

# US national debt surpasses size of the economy, as Trump administration demands surge in military spending

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The US national debt has crossed 100 percent of gross domestic product (GDP) for the first peacetime year since 1946, according to data released Thursday by the Bureau of Economic Analysis (BEA)—a milestone that arrives as the Trump administration is demanding a \$1.535 trillion Pentagon budget and preparing for conflict with nuclear-armed China and Russia.

The soaring federal debt is the product of perpetual war, successive bank bailouts and handouts to the super-rich carried out under Democratic and Republican administrations.

The post-9/11 wars in Afghanistan, Iraq, Syria and elsewhere cost an estimated \$8 trillion. Tax cuts in 2001, 2003, 2017 and 2025 stripped trillions more in revenue from corporations and wealthy households. The 2007–09 financial bailout made the banks whole, while millions of workers lost their homes. The pandemic added trillions more in corporate rescues. Treasury borrowing has covered the gap.

Debt held by the public stood at \$31.27 trillion as of March 31. GDP over the preceding 12 months totaled \$31.22 trillion. The debt-to-GDP ratio reached 100.2 percent—the highest figure since 1946. Total federal debt, which includes Treasury securities held inside government trust funds such as Social Security, exceeds \$39 trillion, or roughly 125 percent of GDP.

At the current pace, the ratio will exceed its all-time record of 106.1 percent, set in 1946, within a matter of years. The Congressional Budget Office (CBO) projects it will reach 108 percent by 2030, 120 percent by 2036 and 156 percent by 2055.

Three of the major credit rating agencies have stripped the United States of its AAA rating. Standard

& Poor's downgraded US debt in 2011 after the debt ceiling standoff. Fitch followed in August 2023.

Moody's downgraded the United States from Aaa to Aa1 on May 16, 2025, citing the failure to address rising deficits and projecting that the federal deficit would reach 9 percent of GDP by 2035. The European agency Scope cut its US rating from AA to AA? in October 2025, citing “sustained deterioration in public finances and a weakening of governance standards.”

For every dollar in tax revenue, the federal government is now spending \$1.33, with the gap making up an annual deficit of \$1.9 trillion. Interest on the debt has crossed \$1 trillion a year and is rising.

A 0.1 percentage-point rise in interest rates would add \$379 billion to deficits over the next decade, the CBO estimates.

Those CBO forecasts treat as binding the statutory expiration dates on Trump's 2025 tax cuts—the tip deductions, overtime pay exclusions and the rest. The bipartisan history of US tax legislation suggests those provisions will be extended.

As recently as 2008, the debt stood below 40 percent of GDP. In less than two decades, an unbroken succession of Democratic and Republican administrations doubled it.

US President Donald Trump has stated that the cost of the war is being paid through cuts to social programs. At a White House Easter luncheon last month, in remarks the White House inadvertently posted to social media, Trump told attendees: “It's not possible for us to take care of daycare, Medicaid, Medicare, all these individual things. We have to take care of one thing: military protection.”

The 2025 reconciliation bill that Trump signed in

July—the “One Big Beautiful Bill”—delivered \$4.1 trillion in tax cuts weighted overwhelmingly to corporations and the wealthy.

It paid for them through the largest cuts to social programs in modern US history: \$880 billion from Medicaid, \$186 billion from the Supplemental Nutrition Assistance Program (SNAP), \$536 billion from Medicare over 10 years (according to the CBO) and reductions to Supplemental Security Income (SSI) affecting hundreds of thousands of disabled adults.

Despite the cuts, the law was projected to add more than \$4 trillion to the national debt over the next decade.

The law’s Medicaid provisions impose work requirements that are projected to strip 5 to 10 million people of health insurance. About two-thirds of Medicaid recipients already work or are in school; the requirement functions chiefly by burying enrollees in paperwork they cannot complete.

States must implement the requirements by January 1, 2027. Nebraska becomes the first state to do so on Friday, May 1. Idaho’s governor signed a stricter version on April 10. Similar measures are advancing in Indiana, Arizona, Missouri and Kentucky.

On March 18, every House Republican who voted backed a constitutional balanced-budget amendment that Democratic Representative John Larson of Connecticut warned would force “drastic cuts to Medicare, Social Security, food assistance, veterans’ benefits and other programs American families depend on.”

Senate Majority Leader John Thune of South Dakota now plans a second reconciliation bill, with some Republicans pressing to use it for further cuts to Medicaid, Medicare, the Affordable Care Act and SNAP under the rubric of “waste, fraud and abuse.”

The Republican Study Committee has proposed raising the Social Security retirement age to 69. Trump’s administration is moving to privatize Medicare by automatically enrolling new beneficiaries in Medicare Advantage plans run by private insurance companies, which limit patient choice and curtail care.



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