

National Debt Surges to \$7 Trillion

Debt issue could become a political liability for President Bush as he campaigns for reelection.

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WASHINGTON (Reuters) - The federal government's debt -- the accumulation of past budget shortfalls -- totaled more than \$7 trillion for the first time as of Tuesday, according to a Treasury Department report.

In its daily financial statement released Wednesday, the Treasury said that U.S. debt subject to a congressionally set limit totaled \$7.015 trillion, up from \$6.983 trillion Friday. The government was closed Monday for the Presidents Day holiday.

While passing the \$7 trillion mark itself has little practical significance, not unlike a car's odometer rolling over, it may signal some tough political times for President Bush's administration on fiscal policy.

The government debt ceiling stands only a few hundred billion dollars ahead at \$7.384 trillion, and Treasury would need Congress's blessing to borrow beyond that. Treasury officials say they expect the limit to be hit sometime between June and October.

And in this election year, Democrats may also use the \$7 trillion figure to assail Bush's tax policy and the federal deficits on his watch. Budget shortfalls are met by borrowing. In 2003, the federal budget gap was a record \$374.25 billion and a larger one is expected this fiscal year. Bush blames the deficits on a sluggish economy and needed spending on security and defense.

Rep. Baron Hill of Indiana, part of a centrist group of Democrats said, "It is simply immoral to run a national debt exceeding \$7 trillion, every penny of which our children and grandchildren will be responsible for paying back."

A Treasury spokeswoman said there was "no special significance" to the number.

The last time that debt subject to the limit passed a trillion-dollar milestone was on June 28, 2002, according to Treasury records.

To give some idea of the size of the debt, U.S. gross domestic product -- the sum of goods and services produced inside the United States -- totaled about \$11 trillion at the end of 2003, according to the Commerce Department.

The debt includes that held by investors and Treasury securities in trust funds for government programs such as Social Security and Medicare.

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