



US National Debt Reaches 100% of GDP

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Action: Government data released last week showed that the US national debt held by the public now exceeds 100% of nominal GDP, a level only seen right after World War II.¹ In other words, the national debt is now larger than what the US economy produces in one year.

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- For American businesses, the unsustainable national debt carries tangible, real-world consequences. High levels of government debt require the Federal government to spend more on interest payments, leaving fewer resources available for infrastructure, education, national defense, and social programs. If investors begin to view US debt as riskier, interest rates could rise further, increasing borrowing costs for expansion, hiring, and investment.
- While there is not a specific threshold for the debt-to-GDP ratio that will tip the US into crisis, the rising national debt and projected insolvency of the primary Trust Funds for Medicare and Social Security within seven years increase the risk of the US reaching this tipping point.
- CED has long [recommended](#) the US reduce its debt-to-GDP ratio to a more sustainable level, such as 70%. A bipartisan fiscal [commission](#) composed of Members of Congress can provide space for lawmakers to focus on developing solutions, deliberate tradeoffs, lend bipartisan credibility and collective responsibility to fiscal reform efforts, and encourage public support for these reforms.

- **Congress can consider the following reforms to address the rising national debt:**
 - **Save** Social Security to avoid short-term insolvency and establish long-term fiscal sustainability through a combination of benefit adjustments, revenue raisers, and diversifying Trust Fund investments.
 - **Modernize** Medicare and other major Federal health programs through innovative strategies, including value-based care and alternative payment models; reforms to Medicare Advantage; adjustments to premiums, cost-sharing, and prescription drug payments; emphasizing primary care and care coordination; and streamlining regulations.
 - **Reform** the broken Federal budget process by implementing comprehensive solutions that improve the timeliness throughout the process, mitigate challenges to regular order, permit greater debate on important topics, and incorporate longer-term planning into budget development.

1. Richard Rubin, “U.S. Debt Tops 100% of GDP”, *The Wall Street Journal*, April 30, 2026.

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