

## National debt keeps climbing

Jim Beam

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Someone asked me recently where members of Congress are getting the more than \$3 trillion it has spent on coronavirus pandemic assistance. They are getting two-thirds of it from individuals, companies and foreign governments, and that is increasing the country's already-bloated national debt.

Kimberly Amadeo, who is considered an economic expert, explained the rising \$26.5 trillion U.S. national debt in a July article for [thebalance.com](https://www.thebalance.com).

The individuals, companies and foreign governments mentioned earlier buy U.S. Treasury bills, notes and bonds, and that money has to eventually be paid back with interest.

The other one-third of the debt is called intra-governmental debt, which the government owes to agencies like the Social Security Trust Fund. Amadeo said that is basically everyone's retirement money.

Unlike most state governments, Congress doesn't have to pass balanced budgets. It just keeps overspending and adding to the national debt.

Amadeo said federal budget deficits are one of five causes for higher national debt. The other four are the money owed to the Social Security Trust Fund, low interest rates that encourage borrowing, constantly raising the debt ceiling and the fact deficit spending drives economic growth and stability.

Providing stimulus money to citizens and businesses hurt by the coronavirus pandemic is an example of spending that helps spur the economy.

Gary Halbert of Halbert Wealth Management said in a July 17 story in Advisor Perspectives that the \$26.5 trillion is the highest debt level of any country in the history of the world. He said it would take \$80,313 per citizen (men, women and children) and \$213,102 per taxpayer to pay off the current debt.

Halbert said, "The media has assured us for decades that the national debt doesn't matter."

Maybe so, but Robert J. Samuelson, in a May Washington Post column, said, "The national debt is out of control. There is a general disregard for covering new spending with new taxes or other

spending cuts. It's so much easier to borrow against the future. The debts pile up, and more often than not, the consequences can be evaded for many years to come."

Samuelson said the latest rise in U.S. debt is justified because of the pandemic. However, he said what is ignored is what happened before the pandemic. Republicans and Democrats cut taxes, and there is a general disregard for covering new spending with new taxes or spending cuts.

Chris Edwards of the CATO Institute in a July op ed piece in *The Hill* explained how Canada handled its high national debt situation in the 1990s. The Canadian government cut defense, business subsidies, farm aid, welfare, grants to lower governments, federal jobs and other areas. The large spending cuts revived the economy and launched the nation on a long boom.

Edwards said American leaders used to know how to reduce debt. Debt increased during every war, he said, but it was always paid down afterwards. He said the government after the Civil War ran surpluses for 28 years in a row.

Earlier presidents had national debt in the billions of dollars, not trillions. President Woodrow Wilson added \$21 billion to the debt. Herbert Hoover left office with a national debt of \$23 billion. Franklin D. Roosevelt added \$236 billion to that debt to pay for World War II and the New Deal.

President Ronald Reagan added \$1.8 trillion to the debt. George W. Bush added \$5.8 trillion, and Barack Obama added \$8.6 trillion. Keep in mind that in all these examples from history that it is Congress that ultimately approves federal budgets.

Amadeo said those presidents had to handle some tough issues. Obama had to deal with the 2008 financial crisis, and there were tax cuts and \$700 billion spent each year on the military. Bush had to do things to end the 2001 recession and respond to the 9/11 attacks.

According to Amadeo, President Trump's budget deficits and spending on the coronavirus pandemic could take his addition to the debt to around \$6 trillion by the end of his term.

The Foundation for Economic Education (FEE) said interest alone on the national debt in fiscal year 2019 was \$479 billion, and that increases the national debt because money is borrowed each year to pay the interest.

As mentioned earlier, the national debt can be reduced by increasing taxes or by cutting spending, and neither is a popular choice.

Should we be worried about the national debt?

David Wessel, director of the Hutchins Center on Fiscal and Monetary Policy, in an article for [brookings.edu](https://www.brookings.edu), said the debt will rise as more Americans become eligible for Social Security and Medicare. Action will have to be taken at some point, Wessel said, "but we may be a long way from that point."

Do we have to wait for that to happen? Once this pandemic is no longer a problem, why can't our political leaders at least try to do some of the things Canada did to reduce its debt that worked so well?