**Thayer Podcast Thursday, March 20, 2025**

**Automatic Deficits**

<http://www.tedthayer.com/03-20-2025%20Podcast.mp4>

**J E Ted Thayer**

The big deal being chewed on in government over the last couple of months has been Congress’ penchant for deficit spending.

The National Debt (or perhaps, maybe how far in the hole we are when it comes to income versus expenditures) takes center stage during budget discussions. The debt is poo-pooed by some as “just a number” but it’s also used as a warning from others couched as “runaway inflation.”

The fact remains that interest on the national debt this year stands at about fifteen percent of the thirty-seven trillion dollar total … roughly five-and-a-half trillion dollars accrued in interest alone! That’s just over seventeen-thousand dollars for every man, woman and child living in the United States today! To pay just the interest on the national debt, the average family of four owes some $69,000 right now!

You know where the money is coming from to cover the interest on the National Debt? The money markets. The US Treasury issues securities like bonds, bills, and notes to investors. The interest payments are paid to individuals, businesses, pension and mutual funds, state and local governments, and foreign entities. As of last January, we paid $392 billion in interest on the debt, which is roughly 16% of total fiscal year 2024-25 federal spending.

One reason the federal budget keeps increasing every year is because of what I like to call year-end bloat. In July, every department of every division of government puts a request out to its employees seeking suggestions for its “wish list.” Is there some office equipment they’d like to add to their inventory? Are there any additional supplies they like to include? How about some new vehicles? Generally-speaking, the object is to spend every penny of the current budget so their request for a budget increase can be justified. In other words, and you’ve heard this before, “You don’t use it, you lose it!”

That request happened every year I worked in government in order to justify the request for a ten percent increase in the next fiscal year’s budget. Generally-speaking, year-over-year actual increases turned out to be about five percent. What I also noticed was that during the first three quarters of the year, with one quarter left to go, only 66% (or two thirds) of the budget had been spent when 75% were allocated. Had the department stayed on course at that rate, it would have come in UNDER budget by some 12 percent.

Want to stop runaway government spending? Cut the budget by 12% across the board and don’t provide any increases in spending until income from all sources is 12% greater than expenditures!

 (Here’s the math: 9months is to 12months as 66% is to X. X = 88%. 100% - 88% = 12%)

And while you’re at it, don’t forget to …

****Improvise – Adapt - Overcome. Semper Fi

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