Written by **Bob Adelmann** on February 25, 2020

# National Debt Is $122 Trillion, Not $23 Trillion, Says Non-profit Group

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When *Epoch Times'* Mark Tapscott checked the U.S. Treasury's "Debt to the Penny" website on Monday, he reported that the U.S. national debt just ticked over to $23.3 trillion. That's four times what it was 20 years ago.

Tapscott then checked in with the Chicago-based nonprofit advocacy group Truth in Accounting (TIA) to get a more accurate reading. Said Bill Bergman, the group's director of research, the Treasury misses the real national debt by $100 trillion, explaining that "the U.S. Treasury does not include the unfunded obligations for Social Security and Medicare."

That's because those obligations can only be counted when they become liabilities. And because Congress can change the law at any time, said Bergman, the Treasury gets to hide the real numbers. Said Bergman, "The reasoning has been that the government controls the law, and can change it any time."

An actuary from Social Security spelled out the deception at a public hearing in 2007: "[It is] the government's right and ability to alter potential future benefits. Until benefits become due and payable, there is no binding commitment over which a worker has control, and so no liability can be recognized."

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Even that $122 trillion number is suspect, according to Boston University professor Laurence Kotlikoff. In an interview with Joseph Lawler, editor of RealClearPolicy, Kotlikoff measured the "fiscal gap" — a tool used for generational accounting purposes — to conclude that the real national debt is closer to $222 trillion. Said Kotlikoff, "That's what we economists call the fiscal gap.... What you have to do is look at the present value of all the [government's promises from] now through the end of time … all projected expenditures including servicing the national debt. And [then] you subtract all the projected taxes. The present value of the difference is $222 trillion."

That conversation took place eight years ago, in 2012.

When the credit ratings agency Standard & Poor's downgraded the country's credit rating one notch, from AAA to AA+, on August 5, 2011, it explained:

> The downgrade reflects our view that the effectiveness, stability, and predictability of American policymaking and political institutions have weakened at a time of ongoing fiscal and economic challenges to a degree more than we envisioned when we assigned a negative outlook to the rating on April 18, 2011.

> Since then, we have changed our view of the difficulties in bridging the gulf between the political parties over fiscal policy, which makes us pessimistic about the capacity of Congress and the Administration to be able to leverage their agreement this week into a broader fiscal consolidation plan that stabilizes the government's debt dynamics any time soon.

Three days later, Terry McGraw, the chairman of McGraw Hill (which owned Standard & Poor's at the time), received a phone call from then-Treasury Secretary Tim Geithner. Geithner told McGraw that "S&P's conduct would be looked at very carefully. Such behavior would not occur."

Two years later, the U.S. Treasury exacted its retribution from S&P by suing it for fraud.

The message delivered was clear. As Tyler Durden, writing in ZeroHedge in 2014, expressed it, "None of this comes as a surprise, and it has been well-known for a long time that the only reason the U.S. Department of Justice targeted only S&P and not Moody's or Fitch [which kept their ratings of U.S. Treasury debt at AAA] … is precisely due to Geithner's vendetta with S&P."

Added Durden, "Of course, this kind of selective punishment simply means that nobody else will dare to touch the U.S. ratings ever again, or speak badly against the sovereign in a public medium, for fears of retaliation."

The question remains: How much longer can this go on? And how will it end?

Some are suggesting that the mechanism of inflating the currency presently in place at the Federal Reserve will, over time, reduce the future value of the outstanding obligations to a more manageable size.

Others are suggesting that eventually the U.S. Treasury will be forced to declare bankruptcy when no more buyers for its debt can be found. But that is a long time in the future, simply because U.S. government debt remains "the cleanest dirty shirt on the line" — when compared to other sovereign debt around the world, U.S. treasuries remain the best of a bad lot.

Still others, such as economist and author John Mauldin, are predicting a "Great Reset." Explains Mauldin:

> We are coming to a period I call the Great Reset. As it hits, we will have to deal, one way or another, with the largest twin bubbles in the history of the world: global debt, especially government debt, and the even larger bubble of government promises….
>
> All that debt cannot be repaid under current arrangements, nor can those promises ultimately be kept. There is simply not enough money and not enough growth, and these bubbles continue to grow.
>
> At some point, we're going to have to deal with these issues, and restructure everything.

One thing is certain: Kotlikoff's "fiscal gap" cannot expand forever without consequences. The place to start is to know just how large that gap really is.

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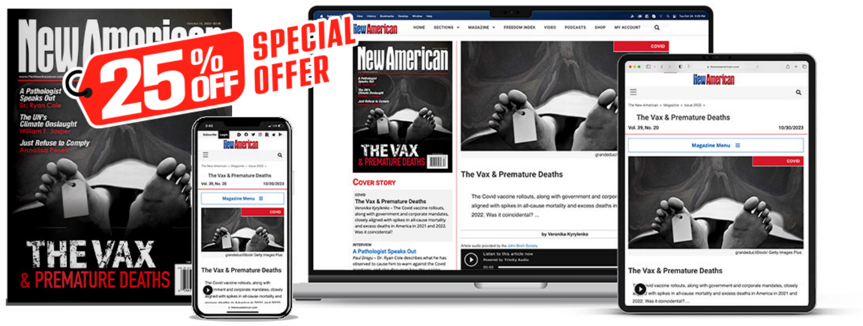


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