

# Fitch Ratings Downgrades U.S.: “Erosion of Governance, Fiscal Mismanagement” Attributable to Debt and War Spending

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*Fitch Ratings, one of the “Big Three” credit ranking agencies, has downgraded US long-term currency issuer default ratings, on August 1, from AAA to AA+. [According to the agency’s “rating action commentary”](#), this rating downgrade of the country “reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance” that “has manifested in repeated debt limit standoffs and last-minute resolutions.”*

The same commentary further elaborates on “erosion of governance”, adding that, in Fitch’s view, over the last two decades, “there has been a steady deterioration in standards of governance”, including “on fiscal and debt matters.” According to it, “repeated debt-limit political standoffs and last-minute resolutions” have mined trust in “fiscal management”, the US government has no “medium-term fiscal framework”, and “economic shocks” and “tax cuts” as well as “new spending initiatives” have contributed to debt increases.

# Fitch Downgrades the United States' Long-Term Ratings to 'AA+' from 'AAA'; Outlook Stable

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Fitch Ratings - London - 01 Aug 2023: Fitch Ratings has downgraded the United States of America's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'AA+' from 'AAA'. The Rating Watch Negative was removed and a Stable Outlook assigned. The Country Ceiling has been affirmed at 'AAA'.

A full list of rating actions is at the end of this rating action commentary.

Moreover, “there has been only limited progress in tackling medium-term challenges related to rising social security and Medicare costs due to an aging population.” The agency projects the US economy to be pushed into “a mild recession”, with tighter credit conditions, weakening business investment, and a slowdown in consumption.”

The aforementioned commentary does not mention Ukraine, but Washington’s [proxy attrition war](#) there certainly is one of the major debt-generating “new spending initiatives” generally mentioned. Writing for the Council on Foreign Relations, Jonathan Masters (its deputy managing editor) and Will Merrow (a CFR associate director) show in charts just how much the US has sent to Ukraine. They quote the [Kiel Institute for the World Economy](#) on the fact that, since the current conflict in Ukraine began, Washington has directed over \$75 billion to Kiev, in military, financial and humanitarian support.

Since 2022, a number of Western voices have in fact been calling for “a new Marshall plan for Ukraine”. Heather Conley, president of the German Marshall Fund of the US, for one, has [proposed](#) the Marshall Plan, the 1948 US initiative to provide foreign aid to Europe after the war, be replicated in the Eastern European country – and such projects have been discussed in public talks with the [Open Society Foundations](#).

Few people know that Washington in fact [spent more on Afghanistan than on the Marshall Plan](#) – and [to little avail](#). Quoting Akhilesh Pillalamarri’s 2014 [article](#) for The Diplomat, “according to the U.S. Special Inspector General for Afghanistan Reconstruction (SIGAR), congressional appropriations for reconstruction in Afghanistan have reached \$109 billion in today’s dollars. On the other hand, the Marshall Plan delivered \$103 billion in today’s dollars to 16 European countries between 1948 and 1952.”

While figures in the Western Establishment call for a Ukrainian Marshall Plan and US Senate Democrats [block an initiative that would increase oversight](#) over the billions Washington sends to Kiev (amid [corruption concerns](#)), the lessons of Afghanistan are being ignored.

Jeffrey D. Sachs (University Professor and Director of the Center for Sustainable Development at Columbia University), in his May [article](#), stressed that **the American “addiction to war and military spending” is the main reason why, by 2022, US government debt was \$24 trillion, equal to 95% of GDP.**

American fiscal decline and its huge war-fueled debt is yet another piece of the puzzle; it is part of a larger societal and civilizational crisis. I have [written](#) on how the US “all-volunteer force” (AVF) now faces a major crisis, its high costs being one of the main factors that make the US military small – since 911, military pay and benefits have escalated. But there is also a recruiting crisis, with [only 23%](#) of young Americans (aged 17-24) being “eligible for military service without a waiver” and with most ineligible youth being disqualified “for multiple reasons”, which include being overweight, having poor medical health, and drug abuse. All of these reasons are related to structural and social problems: to name just a few issues, Americans today face its worst drug crisis ever (the [opioid epidemics](#)) meanwhile the world’s richest nation’s healthcare system is [collapsing](#), with overcrowded and understaffed facilities, hospitals closing down, and lack of basic items such as ICU beds. In addition, there is a mental health crisis, with 40% of parents reporting their children have issues such as depression or anxiety.

There is a perverse logic here – a vicious cycle: given all the aforementioned domestic issues and crises, the fact that most youth do not qualify for service or do you want it ([only 9 percent](#) of young US citizens today seriously consider military service) is hardly surprising – this being so, bringing back the draftee would simply not solve the recruiting issues, not to mention that the political cost would be huge. This is one of the reasons why the [overburdened](#) US increasingly needs to fight proxy wars – as it does in Ukraine. This in turn increases spending, and debt, while the US own population faces the deterioration of health and so many other social problems.

Rod Dreher, an American Conservative senior editor, and the author of three New York Times bestsellers [wrote](#) in August 2022 that Westerns were being ruled by “a clique of Neros”. In July AD 65, the Great fire of Rome destroyed 70% of the city, and Emperor Nero blamed Christians for it, which initiated a campaign of persecution.

Rumor had it that Nero himself had started the fire and this became a very popular myth, albeit without historical evidence. Although the accusation against Nero in all likelihood is historically false, the image of a ruler, mad with power, celebrating while his own reign burns conveys a powerful image. The debt crisis, for one thing, was one of the key reasons for the decline of the Roman empire. Amid today’s crises and Western triumphalist war rhetoric (and lack of diplomacy), Dreher’s description of a Nero-elite is increasingly convincing.

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