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National Debt Now Tops 100% of GDP

BY RICHARD RUBIN

WASHINGTON—The U.S. national debt now exceeds 100% of gross domestic product, crossing a once-unthinkable threshold, on the way toward breaking the record set in the wake of World War II.

As of March 31, the country's publicly held debt was \$31.265 trillion, while GDP over the preceding year was \$31.216 trillion, according to data released Thursday. That puts the ratio at 100.2%, compared with 99.5% when the last fiscal year ended Sept. 30. That figure will likely climb because the government is running historically large annual deficits of nearly 6% of GDP, which add to the debt.

The government is spending \$1.33 for every dollar it collects in revenue, and the budget deficit this year is projected at \$1.9 trillion. That is little changed from 2025 as Republicans' tax cuts kick in before their spending cuts take effect. The final tally depends on war spending, tariff refunds and the strength of the economy.

By itself, the milestone doesn't mean much. There isn't a special level where debt goes from problematic to catastrophic. And the ratio might bounce around in the coming

quarters as tax receipts come in, tariff refunds go out and GDP fluctuates in response to inflation and revisions.

Still, the triple-digit mark is a potent symbol of the fiscal stresses on the U.S. that have been building for decades. Lawmakers in both parties have expressed alarm but given priority to tax cuts and spending increases with clearer shortterm political benefits.

"We're headed toward uncharted territory," said Marc Goldwein, senior vice president of the Committee for a Responsible Federal Budget. "There's no magic of 100% vs. 99%, but it's a scary place to be."

The debt-to-GDP ratio is economists' preferred metric for how much the country's borrowing weighs on the economy. As it rises, debt consumes resources that could be used more productively elsewhere.

The government becomes more sensitive to interest rates as debt grows. One in seven dollars of federal spending now goes to interest. A 0.1 percentage-point interest-rate increase would cost \$379 billion over 10 years, the Congressional Budget Office said.

Without changes, the U.S. is headed toward the debt ratios of France, Italy, Greece and Japan, which have faced degrees of economic stress. The U.S. does have more room to borrow than those countries because it controls the global reserve currency and because of Treasury debt's position as an investor haven.

But that cushion isn't unlimited. Economists said in the long run, higher debt will drive up interest rates, including on mortgages, car loans and credit cards, and will undermine private investment by soaking up capital. "When you can earn more on your investments in bonds, you're going to demand a higher return from any of those projects in the real economy," said James Poterba, an economist at the Massachusetts Institute of Technology.

Some economists said higher debt leads to higher inflation by putting pressure on the central bank to keep interest rates low and, in the extreme, print money to repay debtors.

The debt briefly exceeded 100% of GDP during the coronavirus pandemic in 2020, which shrank GDP and prompted government borrowing to aid U.S. households. The ratio fell as stimulus ended, economic growth resumed, and inflation boosted the nominal GDP.

The U.S. hasn't finished a fiscal year with debt above 100% of GDP since 1946. That looks likely to change. Unlike in 2020-21, the drivers of the deficit are structural, not temporary, and interest rates are higher. CBO forecasts the ratio will reach 100.6% for the fiscal year ending Sept. 30 and exceed the record by 2030.

These estimates use federal debt held by the public, which economists prefer to a commonly cited, larger figure that includes debt the government owes itself. The GDP figure represents nominal economic output, unadjusted for inflation, over the prior four quarters.

Debt-to-GDP hit its all time high of 106.1% in 1946. It fell in --the following decade because of postwar growth, inflation, and reductions in military spending, and it went under 50% by 1957. As recently as 2008, debt was below 40% of GDP.

Since then, the U.S. borrowed heavily to steer the country through the 2007-09 financial crisis and the pandemic. Congress cut taxes in 2013, 2017 and 2025, expanded government health coverage and veterans benefits, and did little to alter major spending programs.

Even deficit-reduction advocates don't call for the ratio to fall as it did in the postwar run. They would be satisfied if the ratio simply stopped rising. That is a nod to the aging population, which raises the costs of Medicare and Social Security.

"If you told me 20 years from now that the debt-to-GDP ratio was going to be 100%, I would be ecstatic," said William Gale, an economist at the Brookings Institution.

CBO projects debt will rise to 120% of GDP by 2036 and 175% by 2056. Those forecasts assume President Trump's new tax cuts, such as the deductions for tips and overtime pay, expire as scheduled over the next few years. They also assume tariff levels that predate the Supreme Court decision restricting Trump's authority.

The Trump administration projects that debt-to-GDP will fall as low as 88% by 2034. That estimate assumes significant tariff revenue and spending cuts along with much faster growth than CBO expects.

Barring that fast growth, holding the debt-to-GDP ratio around 100% would require significant and unpopular policies. Over the next decade, cumulative deficits are projected at \$24 trillion. Stabilizing at 100% would require a combination of spending cuts and tax increases of about \$10 trillion.

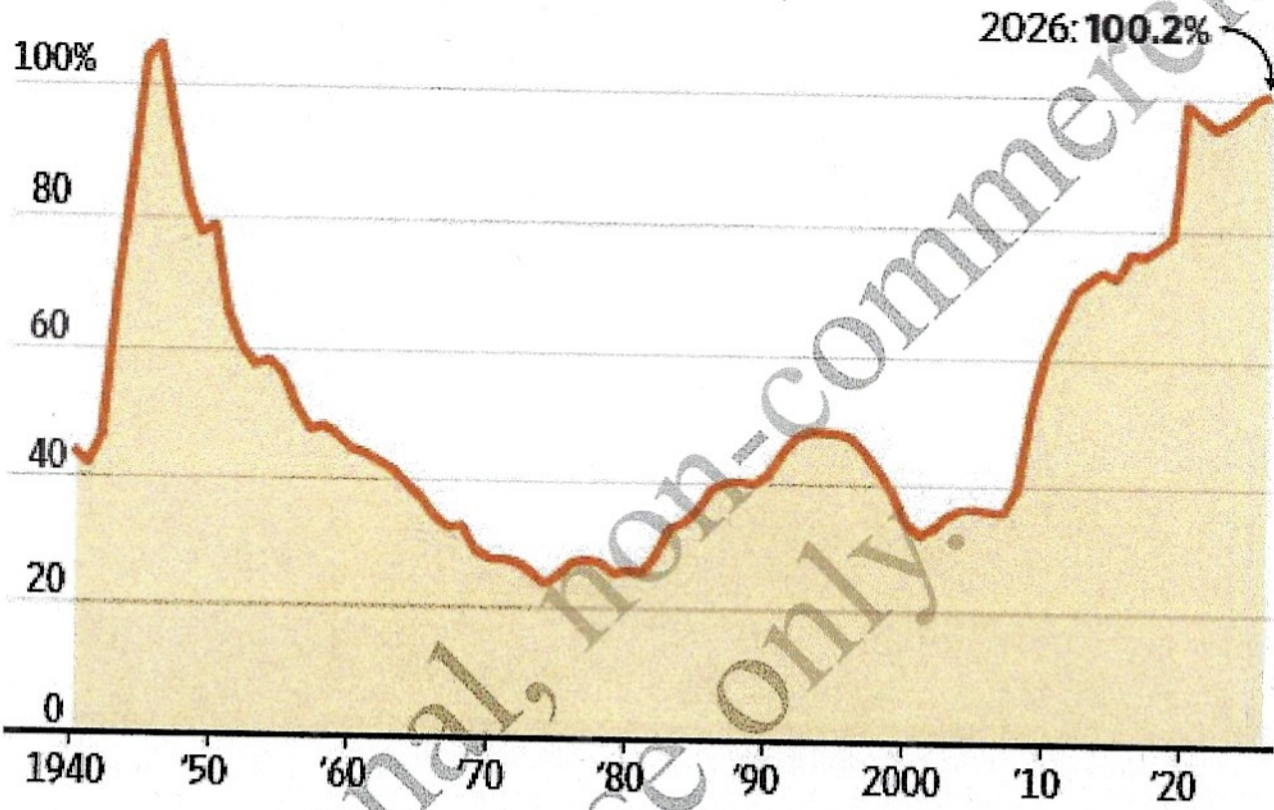
Debt fears were a top political concern from the 1980s through the 1990s, and lawmakers were motivated to respond. Tax increases and spending cuts, with strong growth, yielded budget surpluses. Now, higher debt and deficits bring statements of concern but little action to alter the fiscal course.

"The thing that really scares people is the politics are so dysfunctional," Gale said. "If you just saw the economic forecast and you had confidence that political leaders could get together and solve this problem, it would calm everybody down."

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U.S. publicly held debt as a share of GDP



Note: Figures are for fiscal years ending Sept. 30 except 2026 which is March 31, 2026.
Sources: White House Office of Management and Budget (1940-2025), Treasury Department and Commerce Department (latest)

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