

Congress can easily avoid and eliminate federal debt on which interest accumulates

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Congress gave away \$454,393,280,417.03 of interest on our federal debt during fiscal year 2011 (which ended 30 September 2011). This give-away, of roughly \$1,466 per year for every man, woman, and child, does immense harm to Americans, our children, and our grandchildren.

Congress can easily pass a bill to direct the U. S. Treasury to issue money (or forms of debt on which no interest accumulates) to pay for all goods and services that Congress acquires and to pay down our federal debt by at least \$1 Trillion per year (or \$20 Billion per week). By passing such a bill, Congress would completely avoid new federal debt on which interest accumulates and would eliminate our current federal debt[†] in less than 16 years — whether or not Congress passes balanced budgets!

Congress can, to extents allowed by federal debt contracts, first pay off creditors to whom Congress has given away the highest interest rates. Congress can allow creditors to voluntarily reduce their interest rates in order not to be paid off first.

Money that Congress issues to pay down our federal debt stimulates our economy.

Any delay by Congress to pay down our federal debt results in the accumulation of more interest, increases the amount of money that Congress must issue to pay off our federal debt, and, thereby, weakens the dollar (worsens inflation).

For a debt of \$15 Trillion[†] and an interest rate of 3 percent per year, if only interest payments are made, then (see Table 1) the debt remains at \$15 T forever, the interest payments are \$450 Billion per year, and the total interest paid after 10 years, 20 years, 30 years, 40 years, 50 years, etc. is, respectively, \$4.5 T, \$9 T, \$13.5 T, \$18 T, \$22.5 T, etc..

If principal payments of \$1 Trillion per year are also made, then (see Table 2) the debt is eliminated in 15 years and the total interest paid after 10 years is \$3.15 T and after 15 years is only \$3.6 T. Compared to no principal payments (as in Table 1), the total interest saved after 10 years, 20 years, 30 years, 40 years, 50 years, etc. is, respectively, \$1.35 T, \$5.4 T, \$9.9 T, \$14.4 T, \$18.9 T, etc..

Congress should, as soon as possible, pass a bill to avoid and to gradually, over several years, eliminate federal debt on which interest accumulates. A gradual, several year payment schedule would allow individuals and businesses to better plan for and adapt to the positive, and any short term negative, economic effects of the payments.

Congress never needs to incur federal debt on which interest accumulates. Failure to pass a balanced budget is no excuse for Congress to incur debt on which interest accumulates. Members of Congress, including those who vote for deficit budgets, should consider it to be their duty to issue money to pay for all goods and services acquired instead of to incur federal debt on which interest is given away.

Voters should not re-elect members of Congress who do nothing to avoid and to eliminate federal debt on which interest accumulates.

[†] The Total Public Debt Outstanding is \$15,088,441,787,407.62 (as of 1 December 2011) or, roughly, \$48,672 for every man, woman, and child or \$194,690 per four-person family.

Table 1

Debt	Yearend	Principal Payment	Interest Payment	Total Interest Paid
\$15 T	1	\$0 T	\$0.45 T	\$0.45 T
\$15 T	2	\$0 T	\$0.45 T	\$0.90 T
\$15 T	3	\$0 T	\$0.45 T	\$1.35 T
\$15 T	4	\$0 T	\$0.45 T	\$1.80 T
\$15 T	5	\$0 T	\$0.45 T	\$2.25 T
\$15 T	6	\$0 T	\$0.45 T	\$2.70 T
\$15 T	7	\$0 T	\$0.45 T	\$3.15 T
\$15 T	8	\$0 T	\$0.45 T	\$3.60 T
\$15 T	9	\$0 T	\$0.45 T	\$4.05 T
\$15 T	10	\$0 T	\$0.45 T	\$4.50 T
\$15 T	11	\$0 T	\$0.45 T	\$4.95 T
\$15 T	12	\$0 T	\$0.45 T	\$5.40 T
\$15 T	13	\$0 T	\$0.45 T	\$5.85 T
\$15 T	14	\$0 T	\$0.45 T	\$6.30 T
\$15 T	15	\$0 T	\$0.45 T	\$6.75 T
\$15 T	16	\$0 T	\$0.45 T	\$7.20 T
	⋮			
\$15 T	20	\$0 T	\$0.45 T	\$9.00 T
	⋮			
\$15 T	30	\$0 T	\$0.45 T	\$13.50 T
	⋮			
\$15 T	40	\$0 T	\$0.45 T	\$18.00 T
	⋮			
\$15 T	50	\$0 T	\$0.45 T	\$22.50 T

Table 2

Debt	Yearend	Principal Payment	Interest Payment	Total Interest Paid	Total Interest Saved
\$15 T	1	\$1 T	\$0.45 T	\$0.45 T	\$0.00 T
\$14 T	2	\$1 T	\$0.42 T	\$0.87 T	\$0.03 T
\$13 T	3	\$1 T	\$0.39 T	\$1.26 T	\$0.09 T
\$12 T	4	\$1 T	\$0.36 T	\$1.62 T	\$0.18 T
\$11 T	5	\$1 T	\$0.33 T	\$1.95 T	\$0.30 T
\$10 T	6	\$1 T	\$0.30 T	\$2.25 T	\$0.45 T
\$9 T	7	\$1 T	\$0.27 T	\$2.52 T	\$0.63 T
\$8 T	8	\$1 T	\$0.24 T	\$2.76 T	\$0.84 T
\$7 T	9	\$1 T	\$0.21 T	\$2.97 T	\$1.08 T
\$6 T	10	\$1 T	\$0.18 T	\$3.15 T	\$1.35 T
\$5 T	11	\$1 T	\$0.15 T	\$3.30 T	\$1.65 T
\$4 T	12	\$1 T	\$0.12 T	\$3.42 T	\$1.98 T
\$3 T	13	\$1 T	\$0.09 T	\$3.51 T	\$2.34 T
\$2 T	14	\$1 T	\$0.06 T	\$3.57 T	\$2.73 T
\$1 T	15	\$1 T	\$0.03 T	\$3.60 T	\$3.15 T
\$0 T	16	\$0 T	\$0.00 T	\$3.60 T	\$3.60 T
	⋮				
\$0 T	20	\$0 T	\$0.00 T	\$3.60 T	\$5.40 T
	⋮				
\$0 T	30	\$0 T	\$0.00 T	\$3.60 T	\$9.90 T
	⋮				
\$0 T	40	\$0 T	\$0.00 T	\$3.60 T	\$14.40 T
	⋮				
\$0 T	50	\$0 T	\$0.00 T	\$3.60 T	\$18.90 T