

## **U.S. federal debt to GDP ratio to reach 200 pct by 2040: report**

WASHINGTON, Jan. 29 (Xinhua) -- The United States continued to face a serious long-term debt problem, and the federal debt was projected to reach a staggering 200 percent of the nation's gross domestic product (GDP) by 2040, a U.S. think tank said on Tuesday in a new report.

The last-minute bipartisan deal inked earlier this month to avert the so-called "fiscal cliff" did very little to improve U.S. federal government's budget outlook, Peter G. Peterson Foundation said in its latest analysis report.

The deal helped prevent some economically damaging effects caused by a combination of tax increases and government spending cuts, but it "did not make meaningful progress toward the primary goal of a sustainable fiscal policy -- stabilizing debt as a share of the economy and putting it on a downward path," noted the report.

Before the "fiscal cliff" deal, U.S. federal debt was projected to climb to 200 percent of GDP in 26 years under current policies. After Democrats and Republicans reached the deal, U.S. federal debt was projected to climb to 200 percent of GDP in 27 years, said the think tank.

The reason why the U.S. debt picture has not materially improved was that spending on entitlement programs including social security was still projected to rise faster than revenue. Many economists suggested keeping government debt at or below 60 percent of GDP, a target many countries have adopted, said the report.