

Learn from the fall of Rome, US warned

By Jeremy Grant in Washington

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The US government is on a ‘burning platform’ of unsustainable policies and practices with fiscal deficits, chronic healthcare underfunding, immigration and overseas military commitments threatening a crisis if action is not taken soon, the country’s top government inspector has warned.

David Walker, comptroller general of the US, issued the unusually downbeat assessment of his country’s future in a report that lays out what he called “chilling long-term simulations”.

These include “dramatic” tax rises, slashed government services and the large-scale dumping by foreign governments of holdings of US debt.

Drawing parallels with the end of the Roman empire, Mr Walker warned there were “striking similarities” between America’s current situation and the factors that brought down Rome, including “declining moral values and political civility at home, an over-confident and over-extended military in foreign lands and fiscal irresponsibility by the central government”.

“Sound familiar?” Mr Walker said. “In my view, it’s time to learn from history and take steps to ensure the American Republic is the first to stand the test of time.”

Mr Walker’s views carry weight because he is a non-partisan figure in charge of the Government Accountability Office, often described as the investigative arm of the US Congress.

While most of its studies are commissioned by legislators, about 10 per cent – such as the one containing his latest warnings – are initiated by the comptroller general himself.

In an interview with the Financial Times, Mr Walker said he had mentioned some of the issues before but now wanted to “turn up the volume”. Some of them were too sensitive for others in government to “have their name associated with”.

“I’m trying to sound an alarm and issue a wake-up call,” he said. “As comptroller general I’ve got an ability to look longer-range and take on issues that others may be hesitant, and in many cases may not be in a position, to take on.

“One of the concerns is obviously we are a great country but we face major sustainability challenges that we are not taking seriously enough,” said Mr Walker, who was appointed during the Clinton administration to the post, which carries a 15-year term.

The fiscal imbalance meant the US was “on a path toward an explosion of debt”.

“With the looming retirement of baby boomers, spiralling healthcare costs, plummeting savings rates and increasing reliance on foreign lenders, we face unprecedented fiscal risks,” said Mr Walker, a former senior executive at PwC auditing firm.

Current US policy on education, energy, the environment, immigration and Iraq also was on an “unsustainable path”.

“Our very prosperity is placing greater demands on our physical infrastructure. Billions of dollars will be needed to modernise everything from highways and airports to water and sewage systems. The recent bridge collapse in Minneapolis was a sobering wake-up call.”

Mr Walker said he would offer to brief the would-be presidential candidates next spring.

“They need to make fiscal responsibility and inter-generational equity one of their top priorities. If they do, I think we have a chance to turn this around but if they don’t, I think the risk of a serious crisis rises considerably”.

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