



Written by [David Kelly](#) on October 9, 2023

Government Interest Payments Now Top Defense Spending

The federal government is now spending more to pay interest on the government's gross debt of \$33 trillion than it does on national defense, according to the U.S. Treasury's monthly [statement](#).

The reported data totaled government receipts and outlays for fiscal year 2023 through August, noting that over \$807 billion has been spent in interest on the nation's debt securities, while the Department of Defense's budget, including all military programs, totaled around \$696 billion in the same period.



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Considering that the United States [reportedly](#) spends more money on defense than all other countries, the reported debt interest payments should be a shot across the bow for Congress and President Biden. America is sinking under the weight of out-of-control government spending that's accelerated by the president's disastrous economic policies, better known as "Bidenomics."

Bidenomics fueled inflation that topped [9 percent](#) in June 2022. That led the Federal Reserve to increase interest rates to slow inflation, which has cost the government more money to service its debt, as the Treasury report revealed.

It's no wonder that Congress was forced to pass a continuing resolution to keep the government from being shut down late last month, as the divided chamber seeks to find an agreeable course to end the fiscal insanity.

The Committee for a Responsible Federal Budget (CRFB) [shared](#) that on September 15, the nation's gross debt was "\$33.0 trillion, up from \$23.4 trillion in February 2020, before the COVID-19 public health and economic crisis necessitated massive short-term borrowing. Based on estimates from the Congressional Budget Office (CBO), we estimate that gross debt will rise to \$50.8 trillion by the end of Fiscal Year (FY) 2033. As a share of the economy, gross debt is currently around 124 percent of GDP and is expected to rise to 129 percent of GDP by 2033."

In addition to the national debt, our government has other and much larger fiscal liabilities, some of which are unfunded. "According to the [Fiscal Year 2022 Financial Report of the United States Government](#) the U.S. has \$39.0 trillion of liabilities, with publicly-held debt comprising about 62 percent of those liabilities and accrued benefits for veterans and federal employees making up most of the remainder. The government also has some softer liabilities (often referred to as 'obligations') to pay future Social Security and Medicare benefits in excess of revenue under current law," stated the CRFB. "The present value of these unfunded social insurance obligations over the next 75 years is about \$75.9 trillion, bringing the government's total liabilities to \$114.9 trillion. Net of government assets, the government's net position under this measure is -\$110.0 trillion."

Current government debt and liabilities are unsustainable, and you don't have to be a math wizard to see that on paper the United States is bankrupt and on life-support. Congress must act, and soon, by



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putting a plan in place to bring our debt under control.

Commenting on the nation's growing debt and lawmakers' partisan infighting, Michael A. Peterson, CEO of the Peter G. Peterson Foundation, [shared](#) that "Americans want policymakers to focus on the underlying issue of the debt itself":

[According to our recent polling](#), ninety percent of Democrats and Republicans agree that lawmakers from both parties should work together to avoid a government shutdown and focus their efforts on stabilizing our national debt. A bipartisan fiscal commission also has growing support from both parties, with nearly seven in ten voters calling for a rational and comprehensive process to look at the whole budget and find solutions.

As we have seen with recent growth in inflation and interest rates, the cost of debt can mount suddenly and rapidly. With more than \$10 trillion of interest costs over the next decade, this compounding fiscal cycle will only continue to do damage to our kids and grandkids. Americans are looking for responsible, forward-looking leadership that moves beyond politics to set our nation on a stronger more sustainable course for the future.

Congress has less than five weeks to agree upon a 2024 fiscal year budget or once more face a potential government shutdown. With the nation's current fiscal situation, and with interest payments now topping defense spending, we can only hope Congress and the president will finally agree upon a reasonable and responsible budget plan.



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