

**Statement for the Record from Ray Dalio**  
**House Budget Committee Hearing:**  
**The Best Metric to Reverse the Curse: A 3% Deficit-to-GDP Path to Fiscal Sustainability**  
**March 26, 2026**

I strongly endorse reducing the budget deficit to 3% of GDP because it is essential for preventing the United States from "going broke," which would most likely take the form of it printing a lot of money which would greatly devalue it. Because the mechanics of how over-indebtedness leads to a debt and monetary crisis are not well understood, I wrote a book, *How Countries Go Broke: The Big Cycle*, to explain it. In that book, I emphasize the pressing necessity to get the budget deficit down to 3% of GDP, and I describe my "3% 3-Part Solution" for doing so.

All political leaders from both parties I have spoken with agree with this 3% target in private. Treasury Secretary Bessent has long been a supporter of this path, publicly saying, "I would urge [President Trump] to make public his desire to get the deficit down to 3% by the end of his term." The only impediment is fear of the political consequences of being in favor of raising taxes and/or cutting benefits if that is required to reach the 3% GDP budget deficit.

Passing a bill that specifies a 3% target would be an important step toward overcoming that objection because it would help legislators argue for fiscal responsibility. A stated 3% GDP ceiling goal would become a benchmark for accountability across administrations, providing both a rule and a report card. With it in mind, each year we would naturally ask, "Is the nation moving toward or away from sustainability?" That stated goal and progress toward fiscal responsibility would strengthen markets, bolster investor confidence, and reduce the risk of the U.S. experiencing a sovereign debt/currency crisis.