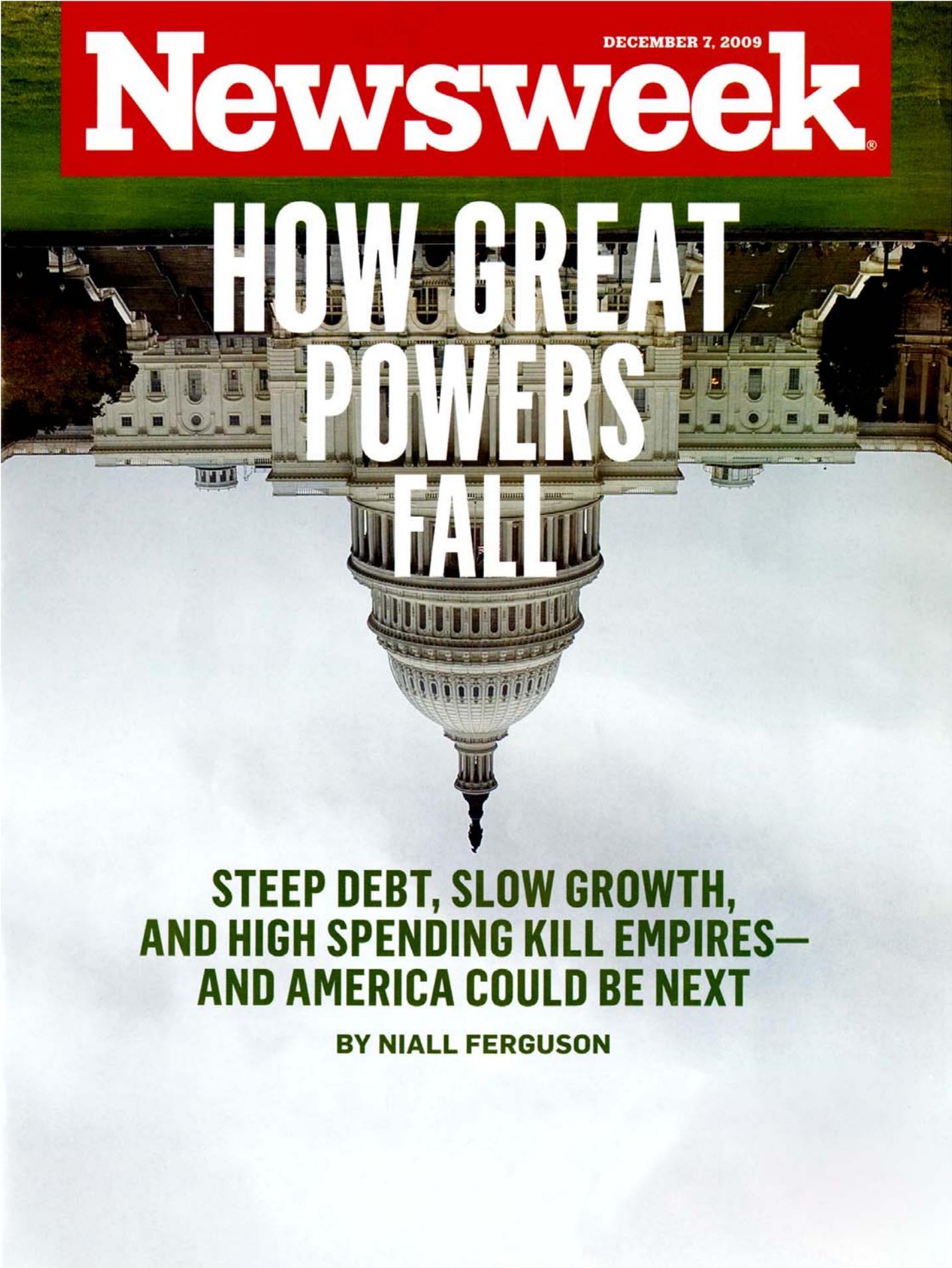


DECEMBER 7, 2009  
**Newsweek**



**HOW GREAT  
POWERS  
FALL**

**STEEP DEBT, SLOW GROWTH,  
AND HIGH SPENDING KILL EMPIRES—  
AND AMERICA COULD BE NEXT**

**BY NIALL FERGUSON**

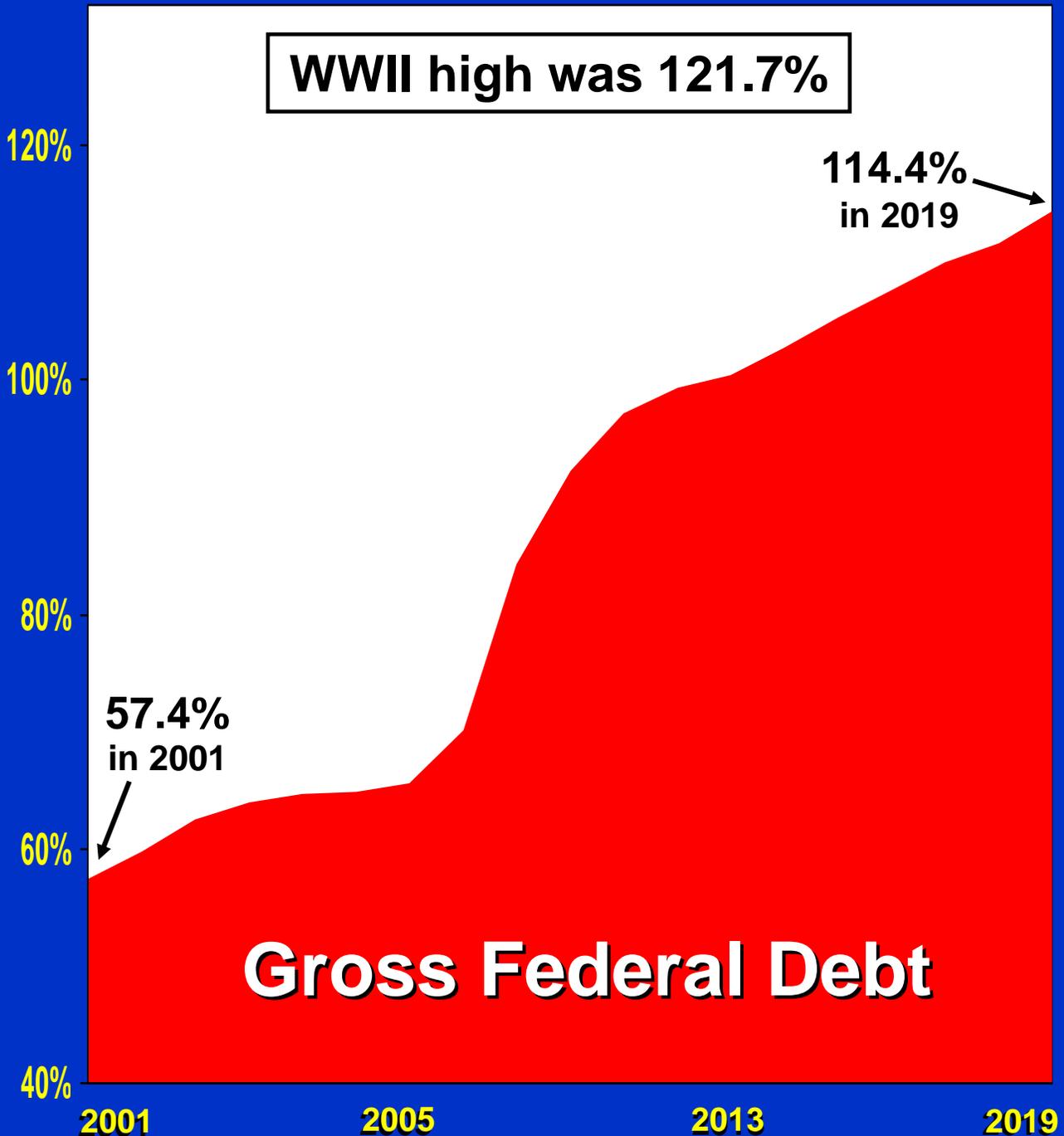
# ***Newsweek: “An Empire At Risk”***

**“This is how empires decline. It begins with a debt explosion. It ends with an inexorable reduction in the resources available for the Army, Navy, and Air Force.... If the United States doesn’t come up soon with a credible plan to restore the federal budget to balance over the next five to 10 years, the danger is very real that a debt crisis could lead to a major weakening of American power.”**

**– *Newsweek* cover story  
By Niall Ferguson  
November 28, 2009**

# Gross Debt Approaches WWII Levels

(Percent of GDP)

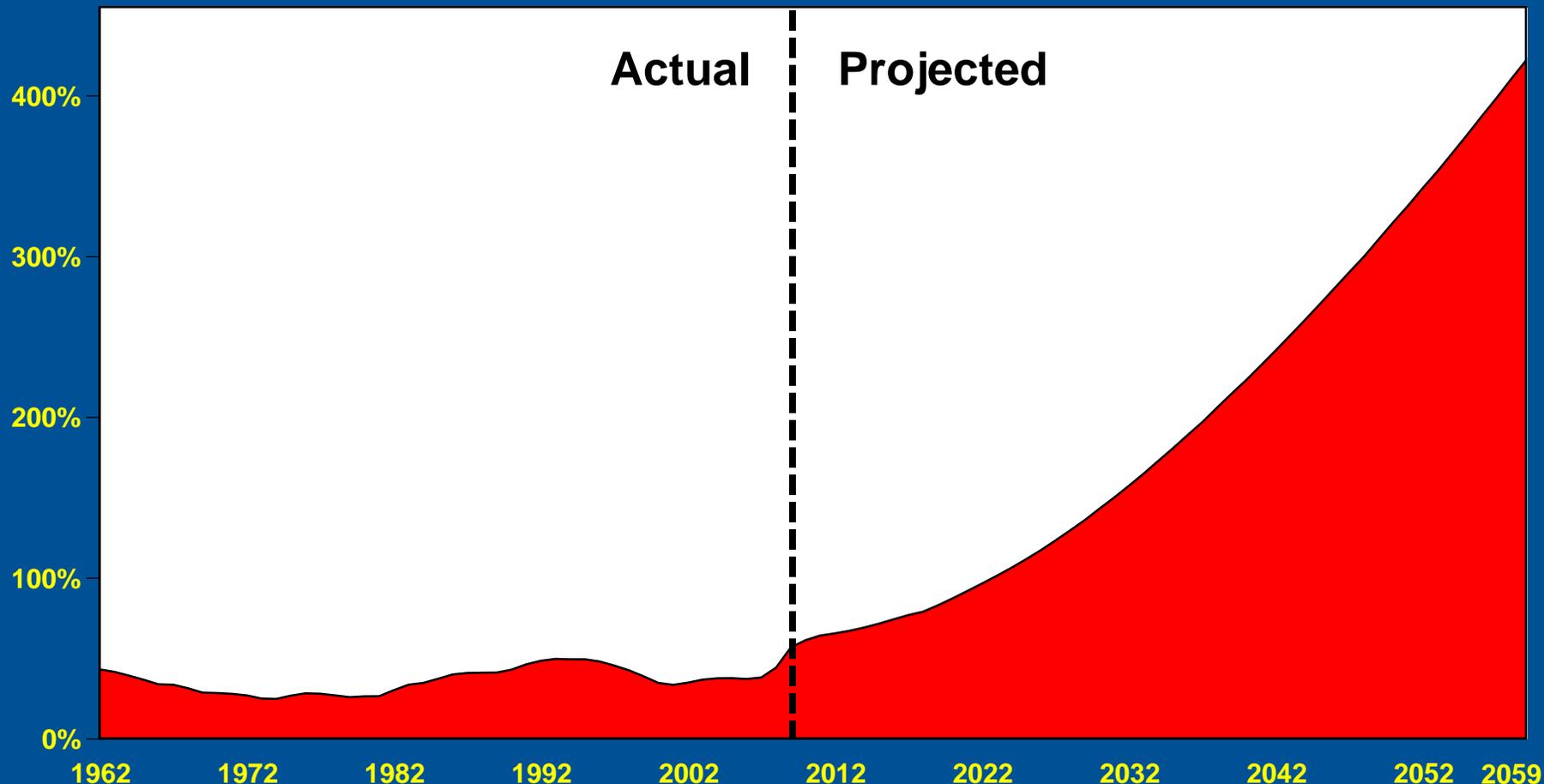


Sources: OMB, SBC, CBO

Note: Gross debt calculations by SBC staff using CBO's "The Budget and Economic Outlook: An Update," adjusted for alternative policies: extension of 2001 and 2003 tax cuts, traditional tax extenders, AMT reform, and ongoing overseas military operations.

# Federal Debt Soars Under CBO Long-Term Budget Scenario

(Debt held by the public as a percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2009

Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.

# **CBO on Addressing Long-Term Budget Outlook**

**“The difficulty of the choices notwithstanding, CBO’s long-term budget projections make clear that doing nothing is not an option... .”**

**– CBO’s Long-Term Budget Outlook  
June 2009**

# ***National Journal: “The Debt Problem Is Worse Than You Think”***

**“Simply put, even alarmists may be underestimating the size of the (debt) problem, how quickly it will become unbearable, and how poorly prepared our political system is to deal with it.”**

***– National Journal cover story  
By John Maggs  
November 7, 2009***

# **Bipartisan Fiscal Task Force**

- **To address unsustainable long-term fiscal imbalance; everything on the table**
- **18 members – 10 Democrats (2 from Administration) and 8 Republicans**
- **All task force members must be currently serving in Congress or Administration**
- **14 of 18 members must agree to report**
- **Report to be submitted after 2010 election**
- **Fast-track consideration in Senate and House; no amendments**
- **Final vote before 111th Congress adjourns; passage requires supermajority – 3/5 vote in Senate and House**