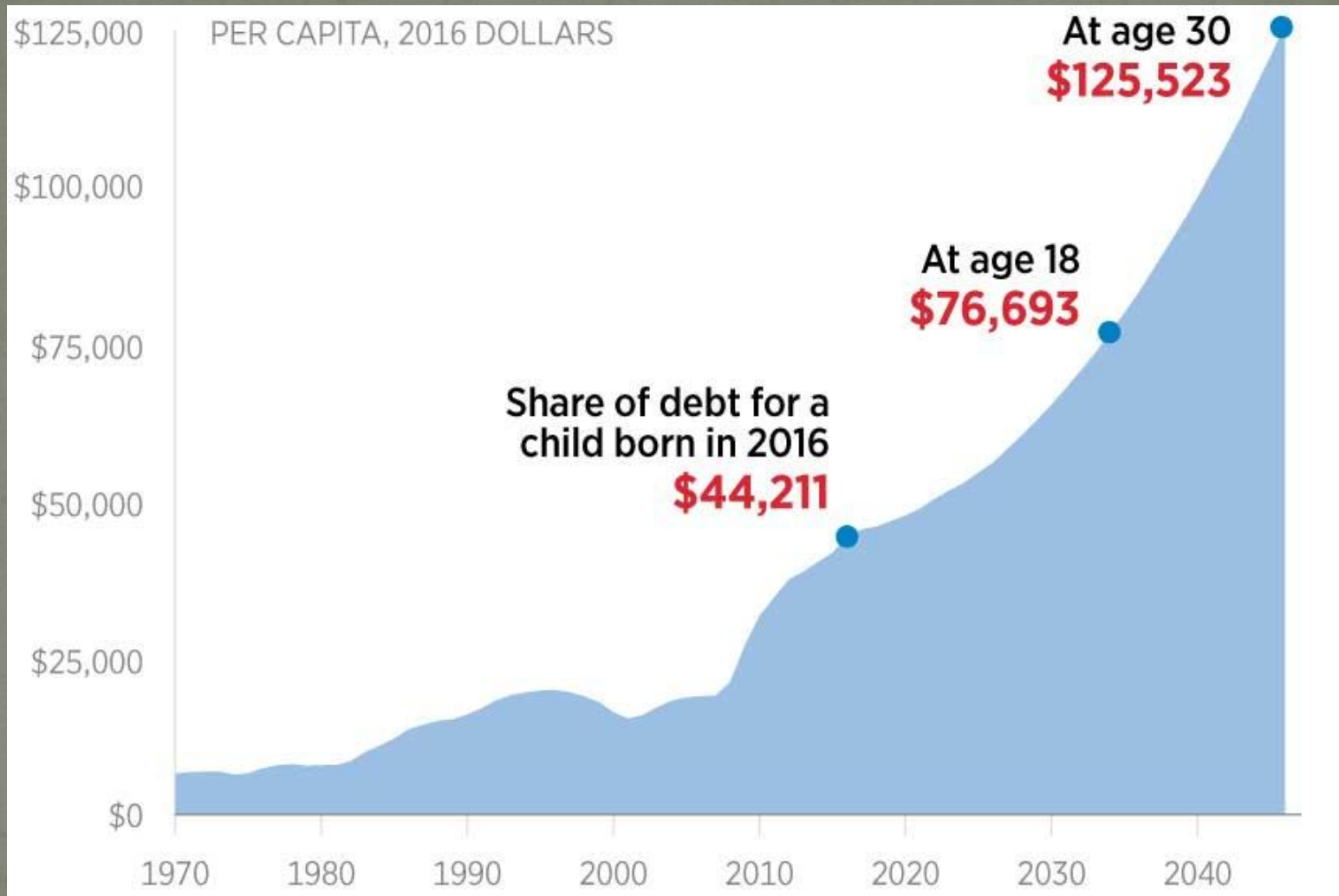
Public Debt at a 66-year high



Due to unchecked federal spending, publicly held federal debt is at its highest level since World War II and is projected to nearly double in 30 years

- Public Debt is a Rising Burden for Younger Americans
- The Debt Burden Will Offset any Estate You are Leaving
- The Debt Burden is an Implicit Tax on Your Estate

Public Debt for Every American

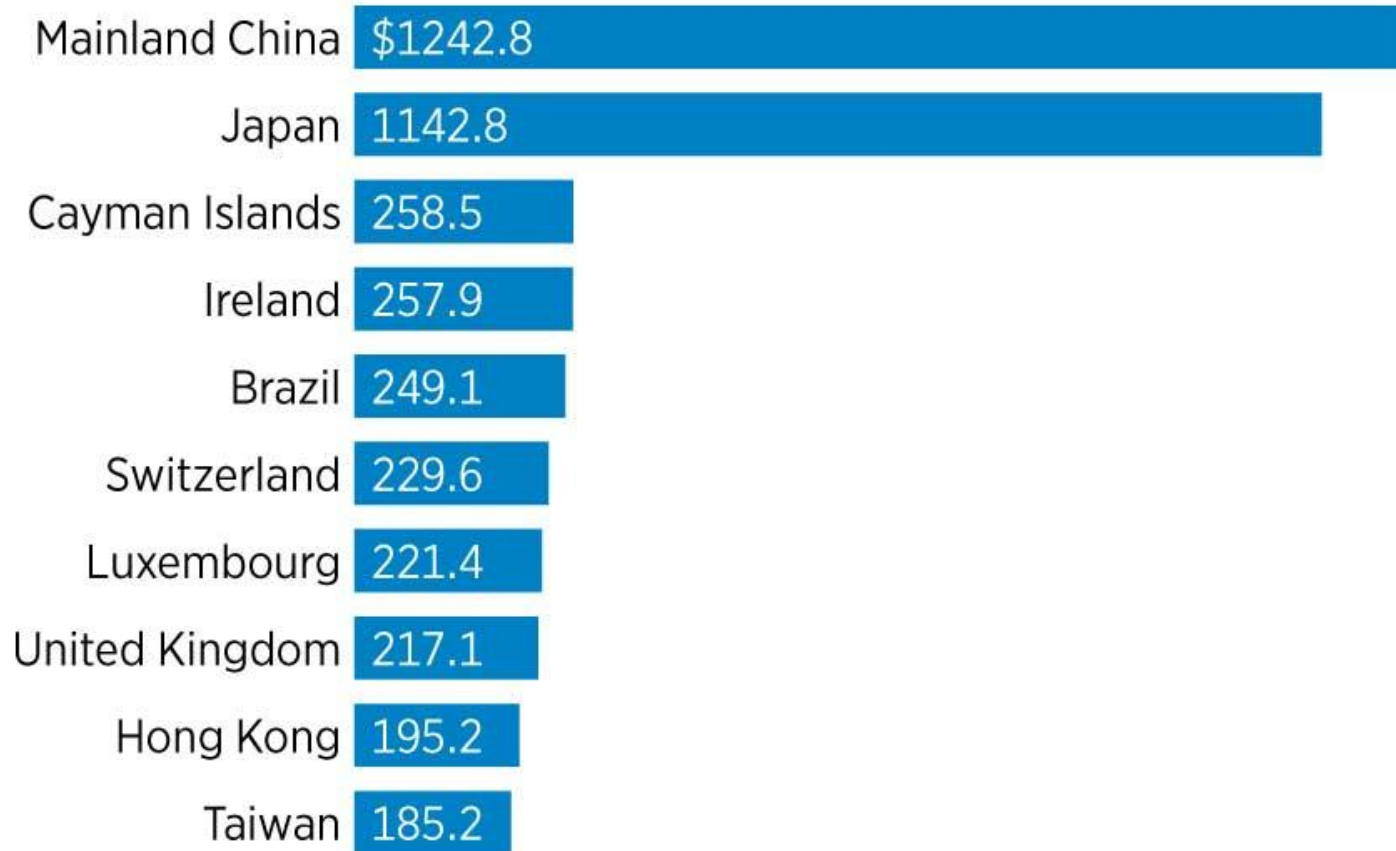


Out-of-control spending in Washington is burdening each American with large and growing levels of public debt. A child born in 2016 will have a \$44,000 share of publicly held federal debt.

- The Debt Burden Undermines Future Economic Growth
- Slower Growth Means a Reduced Standard of Living for Americans
- There are National Security Consequences

U.S. Debt Held by Foreigners

TEN LARGEST FOREIGN HOLDERS OF U.S. DEBT, IN BILLIONS



Foreign entities own 32.5 percent of the entire U.S. national debt. To finance borrowing, the U.S. government sells treasury securities domestically and abroad. Foreign governments, individuals, and institutions then buy these securities as an investment. Currently, mainland China is the largest foreign owner of U.S. national debt with over \$1.2 trillion.

China

- China is a major creditor to the United States, but also a significant borrower
- Much of China's borrowing is by Government Linked Companies (GLCs) to finance economic growth
- China must issue ever larger amounts of debt to keep growth going
- Moody's recently downgraded China debt
- China's growth model is wobbly

Other Countries of Concern

- Venezuela
- Greece (again)
- Italy
- Turkey

Dollar-Denominated Debt Issued by Foreigners

- Governments
- Firms
- Households

Back to the United States: State and Local Governments

- Connecticut: “Progressively Bankrupt”
 - “You can’t go back to that well again”
- Illinois: “Brace for a major worsening”
 - The state is constructively insolvent
 - Municipalities are in a “death spiral”
- New Jersey
- States with worst fiscal situation are over reliant on revenue from the wealthy
- Nevada?

Cures?

- Tax Hikes
- Spending Cuts
- Entitlements?