

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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