

The U.S. Federal Budget Pipeline: Where Do The Dollars Drain?

By [Emily Spence](#)

Global Research, June 24, 2009
24 June 2009

Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

In order to raise sales and personal royalty gains, Alan Greenspan, just prior to the release of his book *The Age of Turbulence*, carried out a public relations blitz dragged out for a whole week in which he made remarks similar to those conveyed in his hardback. These included statements such as “I am saddened that it is politically inconvenient to acknowledge what everyone knows: the Iraq war is largely about oil.”

Indeed, many Americans and people from other countries knew that domination of a region rich in fossil fuels represented the primary motive for the Iraq incursion and the only reason that Iran is not similarly assaulted is that it has an arsenal, unlike Saddam Hussein, capable of rendering serious damage in retaliation. Besides, the U.S. military is stretched too thin as it is with approximately 1,000 bases worldwide, along with operations occurring on every continent, such as the AFRICOM sorties, which are generally tied to oil company interests as the map at the first reference shows. [1]

Furthermore, plans to invade Iraq were long in the making, but the problem was finding the grounds, legal or otherwise, to obtain the support of the public for such an outrageous act of violence, which to date has led to the displacement of millions of Iraqis and the slaughter of more than one million individuals, including over 4,300 U.S. troops. In tandem, George W. Bush and Tony Blair knew that the UN inspectors would not find Iraqi weapons of mass destruction and were hard pressed to find a reason that could justify the war. So the U.S. President came up with alternatives:

“Bush told Blair the US had drawn up a provocative plan ‘to fly U2 reconnaissance aircraft painted in UN colours over Iraq with fighter cover’. Bush said that if Saddam fired at the planes this would put the Iraqi leader in breach of UN resolutions. “The president expressed hopes that an Iraqi defector would be ‘brought out’ to give a public presentation on Saddam’s WMD or that someone might assassinate the Iraqi leader. However, Bush confirmed [in a memo written approximately two months prior to America’s preemptive attack on Iraq that] even without a second [United Nations] resolution, the US was prepared for military action. The memo said Blair told Bush he was ‘solidly with the president.’” [2]

This in mind, it behooves the public, particularly the American public, to realize that U.S. armed invasions and covert operations, in general, have little to do with protecting Americans from global terrorists and more to do with getting fossil fuels on behalf of the Pentagon and favored companies, whose heads contribute to government officials’ campaign funds and offer other perks like high paying jobs upon the completion of terms in

office. As such, it would be more accurate were the directors of the Department of Defense to change its name to the Department of Assault. Doing so would, certainly, better reflect the United States history that has been well chronicled by Bill Blum, who indicates, "From 1945 to the end of the century, the United States attempted to overthrow more than 40 foreign governments, and to crush more than 30 populist-nationalist movements struggling against intolerable regimes. In the process, the US caused the end of life for several million people, and condemned many millions more to a life of agony and despair." [3]

He, further, reminds that there existed a total of 168 separate invasions of countries around the world by the United States. This information was derived from the revision to the 1969 rendition of the Appendix to a report researched by the Foreign Affairs Division, Congressional Research Service, Library of Congress, US Government Printing Office, Washington, DC, 1975 and listed as "Instances of Use of United States Armed Forces Abroad, 1798-1945. [4]

Meanwhile, Alan Greenspan summarized, in talks and *The Age of Turbulence* his displeasure with the Bush administration. "My biggest frustration remained the president's unwillingness to wield his veto against out-of-control spending," Greenspan indicated. "Not exercising the veto power became a hallmark of the Bush presidency... To my mind, Bush's collaborate-don't-confront approach was a major mistake."

It, certainly, was and, in the Obama administration, it still is a major mistake compounded by other factors. These include the bailout funds committed as of December 2008 in the amount of \$8.5 trillion, which represents 60% of the GDP [5] and the \$1,449 billion, 54% of the federal budget, allocated for military expenditures in 2009. (This is in contrast to \$1,210 billion, which represents 46% of the \$2,650 billion total intended for the 2009 federal outlay, which is largely comprised of money borrowed from Chinese government controlled institutions). [6]

Out of such a reckless and cavalier setting, the total federal debt, itself, has blossomed to around \$100 trillion [7], according to some researchers, based on the ongoing pattern of spending loaned funds and expecting future taxpayers to foot the ultimate bill in a ponzy-like scheme, one that makes the USA inarguably the world's biggest debtor. (While Barack Obama seems to consider spiraling healthcare costs as the primary driver of the public deficit, surely he jests. Based on the tabulations above, it is clear that warfare and preparedness for extended wars is the largest cost that taxpayers subsume.)

Simultaneously, the IMF and WB directors, in a way, must be beside themselves with glee over the mounting shortfall. Like the personification of Bernie Madoff, Simon Legree and Uncle Scrooge all rolled into one, they draw together in a perfect vision of eager anticipation over the financial killing yet to come.

As Vi Ransel explains about them in two sections of "Manufacturing Poor People": "The World Bank loans money to a poor country to "help" in its development, to build up a part of its economy. "If", and almost certainly when (that's The Plan) the poor country is unable to pay the usurious interest on the loan because of declining exports (again, The Plan), the country has to borrow more money in order to service the debt. Enter the [International Monetary Fund].

"The IMF extends more loans, with more of those stainless steel strings more

tightly bound around the victim, er, I mean, loan recipient, trussing up the “benefiting” poor nation like a Thanksgiving turkey about to be devoured by the West, The Rich. The country which borrows money... must give tax breaks to Western transnationals. The country must slash wages and refuse to protect local businesses from being ravaged by cheap imports and corporate takeovers.

“The country is further strong-armed to sell, at fire sale prices, all its government-owned mines, its railroads, industries and utilities to privately-owned, mostly-foreign corporations. The country must allow its forests to be clearcut and its land to be strip-mined. Money for education, healthcare, food assistance and the transportation infrastructure must be sheared back to service the debt. And the interest on the debt, through the wondrously magical Western miracle of compound interest, keeps growing and growing and growing and growing and on and on and on and on... And all the while, the people of the country are less able to feed themselves, since they are forced to grow cash crops for export to feed that debt service.

“Well, U.S. transnationals didn’t intend to ever let that happen again. There would be no more giving a real leg up to potential competitors. And thus we arrived at where we are today. And, in fact, the ruse works so well, that since the Seventies the plutocracy has been using the very same template here at home, – with an increasingly heavy hand. See U.S. auto workers, healthcare, the bank bailout, foreclosed homes, 600,00 jobs a month jettisoned, the murder of California, et al. Who, or what, will be next?” [8]

Will it be the entire USA? Perhaps it will be in that the public finances in America are, currently, arranged along this line:

In Fiscal Year 2008, \$412 Billion was spent to pay back interest on money owed to holders of the National Debt. It represents the third biggest federal expense and the full amount owed in 2009, due to continued borrowing, will be, in all likelihood, higher as it equaled \$214 Billion by May. Furthermore, educational spending in 2008 received a mere 4.4 percent of the budget while the accumulated estimated total for the interest owed on the National Debt is estimated to be \$445,095,000,000, although the sum will, obviously, increase as more money is borrowed. [9]

Meanwhile, the current monthly aggregate for the 2009 interest owed is roughly \$42.8 billion per month while monthly federal outlay is approximately \$220.8 billion per month with this interest paid back each month representing slightly more than 5.1 % of each tax dollar spent or, posed another way, over nineteen cents for each one expended while the budget deficit, itself, entails loans close to fifty cents on each dollar paid out with an increase in borrowing by \$87 billion to \$1.3 trillion expected in 2010 according to a White House spokesperson. [10]

In addition, there will, ultimately, be less tax dollars to collect in that presently, America is hemorrhaging jobs at one every thirty seconds according to some analysts. So why not spend money to bail out the families living in their cars and under tarps in tent cities by providing employment and income through a widespread Works Progress Administration (WPA) and extended Civilian Conservation Corps (CCC) programs as occurred during the Great Depression?

Wouldn’t such a plan go further than bailouts to financial institutions and the ever present resource wars as a way to jumpstart the American economy, as well as US taxpayers who

are watching 73 % of every tax dollar going to military expenditures (54%) and interest payments (19+ %)? (It forces one to wonder from where funds are going to derive for universal public health care, future Social Security payments, Medicare, Medicaid, public education and assorted other programs, such sustainable benign energy provision on a model close to energy independent Denmark's enviable prototype as described by Thomas L. Friedman in "Flush With Energy". [11]

Then again, the Pentagon directors probably have concluded that they need their resource wars in that the U.S. military is the single biggest user of oil in the world and it takes lots of oil to get the further oil supplied to American favored oil companies so that it can be returned in large measure and at high expense to the armed forces. In other words, it requires the type of assurance for a continued oil supply that only beaten down countries and puppet governments can render.

On account, open combat and covert operations will be the favored means to obtain fossil fuels. On account, the military will continue to drain away the majority of the U.S. federal budget while the US covert operations budget, by itself, will surpass a staggering \$50 billion for 2009.

"‘That’s the largest-ever sum,’ according to Aviation Week’s Bill Sweetman, a longtime black-budget seer — a three percent increase over last year’s total. It makes the Pentagon’s secret operations, including the intelligence budgets nested inside, ‘roughly equal in magnitude to the entire defense budgets of the UK, France or Japan,’ Sweetman adds. All in all, about seven and a half percent of the Defense Department’s total spending is now classified.” [12]

All in all, the ongoing U.S. financial mess provides signs that, while China’s rising, the USA will never gain back its former glory days that gave rise to both world dominance and a large middle class. As the country continues to lose jobs at the rate of approximately one every thirty seconds to either offshore company sites or business cutbacks, it has nowhere else to go except to sink down into increased hardship, as well as some degree of destitution, for an increasing number of Americans and the nation as a whole.

The unending act of misappropriating a land’s collective assets year after year has a way of ensuring this final result. As Ethel Grodzins Romm alleges, “What could our worst enemy do to damage this strong and beautiful country? He could do no better than to get us to squander our human and natural resources on dubious missions and then trick us into plugging our ears against the howls of those who object.”

Notes

[1] Major Oil Corporation and U.S. Military Activities in Africa (<http://therearenosunglasses.wordpress.com/2009/06/22/major-oil-corporation-and-u-s-military-activities-in-africa/>).

[2] Confidential memo reveals US plan to provoke an invasion of Iraq (<http://www.guardian.co.uk/politics/2009/jun/21/iraq-inquiry-tony-blair-bush>).

[3] The question of oil: U.S. corporate interests in control of ... (<http://www.representativepress.org/Oil.html>).

[4] APPENDIX II from 'KILLING HOPE' by William Blum (http://www.worldproutassembly.org/archives/2008/07/appendix_ii_fro.html).

[5] Cost Of Bailout Hits \$8.5 Trillion-Total sum represents 60 per ... (<http://investment-blog.net/cost-of-bailout-hits-85-trillion-total-sum-represents-60-per-cent-of-gdp/>).

[6] The Federal Pie Chart (<http://www.warresisters.org/pages/piechart.htm>).

[7] The Real US Federal Debt Has Ballooned to More than \$100 ... (<http://www.ibtimes.com/articles/20090527/real-us-federal-debt-has-ballooned-more-than-100-trillion.htm>).

[8] Manufacturing Poor People (<http://thomaspainescorner.wordpress.com/2009/06/19/manufacturing-poor-people/>).

[9] Tax Chart 2009 Notes & Sources (http://www.nationalpriorities.org/taxday2009/notes_and_sources).

[10] US to borrow 46 cents for every dollar spent (<http://www.freerepublic.com/focus/news/2248835/posts>).

[11] Op-Ed Columnist - Flush With Energy - Op-Ed - NYTimes.com (<http://www.nytimes.com/2008/08/10/opinion/10friedman1.html>).

[12] Pentagon's Black Budget Grows to More Than \$50 Billion ... (<http://www.wired.com/dangerroom/2009/05/pentagons-black-budget-grows-to-more-than-50-billion/>).

Emily Spence is an author living in Massachusetts. She has spent many years involved in human rights, environmental and social services efforts.

The original source of this article is Global Research
Copyright © [Emily Spence](#), Global Research, 2009

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Emily Spence](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those

who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca