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Indebted Ever After

Scared by National Deficit? You Should Be, Filmmakers Say.

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A private-equity billionaire, a former federal government official and a Baltimore newsletter editor have made a documentary film that they hope can do what an endless parade of policy papers has not: Persuade Americans that debt has created a looming economic crisis that would make the Great Depression look like a market correction.

The movie, "I.O.U.S.A.," debuting Aug. 21, is an 87-minute alarm on what it calls the tsunami of debt bearing down on the United States' future, caused by the rising national deficit, the trade imbalance and the pending costs of baby boomers cashing in on entitlements.

Early reviewers have dubbed the film "An Inconvenient Truth" for the economy, meaning it's not exactly the feel-good movie of late summer 2008.

Except for budget wonks in love, it hardly counts as a date movie. The film's thrilling action sequence has a guy going to a refrigerator for a Tab. There are no car chases and nothing blows up.

Except, possibly, for the entire economic future of the United States.

"I.O.U.S.A." offers up as its action hero [David M. Walker](#), former head of the [Government Accountability Office](#). With movie-star looks that scream "accountant" rather than "Terminator," Walker has been the Cassandra -- or Chicken Little -- of America's growing deficit for some time. Last August, he compared the United States to the final days of ancient Rome, which he said was militarily overextended and fiscally irresponsible. Since 2005, Walker has been traveling the country on the catchy-sounding "fiscal wake-up tour," preaching his apocalyptic message to half-empty rooms, at least at the start. The tour picked up steam after Walker's message was featured in a "[60 Minutes](#)" piece in March 2007.

In March of this year, Walker resigned from the GAO so he could be even more vocal on the debt crisis, becoming chief executive of the newly formed Peter G. Peterson Foundation, set up by Peterson, billionaire co-founder of the [Blackstone Group](#), a major private-equity player.

Their message: You probably know that the national deficit is \$9.6 trillion and rising. What you don't know is how bad things *really* are. If you include all the unfunded entitlement obligations -- Social Security, [Medicare](#), [Medicaid](#) and so forth -- we are actually in a \$53 trillion hole, Walker says.

And it will only get deeper as we get older.

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In an interview, Walker is full of grim one-liners, such as: "The debt has increased our risk of being held hostage by foreign lenders" and "Our situation is serious, and it is deteriorating with the passage of time" and "The financial condition of the U.S. is worse than advertised."

The nation's debt now accounts for 66 percent of the gross national product. But unless things change, the film argues that the cost of aging baby boomers will push that proportion to 244 percent by 2040, twice what it was at the end of World War II, our highest level of national debt. A debt that high, even super-investor [Warren E. Buffett](#) says in the film, "could create real political instability."

At this point in the movie, we're wishing we'd rented "The Towering Inferno" instead. Happier ending.

The film generally skirts specific solutions -- it does not recommend one form of Social Security reform over another -- but suggests broad entitlement overhaul, tough budget controls, conservation of energy and, at the no-duh level, not buying things you can't afford. In the interview, Walker said that tax deductions and exemptions will have to be reduced and a national consumption tax should be considered.

"It's inevitable there will be some tax increases on fat cats like myself," Peterson said in an interview. "But any idea you're going to solve most of this problem with taxes is not realistic."

Not everyone agrees that the United States is headed off a credit cliff.

There's Arthur Laffer, for instance, author of the famous Laffer Curve, which says that if taxes rise too high, people lose incentive to work. Laffer argues that as long as the debt level stays where it is, it can be financed down over time, like a homeowner with a mortgage.

"Arthur Laffer said to me, 'Addison, I'm not a debt guy,' " said Addison Wiggin, executive producer of the film and editorial director at Baltimore's Agora Financial, a research firm and publisher of investment advice.

"But that doesn't take into account everything that's coming down the pike," said Wiggin, co-author of the 2005 book, "Empire of Debt."

Wiggin got the idea for turning his book into a movie while snowbound in a Vermont condo for two days in 2005. He watched "Commanding Heights," a six-hour documentary on the history of the global economy. Three times.

To finance the film, Agora set up Agora Entertainment, whose initial budget was \$500,000 raised from investors, a figure Wiggin said was "exceeded by a long shot."

Wiggin knew of Walker's dire warnings and made him the first interview for the movie. He quickly became its star.

As the film began production, it laid out a number of dire economic events, such as the mortgage meltdown and credit crisis, that were predicted in Wiggin's 2005 book. But by 2007, the book's prophecies began coming true, forcing a panicked re-editing of the film in September with the goal of getting the film into the Sundance film festival in January.

Re-editing is expensive and by November, Wiggin's investors pulled out. Agora ended up financing the project. "People were saying, 'This is Addison's sinkhole here,' " he said. No one found it funny that he was

deficit-financing a movie that tells people not to buy things they can't afford.

But the film made it to Sundance and got a standing ovation, Wiggin said.

Peterson's foundation, with Walker at the helm, had promised to pay for the movie's distribution. But they liked it so much, they bought it from Agora for \$2.5 million.

The film will debut in 400 theaters around the country on Aug. 21, followed by a live video town hall meeting from Omaha, featuring Walker, Peterson and Buffett. The next day, the film opens in 10 cities, including Washington.

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