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There can be different ways of looking at the same situation and, at times, come to a different conclusion. The debt of the U.S. government may be one of these. I came across a different analysis lately and thought some of the items were worth considering. Some readers may be familiar with the debt ceiling debates and commentary on the size of the U.S. debt. The U.S. debt currently stands at $34 trillion. It has risen by approximately $20 trillion in the last 14 years due to the financial crisis, tax cuts, and the pandemic.

Many commentators, the media, and politicians concentrate on the ratio of the debt to gross domestic product (GDP). GDP is the total value produced each year, which is primarily an income measure. GDP is a broad measure of a region's economic activity, measuring the monetary value of all the finished goods and services produced in that region over a specified period of time The total of the U.S. government's debt does exceed annual GDP but this is only one means of measuring the economic health.

Another method is to view the government's debt relative to its assets. Measuring debt against the total national assets paints a different picture. An estimate is that the U.S. government has approximately $200 trillion in assets, which includes land, buildings, natural resources, military assets, as well as financial assets. The government owns about 640 million acres of land, about 28% of the country's total, trillions of dollars, at recent prices, of underlying minerals, and about $1 trillion in buildings and other land. It also holds financial assets that consist of $4 trillion in stocks, bonds, and other financial assets and a little over $500 billion in bullion gold reserves. There is also the matter of estimated 2023 tax revenues of $4 trillion.

Of the approximate $34 trillion in debt, 21% is held by the government in various forms. The government owes itself about $7 trillion. Another 16% is held in form of bonds held by Federal Reserve banks. 40% is held by U.S savers, pensions, financial institutions, and municipalities. That leaves about 23%, or $7.6 trillion held outside of the U.S. Of the total government debt, 3.3% is held in Japan, 2% in the United Kingdom, and 2.3% held in China. China has been reducing it positions in U.S. Treasuries, from about 8% of U.S. total debt decade ago.

This is not a rationale for unlimited fiscal spending. The interest rate on the outstanding debt has been increasing, following the increase in interest rates over the past few years. The interest paid is increasing as a percentage of the annual budget, reducing funds that might be available for more productive uses. With increasing interest rates and strong credit, debt issued by the government can also crowd out demand for private debt by investors, limiting funds available for economic expansion in the private sector.

If we assume that GDP is a simple measure of the country's rate of return and GDP exceeds its borrowing costs (interest and need for debt issuance), the government could reduce its outstanding debt. This is easier said than done as in most years, across most administrations and congressional sessions, the government has spent more than it receives in taxes, resulting in debt issuance to finance deficits. In recent history, these deficits have been significantly larger to meet the needs due to the aftermath of recessions and crises. This may have prevented results that might have been more severe.

Sharing this information is not intended to propose a solution, just a different way of looking at the same problem.