



Written by [Raven Clabough](#) on August 3, 2011

Former U.S. Comptroller General Warns America Faces Greece-like Crisis

Walker's assertions are similar to those made by GOP presidential contender Ron Paul in June, who [predicts](#) that the status of the United States dollar as the reserve currency of the world will end sooner than 25 years and that America is soon to face a financial crisis significantly worse than that of 2008.

"The U.S. has defaulted multiple times in its history," Dr. Paul explained. "Those in CDs will get cheated because of the value loss in the US dollar."

Paul predicts the anger in Greece will happen in America, as people discover that government promises will go unfulfilled. Young people in particular will grow increasingly angered at their limited prospects in a staggered economy.

Like Paul, who warns against the Federal Reserve's practice of printing money and its other detrimental monetary policies, Walker said, "We are not exempt from a debt crisis. We're never going to default, because we can print money. At the same point in time, we have serious interest rate risk, we have serious currency risk, we have serious inflation risk over time. If it happens, it will be sudden and it will be very painful."

Walker points to the credit agencies' downgrading of the U.S. as evidential of how serious the United States' economic problems have become.

CNBC explains further:

As the ratio of its debt to gross national product eclipsed 100 percent and surged toward 150 percent, Greece has twice in the last two years nearly defaulted on its debt. Only successive bailout packages from the European Union and International Monetary Fund prevented catastrophe.

The US is nearing the 100 percent threshold which historically shaves about one percentage point off GDP, which was just 1.3 percent for the second quarter and 0.4 percent for the first quarter.

Walker focused on large unfunded liabilities like Social Security and Medicare, which amounts to \$60 trillion, and said that if they continue to go unchecked, the United States is on extremely dangerous ground. He also said that the increase in the debt ceiling and higher budget deficits at the federal level are indications that the United States is on course for a Greece-style crisis.

"If you take the total liabilities of the United States-public debt, unfunded pensions, retiring healthcare, Social Security, Medicare-as of September 30, 2010, we would have had to have \$61.6 trillion dollars in





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the bank to diffuse those obligations,” Walker told CNBC, using a 75-year window.

But Walker contends it is a “good thing” that the debt ceiling was raised as it avoids technical default, but that it should be considered a “very modest first step on a long and difficult road to restore fiscal sanity.” On the other hand, Paul argues that a debt problem cannot be solved by going even further into debt and also points out that the reputed cuts in the Budget Control Act are cuts in projected future spending. Spending will still go up under the bill, but not as fast as otherwise.

Walker went on to say that until the U.S. government is ready to tackle the real serious spending issues as they relate to Medicare, Medicaid, and Social Security, little progress will be made.

Given a choice between spending cuts and tax increases, Walker asserts that spending cuts are the key to advancement towards fiscal soundness. “The fact of the matter is, the government has grown too big, promised too much, and waited too long to restructure, and our problem is overwhelmingly a spending problem.”

Photo: David Walker



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