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## National Debt Grows \$1 Million a Minute

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WASHINGTON (AP) -- Like a ticking time bomb, the national debt is an explosion waiting to happen. It's expanding by about \$1.4 billion a day -- or nearly \$1 million a minute.

What's that mean to you?

It means almost \$30,000 in debt for each man, woman, child and infant in the United States.

Even if you've escaped the recent housing and credit crunches and are coping with rising fuel prices, you may still be headed for economic misery, along with the rest of the country. That's because the government is fast straining resources needed to meet interest payments on the national debt, which stands at a mind-numbing \$9.13 trillion.

And like homeowners who took out adjustable-rate mortgages, the government faces the prospect of seeing this debt -- now at relatively low interest rates -- rolling over to higher rates, multiplying the financial pain.

So long as somebody is willing to keep loaning the U.S. government money, the debt is largely out of sight, out of mind.

But the interest payments keep compounding, and could in time squeeze out most other government spending -- leading to sharply higher taxes or a cut in basic services like Social Security and other government benefit programs. Or all of the above.

A major economic slowdown, as some economists suggest may be looming, could hasten the day of reckoning.

The national debt -- the total accumulation of annual budget deficits -- is up from \$5.7 trillion when President Bush took office in January 2001 and it will top \$10 trillion sometime right before or right after he leaves in January 2009.

That's \$10,000,000,000,000.00, or one digit more than an odometer-style "national debt clock" near New York's Times Square can handle. When the privately owned automated clock was activated in 1989, the national debt was \$2.7 trillion.

It only gets worse.

Over the next 25 years, the number of Americans aged 65 and up is expected to almost double. The work population will shrink and more and more baby boomers will be drawing Social Security and [Medicare](#) benefits, putting new demands on the government's resources.

These guaranteed retirement and health benefit programs now make up the largest component of federal spending. Defense is next. And moving up fast in third place is interest on the national debt, which totaled \$430 billion last year.

Aggravating the debt picture: the wars in Iraq and Afghanistan, which the nonpartisan [Congressional Budget Office](#) estimates could cost \$2.4 trillion over the next decade

Despite vows in both parties to restrain federal spending, the national debt as a percentage of the U.S. Gross Domestic Product has grown from about 35 percent in 1975 to around 65 percent today. By historical standards, it's not proportionately as high as during World War II -- when it briefly rose to 120 percent of GDP, but it's a big chunk of liability.

"The problem is going forward," said David Wyss, chief economist at Standard and Poors, a major credit-rating agency.

"Our estimate is that the national debt will hit 350 percent of the GDP by 2050 under unchanged policy. Something has to change, because if you look at what's going to happen to expenditures for entitlement programs after us baby boomers start to retire, at the current tax rates, it doesn't work," Wyss said.

With national elections approaching, candidates of both parties are talking about fiscal discipline and reducing the deficit and accusing the other of irresponsible spending. But the national debt itself -- a legacy of overspending dating back to the American Revolution -- receives only occasional mention.

Who is loaning Washington all this money?

Ordinary investors who buy Treasury bills, notes and U.S. savings bonds, for one. Also it is banks, pension funds, mutual fund companies and state, local and increasingly foreign governments. This accounts for about \$5.1 trillion of the total and is called the "publicly held" debt. The remaining \$4 trillion is owed to Social Security and other government accounts, according to the Treasury Department, which keeps figures on the national debt down to the penny on its Web site.

Some economists liken the government's plight to consumers who spent like there was no tomorrow -- only to find themselves maxed out on credit cards and having a hard time keeping up with rising interest payments.

- 1
- 2

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