

# The Causes of the US Government's Spiraling Public Debt: The Bailouts and the War Economy

By [Prof Michel Chossudovsky](#)  
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*Interview conducted in September 2009* pertaining to the Bush and Obama bailouts and their impacts on the public debt.

Two categories of expenditures, namely the bailouts and defense expenditure “eat up” almost the totality of federal government revenue.

The recipients of the bailouts are the creditors of the State. In essence, the federal government is financing its own indebtedness through the bailouts.

Tax revenues are channeled to the financial institutions and the war economy. All other categories of expenditure including health, education, economic and social infrastructure are financed by increases in the public debt.

The September 2013 “shutdown” of the government is the direct consequence of a process of fiscal collapse initiated in the wake of the 2008 financial meltdown at the very outset of Obama’s first term.

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Michel Chossudovsky and Andrew Gavin Marshall, Editors

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Michel Chossudovsky is an award-winning author, Professor of Economics (emeritus) at the University of Ottawa, Founder and Director of the Centre for Research on Globalization (CRG), Montreal, Editor of Global Research. He has undertaken field research in Latin America, Asia, the Middle East, sub-Saharan Africa and the Pacific and has written extensively on the economies of developing countries with a focus on poverty and social inequality. He has also undertaken research in Health Economics (UN Economic Commission for Latin America and the Caribbean (ECLAC), UNFPA, CIDA, WHO, Government of Venezuela, John Hopkins International Journal of Health Services (1979, 1983) He is the author of 13 books including The Globalization of Poverty and The New World Order (2003), America's "War on Terrorism" (2005), The Globalization of War, America's Long War against Humanity (2015). He is a contributor to the Encyclopaedia Britannica. His writings have been published in more than twenty languages. In 2014, he was awarded the Gold Medal for Merit of the Republic of Serbia for his writings on NATO's war of aggression against Yugoslavia. He can be reached at [crgeditor@yahoo.com](mailto:crgeditor@yahoo.com)

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