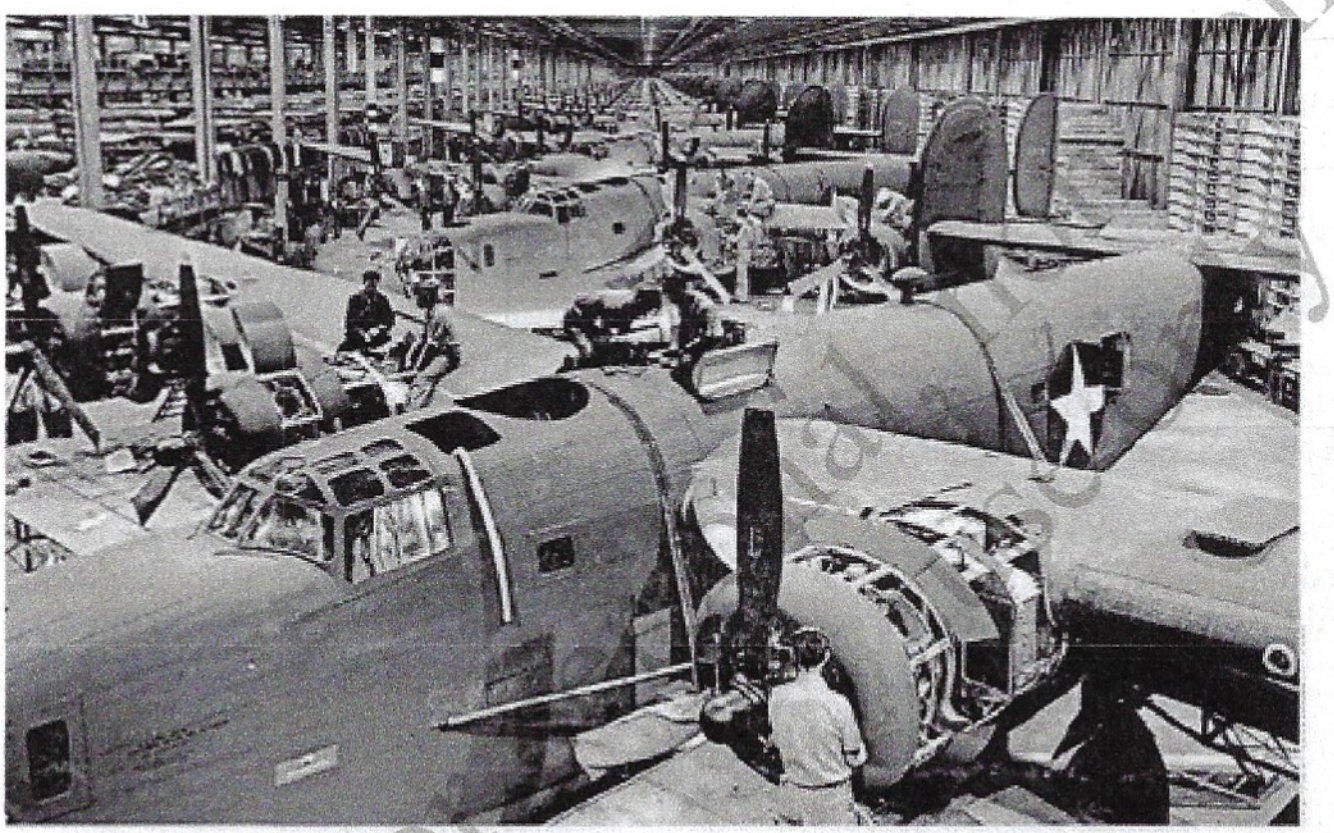
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Heavy borrowing for the U.S. to win World War II lifted national debt as a percent of GDP to a record 106% in 1946. ARCHIVE PHOTOS/ GETTY IMAGES

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U.S. National Debt Reaches 100% of GDP

Surging borrowing lifts fiscal year-end debt ratio to highest level since 1946

BY RICHARD RUBIN

WASHINGTON—The U.S. national debt reached 100% of gross domestic product for the fiscal year that ended Sept. 30, hitting the triple-digit mark for the first time since 1946.

The federal government had previously reported that the publicly held debt as of Sept. 30 was $32.2 trillion. With the release of economic output for third quarter Thursday, that figure equaled 100% (100.03%, to be exact), of gross domestic product over the fiscal year.

That was up from 99.4% at the end of fiscal 2025, though below the Congressional Budget Office's February forecast of 100.6%. The U.S. is moving steadily closer to breaking the 1946 record of 106%, an increase that reflected the heavy borrowing needed to win World War II.

The annual budget deficit of nearly $2 trillion was 6.2% of GDP, continuing an unusual streak of red ink outside of wars, recessions and emergencies. The annual figures are calculated based on the fiscal year's four quarters of GDP, and the

government released the first estimate of the final quarter on Thursday. The economy grew at a rapid clip in the third quarter—but federal borrowing is increasing just as quickly.

Although many commentators cite the gross federal debt that recently passed $40 trillion, economists prefer the measure known as debt held by the public because it better measures the burden of borrowing. The $40 trillion figure includes debt that one arm of the government owes to another, such as the Treasury securities inside the Social Security trust fund.

The U.S. hit the 100% threshold in an intrayear calculation earlier this year. Revisions to GDP data and changes to the government's debt-issuance patterns can make the numbers bounce around. Revisions to third quarter GDP could alter the final ratio.

The high debt and deficit figures mark a stark turnaround in the country's finances since the turn of the century. In the late 1990s, fueled by a strong economy, spending restraints and capital-gains taxes from the dot-com boom, the government was running annual surpluses. In 2000, the debt-to-GDP ratio was 33.7% and declining.

In early 2001, Alan Greenspan, then-chairman of the Federal Reserve, started raising concerns about the economic and market problems that could happen if the U.S. paid off all its public debt. That isn't what happened.

Congress enacted repeated tax cuts and boosted spending to respond to emergencies including the Sept. 11, 2001, terrorist attacks, the 2008-09 financial crisis and the 2020 Covid-19 pandemic. The country's aging population drove up costs for Social Security and Medicare.

The outlook is rough. Social Security is projected to reach insolvency in 2032, triggering automatic benefit cuts unless Congress acts. Net interest costs, the most immovable object in the budget, are projected to climb by more than 1% of GDP over the next decade, according to CBO.

And that forecast from earlier this year assumed interest rates well below today's prevailing rates. If all rates are 0.1 percentage point above CBO's forecasts, that adds $379 billion in interest costs over a decade.

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U.S. debt held by the public as a share of gross domestic product



Note: For fiscal year-end (Sept. 30)
Source: Congressional Budget Office (1962-2025); Wall Street Journal analysis (2026)

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