



## The Daily Dish

# Interest on the Debt

DOUGLAS HOLTZ-EAKIN | MARCH 26, 2026

(ANTACID ALERT: The following should wake you and upset your stomach. Eakinomics advises substituting antacid for coffee this morning. You're welcome.)

AAF's Jordan Haring has a new [insight](#) on the Congressional Budget Office's (CBO's) projections of interest costs to service the rising federal debt. The bottom line is as simple as it is upsetting. Over the next 10 years interest payments will grow faster than any other major budgetary category, increasing by 106 percent. Interest will exceed Medicare spending by FY 2028, and defense and nondefense discretionary spending by FY 2038. It will become the single-largest federal government expenditure by FY 2048. Over the next 30 years interest will increase by a staggering 538 percent.

All of those dollars will flow out of the Treasury, but will not build one new road, fund one new college tuition, cover one hospital bill, pay one battalion of troops, or feed one low-income child. Instead, it will be a continuous, stark financial reminder of the burden that today's profligacy will impose on today's - and tomorrow's - children. It will take the form of higher taxes, reduced services, and economic stagnation left behind by the poor choices made in the first 25 years of the 21st century.

This is the short, and thus upbeat, version. For sustained depression, read Haring's full treatment.

For the masochist crowd (no, no...don't deny it. You DO subscribe to Eakinomics), there is some important budgetary math embedded in the projections. CBO projects that over the next 10 years the inflation-adjusted (real) interest rates will average 1.7 percent. That means simply borrowing to pay the interest would raise the debt by 1.7 percent. The good news is that growth in real gross domestic product (GDP) will average 2.0 percent. That is faster than debt would grow, so the ratio of debt to GDP would have a tendency to fall. That is true as long as the growth rate of GDP exceeds the interest rate.

But, of course, this is the federal budget so there is more-than-offsetting bad news. Over the next 10 years, there is also the nasty habit of spending more than the revenue available (a primary deficit), so the debt still rises. And, over the longer term to 2056, the growth rate of GDP falls below interest rates and there are continued primary deficits. Debt grows, and grows faster than GDP.

Just a thought: Maybe the United States should chart a different budgetary course?