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# "Enron Accounting" Has Bankrupted America: U.S. Deficit Really \$202 Trillion, Kotlikoff Says

Posted Aug 23, 2010 07:30am EDT by Peter Gorenstein in [Investing, Recession, Politics](#)

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The Congressional Budget Office (CBO) forecasts the U.S. budget deficit will hit **\$1.3 trillion this year**. An astronomical figure, to be sure, but that's lower than was projected in March. It's also less than last year's record \$1.41 trillion deficit, which was close to 10% of GDP.

*And, that's the good news.*

As the deficit grows so does the national debt, which is currently more than \$13.3 trillion, according to *official* figures.

But the situation is actually much, much worse, according to Boston University economics professor [Laurence Kotlikoff](#).

"Forget the official debt," he tells Aaron in this clip. The "real" deficit - including non-budgetary items like unfunded liabilities of Medicare, Medicaid, Social Security and the defense budget - is actually \$202 trillion, the professor and [author](#) calculates; or 15 *times* the "official" numbers.

"Congress has engaged in Enron accounting," says Kotlikoff, who recently penned an op-ed for Bloomberg entitled: [The U.S. Is Bankrupt and We Don't Even Know It](#).

Yet, the debt market continues to have an insatiable appetite for U.S. Treasuries; heading into Monday's session, the yield on the 30-year Treasury bond (which moves in opposition to its price) was at its lowest level since April 2009.

Kotlikoff says that's because the market is focused on the "mole hill" of official debt. In time, the U.S. will have a major inflation problem to rival that of Germany's post World War I Weimar Republic, he predicts. "We have to think about the fact that unless the government gets its fiscal act in order we're going to have the government printing lots and lots of money to pay these enormous bills that are coming due over time."

America is in need of major reform of the health-care, retirement, tax and financial system, Kotlikoff continues. "We need (to perform) heart surgery on this economy, not putting on more band-aids which is what we've been doing."

Barring that, your hard-earned dollars will soon be worthless, he declares.

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