

Interest Burden

How important is the national debt? Let's look at the numbers. We have to pay enough taxes to cover at least the interest on the debt, plus all the other functions of government.

Here's a chart of total interest on the national debt from 1950 to 2025. We have about 129 million households in the U.S, so the interest payments average \$9,530 per household. And if the national debt continues to grow, then the average interest per household will also grow.

Some of this increase comes from inflation and higher interest rates, so let's check more closely. Here are the numbers from 1975 and 2025, both at the end of the year. The average household paid \$774 in taxes for interest on the national debt in 1975. That number rose to \$9,530 in 2025.

We can adjust for inflation, and see that the 1975 interest was equivalent to \$4,630 today. Still, our tax bill for interest on the debt has doubled in the last 50 years. It could double again in the next 10 years if we continue the current rate of borrowing.

This does not mean it's bad to have a national debt. Treasury bonds are an important part of our economy. But too much debt is very bad, because at some point we can't afford to pay the interest, and that leads to economic disaster.

This would be a great time to cut government spending, but unfortunately we are doing the opposite. The war with Iran is costing us at least \$29 billion and possibly up to \$1 trillion, according to current estimates. If we borrow the money, instead of raising taxes, that will add another \$72 to \$248 per household per year to our tax burden.

I think we should prepare for some rough sailing ahead.