

## Summit Speaker: America Flailing

# Country Must Face Debt and Infrastructure or Risk Loss of Stature

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**Chris Clayton** DTN Ag Policy Editor

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CHICAGO (DTN) -- Despite a strong overall agricultural outlook, the U.S. risks its place in the world and economy with its current monetary and fiscal policies, a speaker told DTN/The Progressive Farmer's fourth annual Ag Summit Friday.



Current policies are pushing the U.S. toward a "day of reckoning," according to Jamie Stewart, president and chief executive officer of Federal Farm Credit Banks Funding Corp. (DTN/The Progressive Farmer photo by Jim Patrico)

Jamie Stewart is president and chief executive officer of Federal Farm Credit Banks Funding Corp, which provides financial securities for the Farm Credit System. He told Ag Summit attendees that current policies of borrowing money to spend on social programs, while also cutting taxes, continues to push the U.S. toward a "day of reckoning" in which the U.S. will appear financially weak globally.

"This country cannot play its trusted role of leadership in the world if we are not financially and economically strong," Stewart said, adding shortly later, "What's going on in Congress right now is not encouraging."

As Stewart made his argument that the U.S. needs stronger political leadership and a plan to address national debt and aging infrastructure, press releases continue to fly from Washington touting the two years' extension of tax cuts while borrowing money to pay for an extension of unemployment benefits.

"That all may be a perfectly nice thing to do, but as a creditor, people don't like it," he said. "It's not fundamental economics."

The U.S. national debt-to-gross national product ratio is approaching 70 percent and heading toward 80 percent in the near term. The U.S. could hit a 90 percent debt-to-GDP in the next five years, which, according to debt rating agencies, would force the country to lose its AAA rating, Stewart said.

Further, policymakers are going to be "flailing around with failed economic policies for at least the next couple of years." In the meantime, unemployment isn't going down, economic growth is lackluster and politicians aren't able to move in the country to make tough decisions, Stewart said.

Stewart said the nation's fundamental economic problems built up over the past decade will take at least 10 years to fix. Currently, the public doesn't have confidence in policymakers to initiate programs that would actually lower the budget deficit and there is no political will to properly try to do so.

"We all have to feel there is a total program that is going to fix the fundamental problem," Stewart said. "Right now, nobody

is telling us the big picture ... We just don't have the leadership down there yet who can put it all together."

While debt mounts and the economy struggles, the U.S. also faces competition in global markets that the country hasn't faced since the end of World War II from China, India and Brazil. Those countries and others also have spent the last decade building highways, airports and rail lines. At the same time, the U.S. has built a monetary policy that focuses on consumer spending.

"If you look around the rest of the world, you will see they have been investing in infrastructure, while we have been buying t-shirts made in China," he said.

Stewart said bad signs occurred when the Federal Reserve effectively dropped interest rates to nothing seven years ago, and rather than communities and states getting loans to upgrade public projects and businesses building new production facilities, America used low-interest rates to spawn the housing bubble.

"While the Chinese were building new airports and new factories, we were building new houses in Reno, Nevada," he said.

For farmers, Stewart said they need to spend more time in Washington now more than ever, talking to lawmakers and others about the impact of decisions being made, while also not asking for more from federal programs.

"We don't need anything new," he said. "We just need to defend ourselves from unintended consequences."

Chris Clayton can be reached at [chris.clayton@telventdtn.com](mailto:chris.clayton@telventdtn.com)

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