

# AUDIO “America’s Fiscal Collapse - Obama’s Budget Will Impoverish America”

Radio Interview with Michel Chossudovsky

By [Bonnie Faulkner](#)

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“America’s Fiscal Collapse - Obama’s Budget Will Impoverish America”  
with economist and author, Michel Chossudovsky

Guns and Butter, KPFA

The administration’s 2010 budget will entail the most drastic curtailment in public spending in American history, leading to social havoc and the potential impoverishment of millions of people. Defense spending and bank bailouts will consume all government revenue resulting in fiscal collapse that will lead to the privatization of the state.

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To consult Michel Chossudovsky detailed article on the process of fiscal collapse, click below:

[America’s Fiscal Collapse](#)

- by Michel Chossudovsky - 2009-03-02

Excerpt

At first sight, the budget proposal has all the appearances of an expansionary program, a demand oriented “Second New Deal” geared towards creating employment, rebuilding shattered social programs and reviving the real economy.

The realities are otherwise. Obama’s promise is based on a mammoth austerity program. The entire fiscal structure is shattered, turned upside down.

To reach these stated objectives, a significant hike in public spending on social programs (health, education, housing, social security) would be required as well as the implementation of a large scale public investment program. Major shifts in the composition of public expenditure would also be required: i.e. a move out of a war economy, requiring a movement out of military related spending in favour of civilian programs.

In actuality, what we are dealing with is **the most drastic curtailment in public spending in American history**, leading to social havoc and the potential impoverishment of millions of people.

The Obama promise largely serves the interests of Wall Street, the defence contractors and the oil conglomerates. In turn, the Bush-Obama bank “bailouts” are leading America into a spiralling public debt crisis. The economic and social dislocations are potentially devastating.

Obama’s budget submitted to Congress on February 26, 2009 envisages outlays for the 2010 fiscal year (commencing October 1st 2009) of \$3.94 trillion, an increase of 32 percent. Total government revenues for the 2010 fiscal year, according to preliminary estimates by the Bureau of Budget, are of the order of \$2.381 trillion.

The predicted budget deficit (according to the president’s speech) is of the order of \$1.75 trillion, almost 12 percent of the U.S. Gross Domestic Product.

### **War and Wall Street**

This is a “War Budget”. **The austerity measures hit all major federal spending programs with the exception of: 1. Defence and the Middle East War: 2. the Wall Street bank bailout, 3. Interest payments on a staggering public debt.**

The budget diverts tax revenues into financing the war. It legitimizes the fraudulent transfers of tax dollars to the financial elites under the “bank bailouts”.

The pattern of deficit spending is not expansionary. We are not dealing with a Keynesian style deficit, which stimulates investment and consumer demand, leading to an expansion of production and employment.

### [America’s Fiscal Collapse](#)

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meltdown of financial markets, the demise of State social programs and the devastation resulting from corporate downsizing and trade liberalisation.

[Michel Chossudovsky](#) is Professor of Economics at the University of Ottawa and Director of the Centre for Research on Globalization (CRG), which hosts the critically acclaimed website [www.globalresearch.ca](http://www.globalresearch.ca). He is a contributor to the Encyclopedia Britannica. His writings have been translated into more than 20 languages.

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