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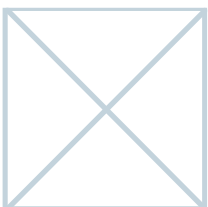
***Dissonant Rhetorics
about the Causes of
the US Debt***

**Underlying Cultural and
Economic Factors**

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Sous la direction de M. John Cassini

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Foreword

Please note that I have not checked every single figure I mentioned in this paper. My objective was to trace what was being said about the debt, and not to do the economist's work of finding out the real truth about it. However, the figures quoted all come from published books or national websites and can therefore be taken as reliable.

Introduction

For centuries, when you got into debt, whether you were a person, a firm or a state, the situation was simple : you had to get out of it as quickly as possible. During wartime, most states contracted debt but all gradually paid them back. Since the twentieth century, the US debt has been soaring continuously (see Annexe 1) but Howard Zinn's *Twentieth Century America*, which covers the major American events, never mentions this as a source of worry. The age-old American clubs (Annexe 1) were concerned with alcoholism, gun ownership, racism, women, but none of them focused on the debt until the beginning of the 21st century. Today groups focusing on the topic are countless (Annexe 2), the issue has become unavoidable and the media mention it everyday. In the fall of 2013, a government shut-down of several days was caused by Congress refusing to vote the budget, as it meant raising the \$16.699 trillion debt ceiling, that is to say the limit of debt the USA were supposed not to go over.

The USA is the wealthiest country in the world, their currency is used to trade oil around the world, which grants it unprecedented power and enables the US to print its own money as it wishes, yet it is confronted to that growing debt problem, which is presented in the media as a catastrophe and as necessarily forcing ensuing budget cuts. We could expect the abundance of speeches and communications on the topic to be geared towards finding

solutions and to aim at reaching a consensus over what to do, if anything has to be done, at least. Nevertheless the debt goes on increasing. In 1940, it stood at \$50,696 billion. From 1950 to 1974, it increased by \$5 to 20 billion dollars every year, then by \$50 to \$90 billion. From 1980 to 2008, it went up by \$100 to \$400 billion and since the crisis, it has been rising by up to \$2 trillion in 2010 down to \$800 billion in 2013¹. The debt has now reached \$17 trillion².

Why has everybody waited so long to do anything about it?

It is true that if we correlate the debt to inflation, and read the figures expressed for the deficit in constant dollars, we can see that the debt was stable from 1950 to 1980, at about \$2 trillion³. The debt can be said to be roughly equivalent to the sum of those deficits⁴. Those were never denounced as a problem in the past because for prices not to go down, it is necessary to inject money into the market proportionally to the amount of goods produced. The yearly deficits can be seen as the equivalent of the amount of wealth that was created each year in the USA. This part of the debt is not owed to anyone since it corresponds to money that was printed to finance governmental services, in such a way that all this money was finally redistributed to all Americans. Part of the US debt is therefore not a debt but money creation for the purpose of ensuring price stability. However since 1982 the ratio between the debt and the GDP has stopped being the same⁵, which means that regular deficits between the amounts of money that came into the US treasury and those that went out have been disproportionate. More deficit should mean more services to American citizens, but schools, hospitals and social services all claim that they have less and less money. Thus forty-six states have imposed “cuts that hurt vulnerable residents” since the crisis⁶. The money collected by the Treasury comes from taxes, but, except as regards G. W. Bush's tax cuts over the wealthiest at the beginning of the 21st century, the tax rates have been

1 Table 7.1—FEDERAL DEBT AT THE END OF YEAR: 1940-2018.

www.whitehouse.gov. Retrieved May 1, 2014.

2 Abc news. Retrieved April 1, 2014. <http://abcnews.go.com/Business/wireStory/figures-government-spending-debt-19820145>

3 Table 7.1—FEDERAL DEBT AT THE END OF YEAR: 1940-2018. p 147.

www.whitehouse.gov. Retrieved May 1, 2014.

Please note that this governmental chart does not specify a major indication: we do not know if the figures given are in constant or current dollars. In the former case, the debt was not of \$2 trillion, but of \$200 billion. The economists I asked how to understand those figures disagreed on the point. The logic of the paragraph is not altered even if the figure is wrong, however.

4 Graphic .Congressional Budget Office. December 12, 2011. Retrieved May 1, 2014.

<http://www.cbo.gov/sites/default/files/cbofiles/attachments/budgetinfographic.pdf>

5 Table 10.1—GROSS DOMESTIC PRODUCT AND DEFLATORS USED IN THE HISTORICAL TABLES: 1940–2018.

www.whitehouse.gov. Retrieved May 1, 2014.

6 Sylvia A. Allegretto, Ken Jacobs and Laurel Lucia. *The Wrong Target: Public Sector Unions and State Budget Deficits*. POLICY BRIEF, October 2011. Retrieved April 16, 2014. Center on Wage and Employment Dynamics. Institute for Research on Labor and Employment. University of California, Berkeley. http://www.irle.berkeley.edu/research/state_budget_deficits_oct2011.pdf

irregular but always taking a larger proportion of the state revenue⁷. Obviously as the economy slackens and companies outsource or go bankrupt, less money comes in. However US companies are not doing badly: "It's true that American corporations are fabulously profitable today. According to the Department of Commerce, profit margins at U.S. companies in 2013 were regularly hitting levels of 9.3 percentage points -- more than 57 percent higher than average over the past 60 years."⁸. Even if some companies have outsourced or gone bankrupt, it would seem that overall the industry should still be bringing in more money.

As the film, *IOUSA*, recalls, the overall US debt is not limited to the sum of governmental deficits. The balance of payments between foreign countries and the US also intervenes: the fewer goods the US exports and the more it imports, the more indebted it is. Corporate and household debts are other components of the debt. "Today, non-financial companies have stacked up a staggering \$4.8 trillion worth of debt "⁹. Total household debt peaked in 2008, at \$12.7 trillion¹⁰. The debt of the financial sector is estimated at \$3.5 trillion¹¹. \$17 trillion plus \$4.8 trillion plus \$12.7 trillion plus \$3.5 makes \$38 trillion, so even if we said that some of the seventeen trillion dollars debt only corresponded to money creation, there is still a lot of money owed. The local debt of states is also part of the total US debt but is hardly ever mentioned as it has been stable since the 50s at about 10% of the GNP, while federal debt soared to 110%, bringing the whole to 120%¹².

When speaking about the debt, figures are constantly quoted, all so high that the general public seem not to be able to figure out the problem according to demonocracy.info, whose video aims at helping viewers materialize how much money is really involved¹³. The variety of figures given is also a disconcerting factor specifically as they sometimes seem to contradict each other. The words debt and deficit are often used one for the other.

7 *Corporate Income Tax: Effective Tax Rates Can Differ Significantly from the Statutory Rate*. GAO report number GAO-13-520. July 1, 2013. Retrieved April 16, 2014. <http://www.gao.gov/assets/660/655679.txt>

8 Rich Smith .*Why Are U.S. Corporations Still Hoarding \$1.5 Trillion in Cash?* DailyFinance Jan 16, 2014. Retrieved April 16, 2014. <http://www.dailyfinance.com/on/corporations-cash-hoard-trillion-profits/>

9 Ibid.

10 Shaila Dewan. *An Ambiguous Omen, U.S. Household Debt Begins to Rise Again*. The New-York Times. Economy. FEB. 18, 2014. Retrieved May 1, 2014. http://www.nytimes.com/2014/02/19/business/economy/an-ambiguous-omen-us-household-debt-begins-to-rise-again.html?_r=0

11 Series Title: Financial business; credit market instruments; liability; Millions of Dollars; Quarterly Economagic.com: Economic Time Series Page <http://www.economagic.com/frbz1.htm#F.1>

12 *US Federal State Local Debt As Percent Of GDP*. Usgovernmentspending.com. Retrieved April 23, 2014. http://www.usgovernmentspending.com/federal_state_local_debt_chart.html

13 *Demonocracy. economic infographics*. Retrieved April 25, 2014. <http://demonocracy.info>. The film can also be seen on YouTube at <http://www.youtube.com/user/Demonocracyinfo?feature=watch>

Calculations also vary. Thus in his press conference of October 11, 2006 G.W. Bush claimed he had cut the federal deficit by half, while Stephen Stoft explained in his famous website zFacts that the total deficit had hardly decreased at all¹⁴. What had happened according to him is that Bush only took into account the money borrowed from the public, not that borrowed from Social Security¹⁵. Such disagreements on facts and figures are countless, since the debt can be considered in constant dollars, or as non-adjusted to inflation, or as a percentage of GDP. In this latter case, GDP has to be taken as a reliable means of assessing a country's wealth, an issue that has long been debated, to the point that conservative Nicolas Sarkozy himself, at the beginning of his presidency, considered using another indicator. One thing is certain, debt is presented as something huge and to be feared and the undertones of journalists do not fail to be gloomy as they deal with the topic. How can rational experts have let the situation go so bad, then, without taking action, since the 80s, when the deficits were growing bigger? There was no crisis then and little competition from Asia as compared to now. Did the experts really think the economy would never contract? The long lasting passivity of decision-makers cannot but seem paradoxical, as today most claim that there is a problem.

Most developed countries are facing big cumulative debts too, and hopefully understanding the mechanics of the US process will shed light on the whole international situation. My naivety as a non-specialist on economic matters will, I hope, make it easier to question evidences that experts take for granted, and thus provide a broad, simplified overlook on this complex issue that is usually dealt with in a fragmented way. As it seems to be a matter of international concern, everybody should be able to find enough simple, valid information to make sense of it all in the main media, the internet included, therefore I will exclude references to all specialised documents from this study.

It is well-known fact that figures are not easy to interpret and they may actually not be so important in themselves. Besides, the beliefs about the consequences of the debt may vary according to one's ideology. However, surely, the origins of the debt are real, solid facts that cannot be questioned and it seems that everybody should agree on them. However when we look carefully at all the information given in the media, we find out that, surprisingly, even the causes to the debt are not clearly and exhaustively identified and that they give rise to contradictory information. This fragmentation and lack of coherence can be seen as the contingent outcome of the social and cultural realities of the USA today and as being inherent in them. The lack of communication on

14 *Did Bush "cut the deficit in half"?* zFacts. Stephen Stoft. Retrieved April 25, 2014.<http://zfacts.com/p/519.html>

15 Ibid.

certain topics, or the over-emphasis of others, on some parts of the establishment, may also turn out to be due to political or economic interests.

1 Dissent over the causes of the debt

We can be struck that the causes given for the debt vary considerably according to whom you listen, with leitmotives corresponding to political preferences. Ironically, as we will see, the most outspoken about the debt are not necessarily those who have done the most against it.

I will not attempt to make sure that the opinions I quote in this part are fully credible. My purpose is not to list the causes for the debt but to list the causes that are given for it. When they clearly do not sound completely plausible, I will confront them with facts or with opposing points of view.

I have listed the various causes given, according to the frequency with which they seem to be mentioned in mainstream media. When it is possible to assess the amount of debt they actually correspond to, it is interesting to remark that their coverage in the news is not necessarily proportional to it.

I have focused mostly on documents that seemed to be coming from the establishment or from associations whose names would be known to a basically well-educated American or, as an alternative, when I was not sure, whose Facebook popularity would be over 30,000 likes. I retained all media, including the internet since today most people looking for information about the debt would browse in search of answers instead of delving into books or magazines. My objective was to find out what was **actually** being stated, whether it was subject to controversy or not.

The most frequent cause given for the debt in the media by politicians themselves is that their counterparts have been lacking insight or judgement.

1.1. Bad political choices increase the debt

1.1.1. The Democrats are guilty according to the Republicans

Under Obama's administration, the Republicans have repeatedly accused the Democrats of causing the debt. Numerous extracts from TV programmes illustrate this. For example, in a CBN¹⁶ interview House Budget Committee Chairman Paul Ryan criticizes Obama harshly¹⁷. For him, the President likes “to distort”, “he is

¹⁶ Christian Broadcasting Network

¹⁷ *Rep. Paul Ryan's Budget Problem*. Retrieved April 2014. <http://www.cbn.com/tv/1561202809001> (no date available)

demagogic". The isotopy of fear is very present all through his speech, to qualify what will happen if Obama is allowed to have his own way: "we need to get out of this problem before it gets out of our control", "it will be too late", "we're going to have severe disruptions in people's lives", "those become unsustainable". He incriminates Medicare, of course, and explains that Christian charities are enough to help people get out of misery, without making them dependant.

In a similar way, on the 28 of November 2011 GOP presidential candidate Jon Huntsman explained that Obama should not be re-elected or else the USA would have a debt to GDP rate of 170% as in Greece, and enter a decade of recession as Japan. Interestingly, Japan has been led by the LDP, a Conservative party, since 1955, but Huntsman does not remind the viewers of that fact.¹⁸

Besides, according to a video available on the online CGP Grey channel¹⁹, viewed by millions, the debt cannot be held as a presidential responsibility. According to Grey, the president votes the budget but it can be increased by Congressmen as they wish. Then they can point to the president and say he is responsible for spending too much. The narrative voice, aimed at an average educated viewer, suggests that it is all a political game. Here is an excerpt of the script of the video:

"Congress has the jobs of setting the tax level and determining how much the government will spend by writing a budget. So while the president does get to submit budgets to congress, and asks for changes in the tax level, these are just requests that congress doesn't have to pay attention to. [...] almost always, Congress puts more stuff in the budget than they cover with taxes which means the president must borrow money to cover the difference. In most countries, the story ends here because if their legislatures approved more spending than they have income, they've also implicitly approved the necessary borrowing -- but not in America. Here Congress also limits the total amount of debt the United States can have. [...] As the total amount borrowed gets closer to the limit, Congress usually points to the president and acts shocked, shocked that his reckless spending has brought us so close to the debt limit that they, reasonable, prudent Congress have set. And while it's technically correct that the president has borrowed this money, congress has forced him to do it, by approving a budget that the president is legally obligated to spend without also approving the necessary taxes to cover that spending. So... if not raising the debt ceiling is potentially disastrous and the solution is simple and always taken in the end: why does this debate last months? Because: politics."

18 Huntsman: U.S. debt, trust in trouble. CNN. November 28, 2011. Retrieved April 8, 2014.

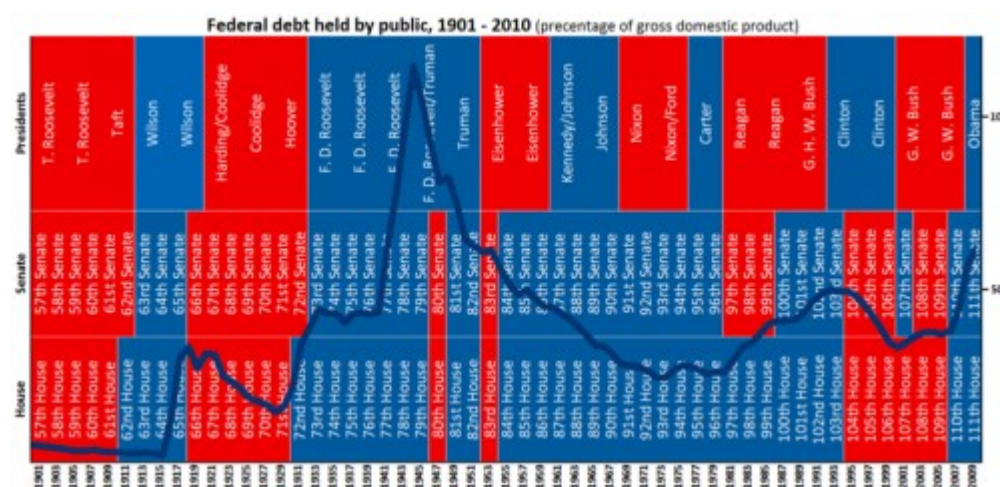
<http://edition.cnn.com/video/?/video/politics/2011/11/28/bts-huntsman-debt-trust.cnn>

19 *The Debt Limit Explained*. Jan 21, 2013. Retrieved April 8, 2014. CGP Grey channel

<http://www.cgpgrey.com/blog/the-debt-limit-explained>

As it is the case for many of the videos meant to be educational and found on the internet about the US debt and economy, this site does not make it clear who is responsible for the research and writing and no sources are quoted. However over 2.8 million people have watched CGP Grey Channel.

If the President seems to be exonerated as the instigator of the debt, a graph, issued by the CBO²⁰ and taken up again on other websites, such as Wikipedia and The Great Recession Blog²¹, still shows that the part of the debt held by the public, has decreased under each Republican president and increased under the Democrats. At least, these are the comments made on both of the pages quoted above. If we have a closer look at the graph however, we see that the commentary is unfair, since the debt has also decreased under Democrat governments, such as Truman's or Kennedy's.



The Federal Debt Held by the Public by U.S. Presidents and party control of Senate and House, 1901 to 2010. Congressional Budget Office.

To push the analysis a little further, however, we need to understand what debt is dealt with in this document. The US debt is held both by government, on the one hand, and by public accounts, on the other, that is to say by international investors (who hold 48% of it), by domestic private investors, by the Federal Reserve, and by state and local governments. When the amount of debt held by the public decreases, it does not mean that the debt decreases altogether, to the contrary of what the analysts of the graph suggest in the website. If the amount held by trust funds increases (i.e. the amount of the debt held by government accounts) then the overall figure for the debt can still stay the same.

20 "Federal Debt and the Risk of a Fiscal Crisis", graph entitled: *The Federal Debt Held by the Public by U.S. Presidents and party control of Senate and House, 1901 to 2010*. Congressional Budget Office. Economic and Budget Issue Brief, July 27 2010. Retrieved December 5, 2013. http://www.cbo.gov/ftpdocs/116xx/doc11659/07-27_Debt_FiscalCrisis_Brief.pdf

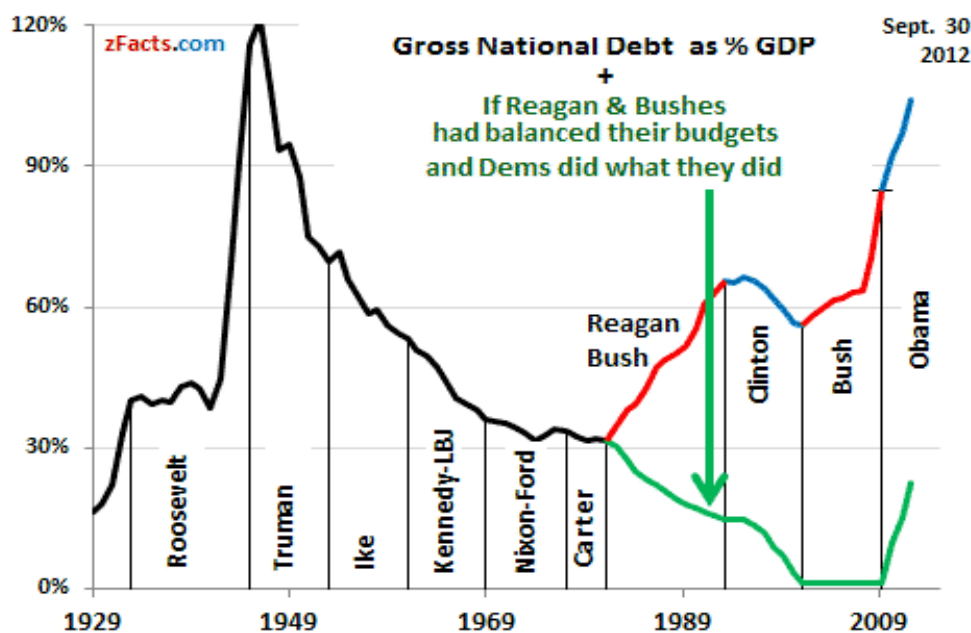
21 See pages: http://en.wikipedia.org/wiki/File:Federal_Debt_1901-2010.png and http://thegreatrecession.info/blog/deficits-debts-democrats-vs-republicans-us-national-debt-graphs-year-president/federal_debt_1901-2010/

According to the US Government Accountability Office (GAO), "Trust funds for international investors (who hold 48% of it), domestic private investors, the Federal Reserve, and state and local governments account for the vast majority of the total debt held by government accounts."²² Those funds save money on the services they offer to the public, to spend it, instead, on buying parts of the US debt. Are Republicans more aware of the risk of depending on foreign investors to finance the US debt and do they prefer to finance the debt by tapping money from trust funds instead? It may be. However another analysis of the graph would make more sense: debt soared during the second world war and was gradually paid back, then started rising again in the 70s, when oil prices started soaring – we will come back to that point later but interestingly no analyst mentions it-. The fluctuations of the debt may not depend so much on the political bias of the President as on the international politics of the time.

However Democrats react to the previous graph by producing another one, which is more in their favour.

1.1.2. The Republicans are guilty according to the Democrats

The Republicans present themselves as the champions of the decrease of the debt, however the website “zFacts” has a graph that contradicts them.



²² What is the difference between the two types of federal debt? US Government Accountability Office. Retrieved March 1, 2014.
http://www.gao.gov/fiscal_outlook/understanding_federal_debt/overview

National Debt Graph by President²³

The lines show that if Reagan and Bush had done what they had promised to do and with Clinton doing what he actually did, in 2009 the Gross National Debt in percentage of GDP would have been very small.

Steven Stoft, the author of the website “zFacts”, has a Ph D in economics and, according to his online CV, he used to work for the World Bank²⁴. He is therefore not a specialist on the topic of the debt. He has financially contributed to Obama's presidential campaign²⁵ and can be suspected of being biased. However the page of this graph has been “liked” 36,042 times on Facebook, which means it has been taken by many as an interesting source of information about the debt.

This page also contains a quotation by Ron Paul (Rep) : "How is it that the party of balanced budgets, with control of the White House and Senate, accumulated red ink greater than all previous administrations put together?", a quotation that can be read in its original letter, now in the Public Domain²⁶. Even Republicans, therefore, sometimes accuse Republicans of increasing the debt...

What are the facts?

For Paul Krugman, the well-known American economist who won a Nobel prize in economics in 2005, Republicans, indeed, want to cut social spending (265)²⁷, however this does not necessarily make them better at decreasing the debt. Krugman explains that, until the 70s, it was difficult to say who was trying harder to decrease the debt : John F. Kennedy (Dem) decreased taxes while Nixon (Rep) increased them, and Medicare and Medicaid were voted with a majority of 70 Republicans and only 47 Democrats. Krugman also notes that the extension of Medicare was voted by Bush Junior (Rep) (to the advantage of Drug companies, he adds...) (265)²⁸.

While Krugman himself is not worried about the debt (see Krugman's last chapter), those who are, incriminate Republicans for increasing it by cutting taxes. Thus in March 2005, Democratic Senate Minority Leader Harry Reid criticized Greenspan for supporting Bush's 2001 tax cut plan²⁹.

23 National Debt Graph by President. zFacts. Retrieved March 1, 2014. <http://zfacts.com/p/318.html>

24 <http://stoft.com/metaPage/lib/Stoft-CV.pdf>. Retrieved March 1, 2014.

25 *Steven Stoft Political Campaign Contributions 2008 Election Cycle*. CampaignMoney.com. Retrieved March 1, 2014.
<http://www.campaignmoney.com/political/contributions/steven-stoft.asp?cycle=08>

26 http://en.wikisource.org/wiki/Ron_Paul%27s_1987_Resignation_Letter_to_the_RNC. Retrieved March 1, 2014.

27 Krugman

28 Ibid

29 Dan Balz. *Senate Democratic Leader Blasts Greenspan*. Washington Post. Page A06. March 4, 2005. Retrieved March 1, 2014.
<http://www.washingtonpost.com/wp-dyn/articles/A5396-2005Mar3.html>

1.2. Not enough taxes are collected

Republicans advocate for fewer taxes but Obama complains that although he passed 25 different tax cuts over the past year, including tax cuts for 95% of working Americans, they did not thank him!³⁰.

According to the Democrats, one of the causes of the debt is that the rich do not pay their share of taxes.

1.2.1. The rich do not pay enough

However Charles Ferguson and Marie Boudewyn remind us that the taxes paid by the richest 10% make up 49.7% of the total amount of taxes paid in the US, and this part has never been so high in US history. In 1980, it only made up a third of all taxes paid (426). Nevertheless the income of the richest 0.1% has been multiplied by five since 1973 and the 0.01% now earn 7 times as much (222). Therefore proportionally speaking it seems that the richest are indeed paying fewer taxes than they should. In their book, *l'Amérique des Prédateurs*, Ferguson and Boudewyn go on explaining that the tax rate of the 400 richest families went down from 30% in 95 to 18% in 2005, both because of tax-cuts and increased possibilities of dodging taxes (316).

1.2.2. Companies try to avoid paying their share

Some big companies find means of paying few or no taxes at all, like General Electric, for example (365). Ferguson and Boudewyn add that at the beginning of the 80s, companies paid a 40% tax on their profits, and that this figure was down to 26% in 2010 (316). Activists Matthew Skomarovsky and Kevin Connor provide us with another example³¹:

« This year Bank of America is receiving the "income tax refund from hell" — \$666 million for 2010, according to its annual report filed in late February 2011. This is following a \$3.5 billion refund reported in 2009. Bank of America's federal income tax benefit this year is roughly two times the Obama administration's proposed cuts to the Community Development Block Grant program (\$299 million).

Six banks — Bank of America, Wells Fargo, Citigroup, JPMorgan Chase, Goldman Sachs, and Morgan Stanley together paid income tax at an approximate rate of 11% of their pre-tax US earnings in 2009 and 2010. Had they paid at 35%, what they are legally mandated to pay, the federal government would have received an additional \$13 billion in tax revenue. This would cover more than two years of salaries for the 132,000 teacher jobs lost since the economic crisis began in 2008. Wells Fargo reportedly received a \$4 billion federal income tax refund on \$18 billion in pre-tax income in 2009, and paid 7.5% of its pre-tax income of \$19 billion in 2010 in federal taxes. Its net federal income tax benefit for 2009 and 2010

30 "I've been a little amused over the last couple of days where people have been having these rallies about taxes. You would think they would be saying thank you." Remarks by the President at DNC Reception, April 15, 2010 (Transcript). White House Press Office. Retrieved April 16, 2010.

31 Matthew Skomarovsky and Kevin Connor. *Big Bank Tax Dodges Bankrupt States*. Make Wall Street Pay. March 2011. Retrieved 16 April 2014. <http://www.makewallstreetpay.org/bigbankdrain/big-bank-tax-drain.pdf>

combined, \$2.5 billion, is equal to the Obama administration's proposed cuts of 50% to the Low-Income Home Energy Assistance Program. »

Banks are not the only companies concerned. Forbes magazine quotes the following figures : « The summary of oil-related subsidies in the U.S. for 2010 totals \$4.5 billion »³². The journalist of the article justifies those tax-breaks by explaining that the largest, amounting to \$1.7 billion per year, is applicable to all firms as an enticement to stay in the US, but a CNN article on the same topic³³ comments that they could not move the oil away anyway.

For Maria M. Agosto, from Occupy.com “roughly one-quarter of the largest corporations in America are paying no federal income taxes.”³⁴ As a consequence, the activists of Make Wall Street Pay estimate that : « Closing special tax loopholes on the financial sector and implementing sensible revenue-raising initiatives such as the Financial Speculation Tax could generate over \$150 billion in federal tax revenue each year. ³⁵» and particularly incriminate Reagan's 1981 tax cuts. The part of taxes paid by companies has decreased from 32.1% in 1952 to 10% of all taxes paid in 2013 while income tax went from 41% to 45.5% over the same period³⁶.

Companies have also been targeted as taking advantage of governmental programmes to increase their own profits. Countless examples of TARP money being used to dubious ends have been in the media. Ferguson and Boudewyn give numerous examples of this use of governmental programmes such as that of Goldman Sachs. The company bought out education Management Corporation in 2006 just before a law was voted that made it possible for grants to be available also to online students. The Corporation then aggressively started to recruit students (among ex-convicts) whose grants were paid for by the government. The company had no obligation to have good results. In 2010, it was found that it had received 11 billion dollars through grants that were paid for by the federal government (Ferguson and Boudewyn, 321).

32 Robert Rapier. *The Surprising Reason That Oil Subsidies Persist: Even Liberals Love Them*. Forbes magazine. 4/25/2012
<http://www.forbes.com/sites/energysource/2012/04/25/the-surprising-reason-that-oil-subsidies-persist-even-liberals-love-them/>

33 Steve Hargreaves, *Big Oil's \$4 billion tax break in doubt*. CNN Money. April 29, 2011. Retrieved 16 April 2014.
http://money.cnn.com/2011/04/26/news/economy/oil_tax_breaks_obama/.

34 Maria Agosto. *The Sport of Tax Evasion: Follow the Trillions (If You Can)*. Occupy.com. 9/6/2013. Retrieved 21 March 2014
<http://www.occupy.com/article/sport-tax-evasion-follow-trillions-if-youcan#sthash.BYN4CRNs.v1aTvweD.dpuf>

35 Matthew Skomarovsky and Kevin Connor. *Big Bank Tax Drain How Wall Street Speculation and Tax Avoidance are Starving Public Revenues. A Public Accountability Initiative report, prepared for National People's Action*. March 2011. April 16, 2014
<http://www.makewallstreetpay.org/bigbankdrain/big-bank-tax-drain.pdf>

36 *Corporate Income Tax: Effective Tax Rates Can Differ Significantly from the Statutory Rate*. GAO report number GAO-13-520 July 1, 2013. Retrieved March 26, 2014. <http://www.gao.gov/assets/660/655679.txt>

Krugman, on his part, holds companies responsible for the increase of the debt inasmuch as people's pensions and healthcare systems were paid by their employers until the end of the 90s. Today, because the companies are no longer doing so well, owing to the international competition and the crisis, a great part of these costs are put into the hands of the government (Krugman, 368). In *Profits for Buyout Firms as Company Debt Soared*³⁷, Julie Creswell, from the New-York Times, gives us the example of THL, a private-equity business who took over a company, called Simmons, and replaced their employees' pension schemes by a compulsory holding of shares in the company. As Simmons went bankrupt, something THL seems to have planned, all the workers were left only with the help of governmental pension schemes.

Another way in which companies have been contributing to the increase of the debt is by going bankrupt, which is of course partly due to international competition but also to the pressure of shareholders who have been taking more and more power within the firms and require ever greater profits, not for investment, but as a salary for themselves. These shareholders can be private individuals, but are more frequently large insurance groups, or pension funds that are powerful enough to hire private-equity firms to take control of the companies and make them maximize short term profits even if it means endangering their longevity. Julie Creswell gives us an idea of the figures involved: "From 2003 to 2007, 188 companies controlled by private-equity firms issued more than \$75 billion in debt that was used to pay dividends to the buyout firms." Of course this particular debt is that of the companies, not that of the government, but as mentioned in the introduction, these debts add up.

1.2.3. Tax evasion

The contribution of companies to the increase of the US debt is not just through fraud and tax breaks, it also takes the form of tax evasion. *Make Wall Street Pay* provides the following figures³⁸:

"50% of the six banks' 1871 foreign subsidiaries are incorporated in jurisdictions that have been identified as offshore tax havens, such as the Cayman Islands. Bank of America operates 371 tax-sheltered subsidiaries, more than any other big bank studied, and 204 subsidiaries in the Cayman Islands alone, according to its latest regulatory filings. 75% of Goldman Sachs's foreign subsidiaries are incorporated in offshore tax havens."

37 Julie Creswell. *Profits for Buyout Firms as Company Debt Soared*. The New York Times. Business. October 4, 2009. Retrieved 14 April 2014. http://www.nytimes.com/2009/10/05/business/economy/05simmons.html?pagewanted=all&_r=0

38 Matthew Skomarovsky and Kevin Connor. *Big Bank Tax Drain How Wall Street Speculation and Tax Avoidance are Starving Public Revenues. A Public Accountability Initiative report, prepared for National People's Action*. March 2011. April 16, 2014 <http://www.makewallstreetpay.org/bigbankdrain/big-bank-tax-drain.pdf>

What is more banks also have a practice of encouraging their clients to avoid taxation through offshore investment strategies. The previous website explains in the same page that Bank of America's wealth management arm encourages clients to register their yachts in foreign jurisdictions for tax reasons.

This aspect of the debt is very little present in the mainstream media and figures are obviously difficult to find since money laundering is not publicly documented. On their Facebook page, the activists of US Uncut, estimate that “nearly two-thirds of US corporations don't pay any income taxes, instead opting to abuse tax loopholes and offshore tax havens”. This kind of information cannot easily be verified.

In *The sport of tax evasion: follow the trillions (if you can)*, Maria M. Agosto³⁹ quotes the following figure:

"In what is rapidly becoming the largest tax fraud investigation in history, the global elite and multinational corporations stand accused of hiding behind tax shelters worldwide and secreting assets upwards of \$32 trillion. Charges range from facilitating tax evasion and fraud, to money laundering."

In the article she describes a technique used and gives us a hint on how spread out corrupt practices are.

“One method commonly used to pull off these schemes is called transfer pricing. A shell corporation is formed and residency is established in a nation known for its low corporate taxes; all financial activity is reported to have occurred there. [...] More than 21,500 offshore companies employ this scheme, allowing the true owners complete anonymity.[...]One five-story office building in the Cayman Islands is home to over 18,000 corporations and the British Virgin Islands is home to a half million. [...] In 2010, JP Morgan Chase operated 83 subsidiaries incorporated in offshore tax havens to avoid paying some \$4.9 billion in U.S. taxes.”⁴⁰

The International Consortium of Investigative Journalists (ICIJ) has revealed the names behind more than 120,000 anonymous offshore companies and trusts⁴¹.

For Richard Smith “about 60 percent of [non-financial corporate] cash piles are offshore and subject to as much as 35 percent tax if brought back to the U.S.”⁴². So companies do not bring this cash back into the country, where it could benefit the whole of the population.

39 Maria Agosto .*The Sport of Tax Evasion: Follow the Trillions (If You Can)* . Occupy.com. 9/6/2013. Retrieved 21 March 2014
<http://www.occupy.com/article/sport-tax-evasion-follow-trillions-if-youcan#sthash.BYN4CRNs.v1aTvweD.dpuf>

40 Ibid

41 Ibid

42 Rich Smith. *Why Are U.S. Corporations Still Hoarding \$1.5 Trillion in Cash?* Jan 16, 2014. Retrieved April 23, 2014
<http://www.dailyfinance.com/on/corporations-cash-hoard-trillion-profits/>

However fraud cannot account for the whole debt, the government is repeatedly accused of spending too much money on the Healthcare system, according to Republicans, and on wars, according to Democrats.

1.2.4. Disappearing or non-existing taxes

Sales taxes are hardly ever quoted as a cause of the debt although they stand at between 0 and 11 % when many other developed countries have VATs between 11 and 22 %. There is no federal VAT in the US, the taxes are collected at the state level. Talks to bring about a national tax started after the crisis, but were decided against although Obama was at first in favour of it.

The excise, a federal tax on oil, tobacco, gambling and drugs has been going down regularly since the 50s and is never mentioned as a possible cause for the debt. It stood at 19 % of taxes collected in 1950 and now stands at 1.7 %⁴³.

1.3. Too many expenses

The causes of the overall debt are, as we said in the introduction, the sum of household, company, state and federal debt. The government cannot act much on household and company debt, except by urging the Fed to raise interests rates. State debt, as we mentioned in the introduction has remained stable for over 60 years, therefore articles and programmes focus on federal spending. Here is the breakdown of the federal budget: 20% concerns Social Security, 19% Defence, 15% income security (such as unemployment benefits and food stamps), 13% Medicare, 10% health, 6% payment of net interest on the debt, 6% miscellaneous, 4% education and training, 3% veterans, 3% transportation, 1% foreign aid⁴⁴.

In 1982, 32% of Americans wanted a smaller welfare state and 25% wanted more. In 2004, 20% only wanted less welfare state and 43% wanted more (Ferguson et Boudewyn, 291). This evolution seems paradoxical since when we look at governmental expenses they have never stopped increasing. Citizens should be feeling that they are having more and more government, but they do not.

1.3.1. Political greed

One reason for this may be that some of the money is stranded and does not end up where it is needed. The Pork Barrel Reduction Act had to be passed in 2006 because some Congressmen used public money in their personal interest. However in 2013 the Farmers and Freeholders' website was still making a commentary that suggests that

⁴³ *Tax policy*. US Government Accountability Office. Retrieved March 22, 2013.

http://www.gao.gov/browse/topic/Tax_Policy_and_Administration/Taxes/

⁴⁴ See appendix 3

the problem may not have been solved completely: "And here's another interesting question: how many state and federal representatives and senators and office holders also receive government subsidies? Shouldn't receiving government money disqualify them from holding public office, where they get power to decide who gets to feed at the government trough?"⁴⁵

1.3.2. Health care

The Obama healthcare reform has caused tremendous concern among Republicans and Tea Party activists leading to the government shutdown of October, 2013. For them, as Greenspan puts it, healthcare systems "inhibit" full exercise of laissez-faire (Greenspan, 639) and should be restricted. Greenspan reports in *The Age of Turbulence*, that he was shocked to find out that the US debt should go from \$ 1.2 to \$ 4.8 trillion under Bush, and the only explanation he mentions for this increase is that the healthcare system cost 500 billion each year over 10 years (639) , this figure, however, cannot account for a \$ 3.6 trillion gap within 4 years . Krugman has written extensively about the US healthcare system, and although the aim of his book, *The America we Want*, is to defend it, he still remarks that its cost only made up 5.2 % of the GDP in 1960 but soared to 16% in 2005 (Krugman, 372) and to 18% in 2013. "nearly twice as much as most other developed countries"⁴⁶. In spite of those rising costs about 15% of the population is not insured (358) and in the WHO assessment of the world's health systems, the USA are 37th (359) although their budget for health is the highest in the world⁴⁷. This is confirmed by a research study: "The data show that the United States spends more on health care than any other country. However, on most measures of health services use, the United-States is below the OECD median. " (358). Krugman analyses the reasons why. Of course, American demands in terms of health are high, but according to him the difference between pathologies in the US and in the other countries can only account for a difference of \$100 in costs when it is actually of \$3000 per capita (361). Noam Chomsky denounces the system as inefficient because there is no governmental regulation on it and because the price of drugs is twice as high as in other countries⁴⁸. Research was conducted by Yale University that shows that the industry's share of total investment in

45 <http://farmersandfreeholders.org/who-is-fattening-at-the-government-trough>. sept 2013. Dead link.

46 E. Rosenthal. *The \$2.7 Trillion Medical Bill : Colonoscopies Explain Why U.S. Leads the World in Health Expenditures*. June 1, 2013. Retrieved April 14, 2014.

http://www.nytimes.com/2013/06/02/health/colonoscopies-explain-why-us-leads-the-world-in-health-expenditures.html?pagewanted=all&_r=0

47 David A. Squires. *Explaining High Health Care Spending in the United States: An International Comparison of Supply, Utilization, Prices, and Quality*. Issues in International Health Policy. May 2012. Retrieved April 7, 2014.

http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2012/May/1595_Squires_explaining_high_hlt_care_spending_intl_brief.pdf

48 *Lecture by Prof. Dr. Noam Chomsky at University of Cologne* (June 6th to June 8th, 2011). You Tube. March 11, 2012. Retrieved April 13, 2014. http://www.youtube.com/watch?v=_BAo87sKT2s

biomedical research and development grew from 32% in 1980 to 62% in 2000, while the federal government's share fell, which has led to "conflicts of interest that influence biomedical research in important ways"⁴⁹. In an article from the New-York Times, Elizabeth Rosenthal compares the costs of various operations in the US and in different countries⁵⁰. Any operation costs more in the US than anywhere else. "Americans pay, on average, about four times as much for a hip replacement as patients in Switzerland or France and more than three times as much for a Caesarean section as those in New Zealand or Britain. The average price for Nasonex, a common nasal spray for allergies, is \$108 in the United States compared with \$21 in Spain." (358) Krugman explains that Medicare is not allowed to negotiate prices with drug companies. Besides there are other reasons for this discrepancy in costs. Insurance companies spend huge amounts trying not to pay for health expenses, hiring lawyers at a great cost, to try to prove that their clients did not really need their operation and to try to save money (Krugman, 361)! Krugman explains that private insurance companies make money by **not** paying for the care, instead of paying for it (362) and that they spend huge amounts filtering potential clients (364). He also explains that doctors earn more than in other countries but spend more money in trials to attempt to prove that the care they provided was really useful. Elizabeth Rosenthal, in the article previously mentioned, specifies that :

“The high price paid for colonoscopies mostly results **not** from top-notch patient care, according to interviews with health care experts and economists, but from business plans seeking to maximize revenue; haggling between hospitals and insurers that have no relation to the actual costs of performing the procedure; and lobbying, marketing and turf battles among specialists that increase patient fees”.

A research paper from the Department of Medicine, Cambridge Hospital and Harvard Medical School comes to a conclusion that also points to non-medical costs : "In 1999, health administration costs totalled at least 294.3 billion dollars in the United States, or 1,059 dollars per capita, as compared with 307 dollars per capita in Canada"⁵¹. Let us give the final word to Krugman: the health administration costs make up 31% of the health budget in the US and 17% only in Canada⁵². He concludes that public healthcare systems are cheaper as they are less bureaucratic (Krugman, 365).

49 Justin E. Bekelman, AB; Yan Li, MPhil; Cary P. Gross, MD. *Scope and Impact of Financial Conflicts of Interest in Biomedical Research A Systematic Review*. JAMA, Journal of American Medical Association, January 22/29, 2003, Vol 289, No. 4 Retrieved April 14, 2014. <http://jama.jamanetwork.com/article.aspx?articleid=1958431>









50 E. Rosenthal.. *The \$2.7 Trillion Medical Bill : Colonoscopies Explain Why U.S. Leads the World in Health Expenditures*. June 1, 2013. Retrieved April 14, 2014.

http://www.nytimes.com/2013/06/02/health/colonoscopies-explain-why-us-leads-the-world-in-health-expenditures.html?pagewanted=all&_r=0

51 Woolhandler S, Campbell T, Himmelstein DU. *Costs of health care administration in the United States and Canada*. Engl J Med. 2003 Aug 21;349(8):768-75. Retrieved April 12, 2014 . <http://www.ncbi.nlm.nih.gov/pubmed/12930930>

If Krugman is definitively left-wing, Greenspan is not, therefore it seems that, even if Republicans more often target the healthcare system as a cause for the debt, there is a political consensus over the need to reform it. In the addendum to the film *IOUSA*, called *IOUSA Solutions*, they see the problem as having different causes. They argue that Americans should practice more sport, that care to elderly people about to die should be reconsidered and that doctors should accept to have lower salaries.

Whatever solution is suggested, if we look at the figures provided for years 2008 to 2013 on [Governmentspending.com](http://www.usgovernmentspending.com)⁵³, they are indeed high, totalling \$813.6 plus \$856.1 billion, that is \$1.669 trillion, for 2013 alone:

Pensions:	659.8	730.4	749.6	775.6	811.7	864.0	
Old age	659.8	730.4	749.6	775.6	811.7	864.0	
Federal							
employee							
retirement and disability	109.0	118.1	119.9	124.5	122.4	131.7	
(602)							
Social security (651)	617.0	683.0	706.7	730.8	773.3	813.6	
Employer share, employee							
retirement (on-budget)	-53.0	-56.4	-62.1	-64.6	-68.3	-65.2	
(951)							
Employer share, employee							
retirement (off-budget)	-13.1	-14.2	-14.9	-15.1	-15.6	-16.2	
(952)							
Health Care:	671.4	764.4	820.7	858.2	818.5	856.1	
Medical service (Seniors)	390.8	430.1	451.6	485.7	471.8	497.8	
Medical service	0.0	0.0	0.0	0.0	0.0	0.0	
Public health services	3.0	3.8	4.1	4.1	4.1	3.6	
R and D Health	29.9	30.6	34.2	36.2	34.5	32.9	
Health n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	
Vendor Payments (Welfare)	247.7	300.0	330.7	332.2	308.2	321.8	

The budget for 2014 is much lower than this one but still gets blamed by Republicans for being too high.

52 He is quoting Woolhandler S, Campbell T, Himmelstein DU. *Costs of health care administration in the United States and Canada*. *Engl J Med*. 2003 Aug 21;349(8):768-75. Retrieved April 12, 2014

53 Christopher Chantrill, who compiled these figures is a writer and a conservative. Having looked for such compilation of data or simply to accessible figures from the US government itself for days without success, I eventually decided to take those figures, which seem consistent, as trustworthy.

http://www.usgovernmentspending.com/federal_budget_detail_2013bs12013n_G0808900021040_376_651_551#usgs302

1.3.3. Unemployment and poverty

For the Christian Science Monitor, this is a cause of debt because unemployed people do not pay as much tax as workers and because they get state benefits :

"The growth in government debt occurs because of a mismatch between income and expenditures. There is a cutback in government revenue because high oil prices make some goods using oil unaffordable, causing a cutback in production, and hence employment. The government is affected because unemployed workers don't pay much in taxes. Government expenditures are still high because many unemployed workers are still collecting benefits." ⁵⁴

Food stamps are strongly vituperated against by Republicans, as a cause of deficit that, furthermore, encourages people not to try to find jobs . A Huffington Post journalist sounds shocked:

"Congressional Republicans are seeking deeper cuts to nutrition programs this year even as the federal budget deficit is shrinking faster than expected. The deficit-obsessed House GOP wanted a \$16 billion cut to food assistance last year, when the deficit topped \$1 trillion, and now wants a \$20 billion cut this year, when the deficit is expected to be \$642 billion." ⁵⁵

The next cause for the debt is the second one in terms of tax-payer money involved, just after the one due to health care. However it is far more rarely mentioned, and mostly voiced by democrats or ecologists.

1.3.4. wars

In *Beating Swords Into Solar Panels: Re-Purposing America's War Machine*, Mattea Kramer and Miriam Pemberton⁵⁶, activists, remind us of the following:

"A trillion dollars. It's a lot of money. In a year it could send 127 million college students to school, provide health insurance for 206 million people, or pay the salaries of seven million schoolteachers and seven million

54 Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit – lack of inexpensive oil*. Christian Science Monitor. March 5, 2013. Retrieved January 7, 2014.

<http://www.csmonitor.com/Environment/Energy-Voices/2013/0305/Are-high-oil-prices-pushing-us-towards-debt-limits>

55 Arthur Delaney. *Food Stamp Cuts Pursued By GOP, Despite Shrinking Deficit*. Huffington Post. 05/15/2013. Retrieved April 12, 2014. http://www.huffingtonpost.com/2013/05/15/food-stamp-cuts_n_3279720.html

56 Mattea Kramer and Miriam Pemberton. *Beating Swords Into Solar Panels: Re-Purposing America's War Machine*. Common Dreams. Sept19, 2013. Retrieved Aug 14, 2013. <http://www.commondreams.org/view/2013/09/19-5>

police officers. [...]Unfortunately, you really will have to imagine that, because the money to do it isn't there. It was (or will be) spent on Washington's disastrous post-9/11 wars in Iraq and Afghanistan. " [...] "we've spent \$814 billion in Iraq to date with the full price tag yet to come in. [...] The U.S. accounts for a staggering 40% of all military expenditures globally. [...] A fire hose of taxpayer cash -- to the tune of around \$600 billion -- gets pumped into the Department of Defense each year (and that doesn't include the "civilian" intelligence community or the Department of Homeland Security)".

The web page from which their paper comes from, called commondreams.org, is followed by 190,000 fans on Facebook, which suggests that their position is not marginal. However this idea is rarely taken over in the media or heard in the mouth of politicians, and according to Commondreams it is because they:

" are loath to cut funding if it means erasing military jobs in their districts, and the military-industrial complex has been particularly clever in the way it has spread its projects across every state and so many localities. Converting military contracts into green energy contracts would make redirecting wasteful military spending more politically feasible [...] Budget cuts at the Pentagon were long considered an impossibility and a formula in Congress for political suicide."⁵⁷

It seems that the situation is changing however:

" Now, the austerity movement's first major initiative in Washington, known as "sequestration," those mandated, take-no-prisoners, across-the-board cuts in federal spending instituted by Congress, have in fact accomplished what nothing else could: the first downsizing of our defence spending in this century. Admittedly, in the scheme of overall U.S. military spending, those cuts remain marginal. Sequestration shaved around \$40 billion from the Pentagon's funding this year -- which is a modest figure relative to that \$600 billion budget. "

Hardly ever added up to that budget is the specific one concerning veterans. It accounts for 3% of US expenses, that is to say for about \$111 billion. There are 21.2 million veterans today in the US⁵⁸, so that makes up an amount of \$5.285 per person. Unsurprisingly I have found no website requiring a decrease of the money allotted to them.

When it comes to foreign aid however, commentaries are harsh.

⁵⁷ Ibid

⁵⁸ United-States Census Bureau. Retrieved Aug 14, 2013.

http://www.census.gov/newsroom/releases/archives/facts_for_features_special_editions/cb13-ff27.html

1.3.5. Foreign aid

Foreign aid represents 1% of the US budget. The top recipients, listed in the polemical website called Finance Degree Center⁵⁹, are Israel, that received \$3.075 billion (GDP: \$258.2 billion), Afghanistan \$2.327 billion (GDP: \$18.03 billion), Pakistan \$2.102 billion, (GDP: \$231.2 billion) and Iraq \$1.683 billion (GDP: \$210.3 billion). The article of Finance Degree Center is entitled *Can we afford to be so generous?* and explains that 1% of the budget represents \$37 billion. On the abc.news website⁶⁰, the same figures are quoted but there are no commentaries, an unknown journalist only juxtaposed the figures for 2008 (before the crisis) and for 2012, which shows that they have all increased. Numerous other sites⁶¹ complain about the help to Israel, which they deem a rich country and whose foreign policy is frequently targeted. Anti-Zionist or anti-semitic groups may be particularly outspoken on the topic.

Another budget is rousing more and more concern among educated Americans.

1.3.6. Intelligence Programmes

Since 9/11, the budget for intelligence programmes has soared and although it is partially secret, it has been in the news again and again since Snowden's revelations about it. On August 2013, Washington Post journalists wrote: "The \$52.6 billion "black budget" for fiscal 2013, obtained by The Washington Post from former intelligence contractor Edward Snowden, maps a bureaucratic and operational landscape that has never been subject to public scrutiny."⁶² Jeanne Sahadi from CNN Money quotes an even higher overall budget: "The NSA is one of at least 15 intelligence agencies, and combined the total U.S. intelligence budget in 2012 was \$75 billion, said Steve Aftergood, director of the government secrecy program at the Federation of American Scientists, a non-partisan think tank that analyses national and international security issues."⁶³

59 *Foreign Aid Around the World*. Finance Degree Center. Retrieved Aug 14, 2013.

<http://www.financedegreecenter.com/foreign-aid/>

60 *The top 10 US foreign aid recipients*. Retrieved April 12, 2014.

<http://abcnews.go.com/Politics/OTUS/fullpage/top-10-us-foreign-aid-recipients-17534761>

61 For instance, see: Jeremy M. Sharp. *U.S. Foreign Aid to Israel*. FAS (Federation of American scientists). April 11, 2013 Retrieved January 12, 2014. <http://www.fas.org/sgp/crs/mideast/RL33222.pdf>

62 *Barton Gellman and Greg Miller. FY 2013 Congressional Budget Justification*. Washington Post. August, 29 2013. (Washington post quoting National Intelligence Program Summary). Retrieved January 12, 2014.

<http://fr.scribd.com/doc/164056434/FY-2013-Congressional-Budget-Justification>

63 Jeanne Sahadi. *What the NSA costs taxpayers*. CNN Money. June 7, 2013. Retrieved March 24 2014. Retrieved January 12, 2014. <http://money.cnn.com/2013/06/07/news/economy/nsa-surveillance-cost/>

1.3.7. Farmers

When compared to the budgets of the health, military or intelligence departments, the subsidies farmers get represent only a small percentage of the deficit (just over 5 billion in 2012)⁶⁴. However some dedicated blogs target farmers as recipient of undue help from the government, expressing outrage that those subsidies should concentrate in the hands of those who need them least. They do not sound overly concerned about the overall deficit however.

1.3.8. Education

As the budget for education is only 4% of the overall federal budget, since it is mostly financed by states, calls for cuts are not as numerous as for the healthcare system, however activists such as those of The Tea Party, are in favour of them, for the following reason:

"Since 1965, federal education spending per pupil has more than tripled, while test scores and graduation rates have essentially remained the same. For instance, federal funding for K-12 education soared from \$12.5 billion in 1965 to \$72.8 billion in 2008, measured in constant 2008 dollars, having little to no impact on test scores or graduation rates".⁶⁵

USA Today published a graph in September 2013 comparing state and local funds per full-time student and showing drops of up to 40% within four years since 2007.⁶⁶ In the light of these diverging viewpoints, we can wonder if education is indeed being more and more financed by tax-payer money or less and less. As a percentage of the GDP, the education budget has remained stable since the 80s⁶⁷ except as far as students are concerned since funding has decreased by up to 50% in certain universities⁶⁸.

64 *Subtotal, Farming Subsidies in United States, 2012*. EWG farm subsidies. Retrieved March 25, 2014. http://farm.ewg.org/top_recips.php?fips=00000&progcode=totalfarm&yr=2012®ionname=theUnitedStates

65 *Education*. Retrieved Aug 24, 2013. <http://www.teapartypatriots.org/education/>

66 Hadley Malcolm and Sean McMinn, *Sagging state funding jacks up college tuition*. USA TODAY September 3, 2013. Retrieved Sept 24, 2013.

<http://www.usatoday.com/story/money/personalfinance/2013/09/02/state-funding-declines-raise-tuition/2707837/>

67 Christopher Chantrill. *US Education Spending History from 1900*. usgovernmentspending.com. Retrieved April 18, 2014. http://www.usgovernmentspending.com/education_spending

68 Jordan Weissmann. *A Truly Devastating Graph on State Higher Education Spending. Some states have slashed per-student spending by as much as half*. The Atlantic. Mar 20, 2013. Retrieved April 18, 2014.

<http://www.theatlantic.com/business/archive/2013/03/a-truly-devastating-graph-on-state-higher-education-spending/274199/>

Libertarians and Tea Party activists go over this list of expenses in detail with outrage. There is one expense which is rarely mentioned, though, that of the interest Americans pay on the debt itself.

1.3.9. The interests on the debt

The debt itself is a cause of the debt. A think tank, Pew Research, gives the following figures:

"In fiscal 2013, which ended Sept. 30, net interest payments on the debt totaled \$222.75 billion, or 6.23% of all federal outlays. (The government paid out an estimated \$420.6 billion in interest, but that included interest credited to Social Security and other government trust funds, as well as a relatively small amount of offsetting investment income)." ⁶⁹

Only financial coach, Bryan Binkholder ventures to launch into a complex explanation demonstrating that these interests will skyrocket when interests rates, which have been at the lowest since the crisis, go back to normal. He compares the current interests on the debt, to Bill Gates's fortune, which is a four times smaller amount.

Few voices try to draw the public attention to that latter expense, most choosing to focus on a reason for the debt that is easier to understand.

1.4. The economy

When an economy is growing and taxes flow in, the question of expenses is not so crucial for a government, however, since 1973, more and more regular crises have been weakening Western economies, while competition from Asia was growing and oil prices were increasing.

1.4.1. Oil prices

The USA import about 300 million barrels of oil every month ⁷⁰ which makes them vulnerable to prices variation which are frequent, since investors now regularly speculate on oil prices, having bought huge reserves of it, which gives them the power to curb offer, so as to boost prices. State and federal buildings are heated with it, public transportation use it too. It is almost impossible to assess how much of the debt is actually correlated to oil

⁶⁹ Drew DeSilver. *5 facts about the national debt: What you should know*. Pew Research Center. October 9, 2013. Retrieved April 18, 2014. <http://www.pewresearch.org/fact-tank/2013/10/09/5-facts-about-the-national-debt-what-you-should-know/>

⁷⁰ US Energy Information Agency. US imports of crude oil and petroleum products. Retrieved January 24, 2013. <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTIMUS1&f=M>

as it is needed in every sector. The only mention of this cause for the debt was made in an article surrounded with advertisements for oil fracking...

1.4.2. Chinese imports

Chinese imports also affect the US balance of payments with foreign countries. They are hardly ever mentioned as a cause to the deficit in the media aimed at the general public. The USA used to be an exporting country but the trend is now changing: "The U.S. goods and services trade deficit with China was \$298 billion in 2012"⁷¹.

1.4.3. The crisis and the stimulus package for recovery that ensued

If the question of the balance of imports and exports, which has a direct effect on the US debt, is rarely mentioned, the amounts provided to alleviate the effects of the crisis have been under close public scrutiny since the onstart and countless websites are dedicated to their study.

The American Recovery and Reinvestment Act of 2009 (ARRA) (Pub.L. 111–5), was signed into law on February 17, 2009, by Obama. Its purpose was to assist those most impacted by the recession, to create jobs, to promote economic recovery and finally to provide investments, in order to avoid a recession. The cost of the stimulus package was estimated by the Congress Budget Office at \$831 billion, between 2009 and 2019⁷². The Act included tax incentives and spendings in infrastructure, energy, education, health and social welfare. It was criticized by some Democrats as being insufficient⁷³ and by some Republicans as a waste of money⁷⁴. On January 28, 2009, a full-page advertisement with the names of approximately 200 economists who were against Obama's plan appeared in The New York Times and The Wall Street Journal. They claimed that "Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth." [59] There was also so much worry that the funds may not be used appropriately that Obama created a site to track down all expenses (Recovery.org), then another one at a cost of. \$9.5 million!⁷⁵ In August 2010, Republican Senators Tom Coburn and John McCain released a report listing completely wasteful projects⁷⁶. The Congressional Budget Office reported in October 2009 that the 2008 and 2009 deficits were respectively \$460 billion and \$1.41 trillion

71 *The People's Republic of China*. Office of the United-States Trade representative 4/4/2014. Retrieved February 18, 2014.

<http://www.ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>

72 CBO Report. Feb 2012.

73 Krugman, Paul. *Failure to Rise*. The New York Times. p. A31. February 13, 2009. Retrieved February 15, 2014

74 Obama's Stimulus Package Will Increase Unemployment – Opinion. Fox News. February 3, 2009. Archived from the original on February 15, 2009. Retrieved February 18, 2014.

75 18 M Spent To Redesign Recovery.gov Web Site. ABC News. July 9, 2009. Retrieved February 18, 2014.

76 Bill Morris. \$6.4 Billion Stimulus Goes to Phantom Districts. Watchdog.org. November 17, 2009. Retrieved February 18, 2014. <http://watchdog.org/1530/6-4-billion-stimulus-goes-to-phantom-districts/>

and estimated that ARRA had increased the deficit by \$200 billion for 2009.⁷⁷ The Obama administration, on the other hand, was mostly concerned with the fact that the scheme had avoided massive unemployment. According to Ferguson, the debt increased by about 50% as a result of the crisis (Ferguson et Boudewyn, 291), but he is more concerned with the money spent on the financial system than on the stimulus package.

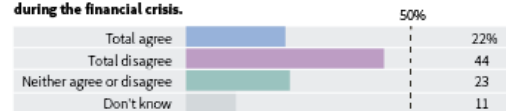
1.5. The financial system

We have already mentioned tax-dodging on the part of some banks, however this has not come up in the media so much as their having had to be saved from bankruptcy during the crisis. As of September 17, 2013 the general opinion was still that the government was wrong to have bailed them out⁷⁸.

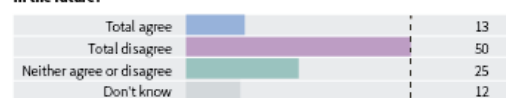
Main Street view of Wall Street

Americans still angry with bankers for crisis

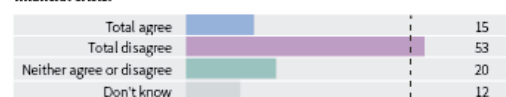
The government was right to bail out banks and other financial institutions during the financial crisis.



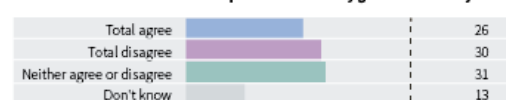
There has been enough financial reform enacted to prevent another crisis in the future.



The government has sufficiently prosecuted bankers for their role in the financial crisis.



Wall Street banks and traders help the U.S. economy grow and create jobs.



1,412 respondents polled online from Sept. 6th through Sept. 10th. Credibility interval (+/- 3.0 pct pts)

Source: Reuters/Ipsos, polling.reuters.com

M. Weber, 13/09/2013



sept17

1.5.1. TARP

The Troubled Asset Relief Programme (signed into law by George W. Bush on October 3, 2008) consisted in governmental purchase of financial products from private banks so as to avoid the collapse of the financial sector. It roused tremendous anger among the US population since, as a result of the crisis, many suffered both from increasing financial difficulties and from dwindling state support, and felt that banks were being showered with

⁷⁷ CBO Monthly Budget Review-October 2009

⁷⁸ M. Weber. *Mainstreet view of Wallstreet*. Reuters polling. Sept 17, 2013. Retrieved Nov 22, 2013. http://pdf.reuters.com/pdfnews/pdfnews.aspx=43059c3bf0e37541&u=2013_09_13_07_58_5977dfed71b041889f40e2ed4795f7dd_PRIMARY.png

money while they were the actual cause for the crisis. Movements like US uncut, Make Wall Street Pay or Occupy Wall Street, or also Michael Moore's film, *Capitalism, a Love Story*, have all targeted TARP. However the billions at stake were only lent to banks. The opacity around the programme made people fear that it would not be paid back, yet in December 31, 2012 the Treasury had received 97 percent of the \$418 billion disbursed under the programme⁷⁹.

Nevertheless, in *Predator Nation: Corporate Criminals, Political Corruption, and the Hijacking of America*, Charles Ferguson estimates that saving the financial system from the 2008 crisis still cost hundreds of billions of dollars of taxpayer money (Ferguson et Boudewyn, 290). He does not give any references, but illustrates his assertion with the example of the federal takeover of Fannie Mae and Freddy Mac, two state-sponsored bodies buying over half the mortgages that private banks make, and selling them again as financial products guaranteed by the US state. Those bodies received 188 billion dollars of tax-payer money to avoid bankruptcy during the crisis⁸⁰. Ferguson mentions 2 trillion dollars of assets bought over by the Fed (290).

1.5.2. The Federal Reserve

Only learned activists or specialists addressing learned audiences question the role of the Federal Reserve. A video that has been watched over 3 million times on You Tube alone⁸¹ explains that the Fed is in fact a private organisation of banks and that they create money without the approval of the US government, which is confirmed by specialists⁸². The easier the money is created, the lower the rates of lending are, and the more people run into

79 *Troubled Asset Relief Program (TARP). Monthly Report to Congress.* US department of the Treasury. December 2012. Retrieved Feb 25, 2014.

<http://www.treasury.gov/initiatives/financial-stability/reports/Documents/December%202012%20Monthly%20Report%20to%20Congress.pdf>

80 Lucie Robequain. *Fannie Mae et Freddie Mac condamnés à disparaître*. Les Echos. Actualités. March 14, 2014. Retrieved March, 27, 2014.

<http://www.lesechos.fr/entreprises-secteurs/finance-marches/actu/0203371108897-fannie-mae-et-freddie-mac-condamnes-a-disparaitre-656820.php>

81 *The Collapse of The American Dream Explained in Animation*. Retrieved Feb 24, 2014.

<http://www.youtube.com/watch?v=mII9NZ8MMVM>

82 "Where did the central bank get all the money it is handing out? Basically, the Fed printed it, out of thin air. That is what central banks do. Who told the Fed governors they could do this? Nobody, really -- not Congress or the president. The Federal Reserve Board, alone among government agencies, does not submit its budgets to Congress for authorization and appropriation."

William Greider. *A Dark Hole of Democracy: How the Fed Prints Money Out of Thin Air*. Third World Traveller. July 17, 2009. Retrieved Feb 18, 2014.

http://www.thirdworldtraveler.com/Greider/DarkHoleDemocracy_Fed.html

debt, which can account for the soaring personal debt of Americans, but also for that of companies and of the government. In the past, issuing money was a prerogative of nations.

Shocked to find out that the figures of the Fed are not even available to the public, Ron Paul (Rep) and Alan Grayson (Dem) have been campaigning to have it audited⁸³. So far this has been refused in spite of the shocking broadcasting of a televised audience during which Alan Grayson exposed the inability of the chairman of the Fed herself to account for the sum of money it had granted to some banks⁸⁴ (an alleged inability, perhaps, as we will discuss later). Greenspan, who served as Chairman of the Federal Reserve from 1987 to 2006, has been incriminated both by Republicans and Democrats : "the super-low interest rates Greenspan brought in the early 2000s and his long-standing disdain for regulation are now held up as leading causes of the mortgage crisis ", an anonymous Time journalist comments, on the page that lists all the figures held responsible for the 2008 crisis⁸⁵. In September 2013, the Fed injected \$85 billion a month into the US economy⁸⁶.

1.6. Conclusion

A number of causes account for the debt, but each has a different set of sponsors, and none seems to wish to hold an exhaustive account of all of these explanations. Some reasons are again and again in the media while others are left out. Household debt which has been soaring because of increasing house prices and now because of students' loans is never mentioned as a problem for the nation, for instance. The representation in the media of the various causes does not necessarily depend on the extent of the deficit that they can account for. Thus the military debt is hardly ever mentioned, while that of Medicare has been in the headlines almost daily for months. How can anyone claiming to have a strong commitment to solving the debt fail to take into account all of its causes? Of course short interviews on TV make it difficult to develop all of these, but no website, be it Democratic, Republican or non-partisan, featured a list similar to the one I made in this part. How can that be? This lack of comprehensiveness and the bias resulting from only casting a partial glance at the issue may have several causes.

83 http://www.youtube.com/watch?v=3zCe2cFyu_I provides 7.58 minutes of extracts of interviews of these politicians. No date or producer is provided. Retrieved Feb 24, 2014.

84 *Rep. Alan Grayson: Is Anyone Minding the Store At The Federal Reserve?* You Tube. May 12, 2009. Retrieved December 10, 2013 . <http://www.youtube.com/watch?v=cJqM2tFOxLQ>

85 *25 People to Blame for the Financial Crisis. The good intentions, bad managers and greed behind the meltdown*. Time. Retrieved April 12, 2014.

http://content.time.com/time/specials/packages/article/0,28804,1877351_1877350_1877331,00.html

86 *Wall Street à la merci des spéculations sur la Fed*. Journal du Net. August 8, 2013. Retrieved Aug 24, 2013. http://www.journaldunet.com/economie/actualite/depeche/afp/24/1154587/wall_street_a_la_merci_des_speculations_sur_la_fed.shtml

2 A sociological and political context favouring haziness

The US have been having a deficit at least since the first world war, and obviously, this deficit has accumulated over the years to make up a huge debt. There is something unavoidable in the long-lasting process, so why are politicians, the public and the media only waking up to the problem today (provided it is one, which Paul Krugman would not agree on)? It may seem that institutions are not very good at tracking the problem, at making it clear to the general public, who may not have shown a lot of curiosity to it. Furthermore, politicians use the issue for political purposes, which in turn is detrimental to the quality of the information that comes through to the general public.

2.1. Lack of understanding and information

2.1.1. Incomplete assessment of the measures taken against the debt

In the wake of *recovery.org*, a site that Obama created in an effort of transparency, to assess the effects of ARRA, many private organisations whose objective was also to track down the money, appeared.

Stimulus Watch.org allows people to give their opinions about the expenses incurred (very few are happy about them). It was created by scientists and research fellows and aims at objectivity, since only the users comment on the figures. Although the website is easy to use, it is not possible to access all the information in a way that makes it possible to have an overall vision of expenses. You need to have a specific area or type of project in mind to access the figures, which limits the use of the site.

While StimulusWatch.org gives an idea of where each dollar went specifically, Stimulus.org lists all expenses by field (banking, industries). It makes it possible to see what sector got the most money, but we have no indication about the results. The website was made by the Committee for a Responsible Federal Budget, which is supposedly non-partisan. ProPublica has a list of the money given to each state and makes a correlation to the unemployment rate, but there is no information on what the money was used for⁸⁷.

More are listed in Appendix 3, like *Financial Bailout* or *Recovery Spending*, but none gives a complete overview of the situation. The number of those groups seems to tell about the lack of trust the public has in governmental

87 Jennifer LaFleur, Joe Kokenge and Dan Nguyen. *Recovery Tracker. How Much Stimulus Funding is Going to Your County?*

ProPublica. Updated Oct. 1, 2012. Retrieved August 25, 2013. <http://projects.propublica.org/recovery/>

communication, and in each other, and about the strong will of some people⁸⁸ to inform a maximum number of citizens, but not necessarily in an exhaustive way. They claim to be unbiased, but seem clearly partisan. They fill a void left by Federal bodies.

private, supposedly non-partisan groups must be added such as the Committee for a Responsible Federal Budget, The Moment of Truth Project or The Campaign to Fix the Debt.

2.1.2. Signs of inefficiency

The Congressional Budget Office is supposed to be informing the public about the budget however the economic and budget issue briefs it releases on the web are quite technical and deal mostly with what may happen and not with the actual situation. The site seems geared mostly to traders, who base their purchases and sales on this type of prediction, but not to the man in the street⁸⁹. The site of the Fed has more access to data than that of the European Central Bank, but it is very technical, and no syntheses are made of specific data. On the site of the White House⁹⁰, there is a long speech to explain how well-devised the budget has been, but there are no figures. On some sites, some information is available but after many clicks only. On others it is impossible to copy the charts, when it would be interesting to have the possibility to reproduce them or share them.

Tyler Chessman comments:

"Debt and economic data is stored across multiple agencies. Debt numbers are maintained by the U.S. Bureau of the Public Debt, an agency within the U.S. Treasury Department. Gross Domestic Product (GDP) is defined by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). Government receipts and outlays are prepared by the Financial Management Service, part of the U.S. Treasury Department, though a comprehensive and download friendly historical summary is available from the Presidential Office of Management and Budget (OMB) or the U.S. Census Bureau. Data is sometimes changed or restated after it is initially reported."⁹¹

An article by MacGillis from The Washington Post, dated May 21, 2009, commented that Recovery.gov offers "little beyond news releases, general breakdowns of spending, and acronym-laden spreadsheets and timelines."⁹²

88 Whose personal motivations it should be interesting to study!

89 For example, see :

http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/116xx/doc11659/07-27_debt_fiscalcrisis_brief.pdf

90 *Budget Fact Sheets*. The White House. http://www.whitehouse.gov/omb/budget_factsheets_key

91 Tyler Chessman. Understanding the US debt. 2011. <http://understandingtheusdebt.com/data.aspx>

92 MacGillis, Alec . *Tracking Stimulus Spending May Not Be as Easy as Promised*. The Washington Post. May 21, 2009. Retrieved April 23, 2014.

Errors were also reported, such as money being assessed to congressional districts that did not exist.⁹³ Incidentally the redesigning of the site itself cost an estimated \$9.5 million⁹⁴, which raises the question of how much went into its original conception and how much it added on to the whole debt....

We can wonder about the causes of such waste and inefficiency. Are American civil servants so incompetent that they cannot add up figures right or are they encouraged, indirectly, not to provide the information? Indeed Recovery.org is not the only state organisation that makes us wonder.

Another case of manifest inability to track down money is that of TARP. This came out at a televised hearing⁹⁵ during which Alan Grayson, the Democrat representative, cross-examined Federal Reserve Inspector General Elizabeth A. Coleman. The 5-minute examination was posted on Grayson's official YouTube page, and viewed over 4 million times. As Ms Coleman expressed her inability to say which bank had received TARP money, Grayson wondered how that could be. Yet a politician at that level could only but realise that it was impossible to mention the names of the banks which had received money from the government, for strategic reasons. The risk was that their clients might leave them, leading to their collapse. If it was strange for him to insist on having the information, it was all the more so on the part of Ms Coleman not to say straight away that those names could not be said. Or could it really be true that she really did not have the information as she was indeed saying? Once again, could American civil servants, really be so incompetent?

Neil Barofsky, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), said "Inadequate oversight and insufficient information about what companies are doing with the money leaves the program open to fraud, including conflicts of interest facing fund managers, collusion between participants and vulnerabilities to money laundering"⁹⁶ However was it not the very purpose of his job to see that this was not to happen? Can the government really not trace the money it grants? Was the man saying he had no power to look into the finances of companies? Are companies not audited as they are in France, having to produce very specific figures? Can these figures be altered easily?

The following example illustrates once again the difficulty of US governmental bodies to communicate with the man in the street. The Drudge Report of July 20, 2009, a Republican blog, accused the US department of Agriculture of squandering money and the government's answer reveals how the misunderstanding just came from incomplete expression:

93 *Did "Phantom" Districts Get Stimulus Cash?*. CBS News. November 18, 2009. Retrieved September 24, 2013.

94 *18 M Spent To Redesign Recovery.gov Web Site*. ABC News. July 9, 2009. Retrieved September 24, 2013.

95 *Rep. Alan Grayson: Is Anyone Minding The Store At The Federal Reserve?* Alan Grayson's You Tube Channel. May 5, 2009. Retrieved September 24, 2013. <http://www.youtube.com/watch?v=PXlxBeAvsB8>

96 Stein, Mark. *Tarp Fraud Probes Begin - Daily Brief*. Portfolio.com. April 21, 2009. Retrieved December 10, 2013

"The references to "2 pound frozen ham sliced" are to the sizes of the packaging. Press reports suggesting that the Recovery Act spent \$1.191 million to buy "2 pounds of ham" are wrong. In fact, the contract in question purchased 760,000 pounds of ham for \$1.191 million, at a cost of approximately \$1.50 per pound. In terms of the dairy purchase referenced, USDA's Farm Service Agency (FSA) purchased 837,936 pounds of mozzarella cheese and 4,039,200 pounds of processed cheese. The canned pork purchase was 8,424,000 pounds at a cost of \$16,784,000, or approximately \$1.99 per pound." ⁹⁷

This anecdote shows the civil servant who filled in the document obviously did not have in mind that its purpose was to inform the general public and therefore that it should be particularly clear, and the Republicans were probably not particularly willing to make too much effort to understand...

Mattea Kramer and Miriam Pemberton also note a lack of information on expenses in the military sector:

"The spending on that war machine is so profligate, in fact, that the Pentagon has never successfully completed an audit; its officials can't even tell you where all that money goes." ⁹⁸

2.1.3. A difficult topic

As we have seen in part 1, multiple factors can account for the debt. Furthermore figures are difficult to understand and to compare, some being expressed yearly, some quarterly, which makes different types of calculations possible, as Tyler Chessman explains:

"Some metrics have multiple definitions. For example, GDP is reported quarterly. The quarterly number is adjusted for the season and multiplied by 4 to produce a seasonally adjusted annual value. GDP is also reported annually. The annual value is an average of its 4 quarterly values. So if I want to calculate debt as a percent of GDP for a given year, do I use the GDP for the last quarter or the annual average? Am I calculating debt as a percentage of GDP for a calendar year or a fiscal year? Is the calculation for the beginning of the year, or the end of the year?" ⁹⁹

Means of calculations also vary which can make comparisons difficult.

97 USDA statement. Release No. 0322.09. Retrieved November 21, 2013. <http://www.usda.gov/wps/portal/usda/usdamediafb?contentid=2009/07/0322.xml&printable=true&contentidonly=true>

98 Mattea Kramer and Miriam Pemberton. *Re-Purposing America's War Machine*. Common Dreams. Sept 19, 2013. Retrieved November 21, 2013. <http://www.commondreams.org/view/2013/09/19-5>.

99 Tyler Chessman. Understanding the US debt. 2011. <http://understandingtheusdebt.com/data.aspx>

The Obama Administration made four accounting changes to more accurately report the total spending by the federal government. The four changes were:

“accounting for the wars in Iraq and Afghanistan in the budget rather than through the use of supplemental appropriations; assuming the Alternative Minimum Tax will be indexed for inflation; accounting for the full costs of Medicare reimbursements; and anticipating the inevitable expenditures for natural disaster relief. According to administration officials, these changes will make the debt over ten years look \$2.7 trillion larger than it would otherwise appear”¹⁰⁰.

No wonder facts are difficult to state because the question of the debt is indeed a difficult one. Even making sense of the figures quoted is difficult. The comedian, Lee Camp, entitled his September 19, 2013 video : "Rich Americans own 3 trillion dollars in assets and three billion dollars would be enough to put an end to world hunger". Suddenly the huge figures that seemed abstract take on more meaning, but they are not usually put in perspective in such a striking way.

A debt corresponds to investments that will usually yield profits in the future, so to answer the question about the importance or seriousness of the debt we would really need to be able to assess the amount of wealth educating children or building a bridge, for example, will yield back. This would require being able to look into the future and to have objective trustworthy means of assessing what wealth is. Today we cannot.

Another intricacy of the topic is the financial technicalities about the impact of interest rates contributing to making the debt rise more or less quickly (See Appendix 1: Steve Stoft, a trader with a Ph.D in Economics unsuccessfully attempts to make debt issues understandable to the general public. Appendix 2: an article from the Christian Science Monitor with the same goal, fails at that too...). If at first I endeavoured reading the specialists' literature on the debt I soon realised that I could not understand it.

2.2. A culture that does not favour debate on the topic

If state bodies do not make much effort at communicating to the general public, it may be either because they are not willing to let them know or because people are simply not interested in knowing.

2.2.1. A lack of interest

In the film, I.O.U.S.A., people in the street are interviewed about basic questions about the debt, and only one out of fifteen can give an appropriate answer. The US workforce works more hours than in most developed

100 Calmes, Jackie . *Obama Bans Gimmicks, and Deficit Will Rise*. The New York Times. February 20, 2009. Retrieved May 26, 2010.

countries (over 1700 a year for 1400 in France) while 5 million of them are food-insecure. Lately, even the middle class has found it hard to make ends meet. This context is not very good for sitting down for hours comparing figures and facts about the debt. Furthermore 62% of Americans only passed high school graduation¹⁰¹, a level that may not be sufficient to grasp all the intricacies of the system. It is also difficult to make a synthesis of all the information involved.

2.2.2. A culture that values consensus

Americans have tended to choose their neighbourhoods so as to live with similar, like-minded people. Besides, politicians have drawn districts so as to secure votes in their favour, therefore the political apportionment of voters causes representatives to feel certain that they will be elected again and again in the same areas. As a consequence, apart from districts where there is a greater mix of voters, they do not have to think hard about new speeches and can just go on with the same arguments they have been using for years. This is not intellectually challenging and does not encourage the rise of creative thinking to solve the debt crisis. Today there is such an abundance of media sources that it is easy to choose one in accordance with one's values and trust every speaker to be saying just what one believes. Besides many people listen to television as they would hear birds chirping in the trees, without necessarily paying attention to anything else than the basic tune, the recurring words being enough to comfort them that the speaker is in line with their own preconceived ideas. In many houses, the never-switched-off-TVs, with their repetitive information create a permanent background noise that one needs to insulate oneself from, by not listening to it, paradoxically...

How many Americans actually look for rational, coherent information, and are ready to question their own prejudices, whether they be from the left or the right or from neither? In a society that values individuals according to what they possess, more than in relation to the depth of their thinking, what can encourage them to go on such a quest? When leisure outlets are so abundant, why does anyone at all bother to worry about topics that are difficult to fathom? It is quite understandable that many people might want only to hear what makes them feel good in a society where positive attitude and consensus are valued. Belonging to a set, identified group to feel reassured implies not questioning its main dogma. Dissonance creates tension, impatience and discomfort.

In his famous film, *Bowling for Columbine*, Michael Moore inserted a cartoon that retraces the history of the USA. At first, people fled there because of religious persecution against them, or because of extreme poverty, a cause he omits to mention. Then they united against native Americans, then against the British domination, then against communists. Apart from the time of the Civil War, the country was always united against a common enemy. This tradition has created a culture in which dissension is often associated with treason. I once expressed disagreement over a book, that caused an American friend to complain : "Well I have just told you I liked this

¹⁰¹ *Educational Attainment in the United States: 2009*. U.S. Census Bureau. 22 September 2010.

book and you criticize it!". In my French culture, my attitude would have been seen as quite acceptable, but obviously my American friend was shocked. After 9-11, Americans who suggested that their country must have done something really wrong, for others to be so angry at it, were accused of being traitors to the country and very fast did not dare to express their views any-more. The US culture has been formed through the fight against a common enemy and that requires, and causes insistence on cohesion.

Entanglement of political, religious and economic issues makes it difficult to dissent on one of the issues without being held as a traitor to your community. Politicians have understood this and Paul Krugman shows how they purposefully mix issues that are sensitive and raise a lot of emotion in certain religious communities, like abortion, to their political programme, making them impossible to vote against, for fear of being excluded from the group of people you feel you belong to (Krugman, 293).

For all these reasons, the message that comes out to the people is extremely simplified and difficult to take any distance from.

2.2.3. A culture that favours emotion over reason

If, in some US fast food restaurants¹⁰², the tendency is for waiters to tend to call you by your first name, it is because, it has been found out that this infantilisation makes you less prone to act rationally, and therefore to limit your consumption and expenses.

It is noteworthy that Greenspan's book, *The Age of Turbulence*, should be subtitled "adventures in a new world". The reference to Alice's adventures in wonderland sets the readers back into a world of childhood. Furthermore he provides no references at all for what he states and seems to expect people to believe him only because of this or because of the authority he represents as former president of the Fed.

Most of the time the tone associated with the question of the debt in the media is one of fear. In the CNN report called "the fiscal cliff", a scary journalist explains, with cartoon-like pictures, that the US is about to collapse down a cliff.¹⁰³ The tone is so breathless and the bias so obvious, that it is actually difficult for an informed viewer to take it seriously, but it is certainly scary to an uninformed one. Another example is a video on healthcare costs called "His first sentences are interesting, the 5th blew my mind and made me a little sick"¹⁰⁴ A magazine article states: "Ultimately (which may not be very long from now), the debt system appears likely to

102 This is a common practice in Starbucks Coffee Shops according to Lee Camp who has a video mocking the practice.

103 *Fiscal cliff awaits Obama and the world*. CNN. November 7, 2012.

<http://edition.cnn.com/video/data/2.0/video/business/2012/11/07/quest-fiscal-cliff-obama-lagarde.cnn.html>

104 His first sentences are interesting, the 5th blew my mind and made me a little sick. Adam Mordecai. Upworthy. Retrieved September 15, 2013.

<http://www.upworthy.com/his-first-4-sentences-are-interesting-the-5th-blew-my-mind-and-made-me-a-little-sick-2?c=cd1>

collapse." ¹⁰⁵. The topic is always treated in a similar way in the media, that need to use a sensationalist tone to glue their viewers to the tube. For this reason, they also tend to focus on small issues instead of looking at the bigger picture and treating all the intricate aspects of the debt for example. As people's attention is geared towards sensational, but trite events, they lose sight of more crucial issues that would require national debate and individual understanding.

2.2.4. This context allows for politicians to be incoherent and yet retain some popularity

As people's sense of cohesion is spurred and their childish emotions raised, they are bound to be relatively unable to be seriously critical concerning an intricate topic such as the debt. Even such a simple question as "is it important?" gives rise to paradoxical answers that should have citizens demanding more clarity.

Greenspan notes that in 2006, he saw the debt rise from the planned 1.2 to 4.8 trillion dollars under George Bush and adds that the cost of the war against Iraq and terrorism (sic) cannot account for the difference. They made up about 120 billion dollars, "which is not a big amount of money for an economy that generates 13 trillion dollars a year". He rather blames the bill on health care, called Medicare, which, within ten years added up over" 500 billion dollars to the already huge costs of the system" (Greenspan, 317). However if my mathematical skills are good, 500 billion dollars over 10 years only means 50 billion a year, which can hardly account for a 3600 unaccountable increase. Greenspan instead of providing a list of other figures that could help understand an increase, that took place under a Republican president supposedly in favour of a reduction of the debt, just adds on laconically that "this was not an isolated case".

In his 677 page long book, called *The Age of Turbulence*, this is the only reference he makes to the debt problem as though the matter was hardly worth mentioning. Yet he states that he was angry that George Bush did not veto that \$4.8 trillion budget. So is the debt really a problem or not? He thinks that unless there is an unpredictable event such as a nuclear explosion on American ground, a pandemic of influenza, or an impossibility to find a non-inflationist solution to the budget deficit of Medicare, the US will be characterised in 2030 by a GNP superior to that of 2006 by 75% (Greenspan, 631). He does not justify this figure. For him not being able to solve the deficit is comparable to events that he feels are very unlikely. On this topic, you can find Republican and Democrats agreeing, like Krugman, just as, on the other side, some Democrats agree with most Republicans that the deficit is huge and must be shrunk.

105 Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit – lack of inexpensive oil*

Paul Krugman wrote that trying to reduce the debt makes the debt problem worse¹⁰⁶. Ben Bernanke stated in a November 21, 2002 speech at the Federal Reserve that "The U.S. government has a technology, called a printing press (or today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at no cost."¹⁰⁷, meaning that for him the debt is not a problem either. His only cause of worry is deflation.

However this is not the opinion held in most media whose basic message is the same as that of The Christian Science Monitor in these lines : "Ultimately (which may not be very long from now), the debt system appears likely to collapse." ¹⁰⁸

A journalist from CSM gives us the details:

"In fact, reaching debt limits is likely be a messy affair, with some type of change (such as increasing rising interest rates as QE fails, or the US dollar losing its reserve currency status, or huge changes in the Eurozone) leading to changes that affect governments and currencies around the world. It seems likely that trade might be disrupted. Some governments might be replaced, and the debt of prior governments repudiated by the new governments. It is not clear what would happen to personal and corporate debt. In many countries, reform governments have redistributed land and other property. In such a circumstance, neither prior land ownership nor prior debt would have much meaning." ¹⁰⁹

Interestingly this catastrophic scenario is developed in an unusual very matter of fact tone. The whole document seems to appeal to reason. This contrasts with the tragic inuendos usually heard when dealing with this topic, as in the trailer of the film IOUSA, for instance.

This documentary shows the debt as a big source of concern, such that its makers organised a tour around the US to make people aware of the problem. Yet a specialist is interviewed in the film who says that the debt cannot be paid back anyway. This piece of information seems to be used to scare viewers and convince them that much social care will have to be cut back. At no point do they push the logic so far as to say that those cuts will

106 PAUL KRUGMAN. Nobody understands debt. New York Times. January 1, 2012. Retrieved January 7, 2014.

http://www.nytimes.com/2012/01/02/opinion/krugman-nobody-understands-debt.html?_r=0

107 Remarks by Governor Ben S. Bernanke Before the National Economists Club, Washington, D.C. Deflation: Making Sure "It" Doesn't Happen Here. November 21, 2002 . Retrieved January 7, 2014.

<http://www.federalreserve.gov/boardDocs/speeches/2002/20021121/default.htm>

108 Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit – lack of inexpensive oil.* Christian Science Monitor. March 5, 2013. Retrieved January 7, 2014.

<http://www.csmonitor.com/Environment/Energy-Voices/2013/0305/Are-high-oil-prices-pushing-us-towards-debt-limits>

109 Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit – lack of inexpensive oil.* Christian Science Monitor. March 5, 2013. Retrieved January 7, 2014.

<http://www.csmonitor.com/Environment/Energy-Voices/2013/0305/Are-high-oil-prices-pushing-us-towards-debt-limits>

decrease the huge amount of debt almost insignificantly, although this is what can be directly deduced from the figures they, themselves, give: a debt of \$15 trillion at the time (2009) and savings that will bear on budgets of billions of dollars only. They do not assess the amount of savings that could be brought about by their recommendation that Americans practise sport, to be healthier, instead of going to the doctor, but it is likely to be marginal in comparison to sum of money owed.

Not everybody agrees about the seriousness of the debt even within the same groups of people.

The Tea Party gathers people who think they pay too much tax. It is headed by Sarah Palin. She stated during a June 2010 interview with Katie Couric that she was in favour of making :

" every effort possible to help spread democracy for those who desire freedom, independence, tolerance, respect for equality. That is the whole goal here in fighting terrorism also. It's not just to keep the people safe, but to be able to usher in democratic values and ideals around this, around the world."

This of course means using tax payers' money for this. On the other hand, in an August 2010 article for Foreign Policy magazine, Ron Paul stated that the Tea Party movement "cannot talk about fiscal responsibility while spending trillions on occupying and bullying the rest of the world ".

Another topic on which Greenspan could be questioned by citizens is his position about what the government can or cannot really afford.

He said on March 2, 2005 that the US couldn't afford its healthcare system. He warned that "the federal budget deficits were "unsustainable,"and that they could be "driven sharply higher by costs connected to the aging of the baby boom generation, particularly of entitlement programs like Social Security and Medicare. "¹¹⁰. However he also said in 2001, 2003 and 2005 that the US could afford tax cuts to the rich¹¹¹. The illogicality of this position should, it seems, raise much concern.

Other Republicans have been targeted for incoherence.

The Democratic Congressional Campaign Committee established a "Hypocrisy Hall of Fame" to list Republican Representatives who had voted against ARRA but who then sought or took credit for ARRA programs in their districts¹¹². Newsweek also reported that many of the Republican legislators who publicly argued that the

110 EDMUND L. ANDREWS. *Budget Deficits Are 'Unsustainable'*. Doug Mills/The New York Times. March 3, 2005. Retrieved August 13, 13

111 RICHARD W. STEVENSON. *Down Into the Fray*. The New York Times. January 27, 2001. Retrieved January 13, 14

112 Hypocrisy Alert: 128 House Republicans Take Credit for the Economic Bills They Opposed". Democratic Congressional Campaign Committee. Retrieved September 10, 2013.

stimulus would not create jobs were writing letters seeking stimulus programs for their districts on the grounds that the spending would create jobs¹¹³.

2.2.5. The role of the media

In an age when TV channels compete with each other fiercely so as not to be the victims of remote control every single instant has to be packed with sensationalism. Besides, the interviews are interrupted by commercials that make the unfolding of complex argumentation virtually impossible, so it seems that no televised information on the main media can be trusted to be all encompassing. The people interviewed know they have to make shocking sound bites to keep viewers interested. This, of course, prevents in depth coverage of the debt, an issue whose complexity has caused whole books to be written.

Fox News has long been known as favouring Republican ideas. Following the September 12 Taxpayer March on Washington, it said it was the only channel to cover the protests and took out full-page ads in The Washington Post, the New York Post, and The Wall Street Journal with a prominent headline reading : "How did ABC, CBS, NBC, MSNBC, and CNN miss this story?". This striking practise places this channel as strongly in favour of those who support acting against the increase of the debt.

According to Fairness and Accuracy in Reporting, a media watchdog, the Tea Party movement is much more covered in the media than larger movements like the National Equality March ¹¹⁴ or the US Social Forum. The latter, for example, was mentioned only 3 times for 177 times for a Tea Party Protest, despite an attendance that was 25 times smaller¹¹⁵. While the Tea Party members advocate for budget reductions, the other demonstrators advocate for debates to reorganize society around other values than financial profit-making.

Collusion between certain parties or business groups makes the information provided not necessarily always trustworthy. This is true even in the press, which does not yet suffer from the same pressure as television, for scandal and concision.

Here is a list of titles of advertisements: "Fracking. Tight oil. Do you know your energy vocabulary?", "Tesla stock surges as Tesla Motors beats the odds", "Cheapest way to heat your home? Four fuels compared", "Yemen plot foiled: Al Qaeda threat targets energy infrastructure" and "Al Qaeda threat: Is energy a target?". They were all found next to an article aiming at demonstrating that oil dependence is a cause, all at once, for the decrease in

113 Stone, Daniel. *The Tea Party Pork Binge*. The Daily Beast. October 30, 2011. Retrieved September 10, 2013.

114 Hollar, Julie. "National Equality vs. Tea Party". Extra!. December 2009

115 Hollar, Julie. "Tea Party vs. U.S. Social Forum". Extra! September 2010

wages, for the increase of unemployment and for the soaring of the debt¹¹⁶. The Christian Science Monitor by associating this content and those advertisements leaves its visitor with the feeling that to solve the US debt, one must frack the ground to get more American oil and therefore be less dependant on the Middle East, which is necessary to avoid terrorist threats by Al Qaeda. This kind of message can be very useful for the fracking industry, a welcome fact at a time when it is confronted with fierce opposition from environmentalists and when whole segments of the population side against it. Yet the Christian Science Monitor is listed amongst the fairest US newspapers¹¹⁷.

According to Krugman, Republican Think Tanks have more columns in the press than Democratic ones (275)¹¹⁸ and they are all in favour of reducing the debt. To him, there is an inequality in the representation of Democratic ideas in the media. Many books and articles have been written about the concentration of the media within only a few hands, like those of the press magnate, Murdoch. Only six corporations¹¹⁹ own the thousands of newspapers, magazines and TV channels across the USA. They have demonstrated their close links to big corporations and Republican values¹²⁰. In the first note to his chapter 8, Ferguson quotes many studies demonstrating this tendency and underlines the restricted access to funding to always the same vision of the debt. The film *Inside Jobs* comes to similar conclusions.

In this context of light-weight debate and of collusion between the media and corporations, or groups of interest, the redundancy of a certain type of news or visions brainwashes viewers and prevents them from questioning the dogma exposed.

To have more chances to hear voices mentioning unusually expressed causes about the debt, one has to search the web. Comedians, bloggers, politicians, specialists and non-specialists express a variety of visions, from the most factual, to the most far-fetched or even paranoid. Those pages seem to be mostly read by well-educated citizens, as far as one can judge from the informed and well-expressed comments they leave on the pages. Surely the well-

116 Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit – lack of inexpensive oil*. Christian Science Monitor. March 5, 2013. Retrieved January 7, 2014.

<http://www.csmonitor.com/Environment/Energy-Voices/2013/0305/Are-high-oil-prices-pushing-us-towards-debt-limits>

117 Caldwell Titcomb. *Are Our Nation's Newspapers Biased?* The Harvard Crimson. Retrieved January 7, 2014.

<http://www.thecrimson.com/article/1957/8/1/are-our-nations-newspapers-biased-pin/> 11 12 13

118 Krugman.

119 Disney, GE, Newscorp, Viacom, Time Warner and CBS.

120 See, for instance, Frank McCoy's thesis : THE PROPAGANDA MODEL: CORPORATE AND POLITICAL COLLUSION IN THE CREATION OF AN OLIGOPOLISTIC MAINSTREAM U.S. MEDIA. Faculty in Communication and Leadership Studies. Gonzaga University. December, 2012

read Americans with an interest in the topic are aware of all the causes of the debt. Therefore politicians must surely have a definite idea of where the problem clearly lies and originates from.

2.3. Political stakes

We may therefore presume that if the message to the public does not come through clearly and extensively, but partially and in a biased way, it is likely to be because informed politicians have more to gain, than to lose, from this haziness.

Politicians' needs consist in having enough voters, of not disrupting the countries' stability and of getting enough money for their campaigns. How do these needs interfere with the presentation of the true reality of the debt ?

2.3.1. Ensuring enough voters

Most obviously offering voters the services they need is the best way to secure their votes, hence perhaps a reason for the tendency to create deficits. Stressing some causes of the debt instead of others might also be ways of becoming more popular and might therefore explain that politicians favour expressing some visions rather than others.

A - A politically-incorrect reason for lying about the debt

When Republicans stress the part of healthcare cost in the increase of the debt, they are touching a soft spot, according to Paul Krugman, who claims that vast amounts of Americans are so racist that they hate the thought of poor, usually colored, people receiving part of their tax-money (296, quoting a 2006 study by Alesina, Glaeser et Sacerdote, Harvard economists). Confirming this a University of Washington poll of 1,695 registered voters in the state of Washington reported that 88% of Tea Party supporters, most of whom vote for Republicans, approve of an Arizona immigration law that requires police to question people they suspect are illegal immigrants for proof of legal status and 54% feel that immigration is changing the culture in the U.S. for the worse¹²¹. It is obviously difficult for any politician today to make direct racist statements, but targetting healthcare benefits may ensure him or her popularity among people with racist inclinations.

Not every American is racist, though, and there are other means of ensuring their votes.

121 Prof. Matt Barreto and Prof. Christopher Parker. *May 2010 Washington Poll*. University of Washington for the study of ethnicity, race and sexuality. May 2010. Retrieved February 24, 2014.

http://www.washingtonpoll.org/results/June1_teparty.pdf

B - A political game of seduction aimed at voters

When listening to interviews in which politicians holding adverse beliefs are opposed, one gets the feeling that the point is not for each other to try to understand the other's point of view and to rearrange one's own accordingly, as can be expected when sharing ideas, but to seduce viewers and supporters by repeating what they already believe. Brian Faler in a Bloomberg paper provides an example. He says that the « debt-limit debate that will be largely political theater »¹²² because :

« Under a budget agreement hatched out last year, Congress created a mechanism that in effect lets Obama unilaterally lift the legal cap on borrowing. House Republicans plan to adopt a resolution tomorrow rejecting Obama's Jan. 12 request to raise the debt limit by \$1.2 trillion, though the measure will die either in the Senate or by presidential veto. That will allow Obama to lift the cap on his own after Republicans have gone on record against it. »¹²³

If the Republicans he mentions are ready to reject a measure that they know will be enforced anyway, it is mostly to please their electorate.

Fareed Zacharia, a CNN journalist, seems to agree, since he explains that Congress votes budgets that are too high and that oblige the government to borrow money and then hypocritically puts the blame on the President¹²⁴. For him, the credibility of the US is unnecessarily shaken by these speeches about the debt ceiling.

Accusations of causing unnecessary deficit are used both on the part of Republicans and on that of Democrats, as we saw in part 1, as a tool to discredit their opponents. The process of denigrating the other party acts as a strategy to secure votes. This also saves politicians or decision-makers from making suggestions as Barack Obama said in a speech. On September 20, 2010, he reminded Americans that skepticism about government and spending was good, but that it was not enough to say "Get control of spending". He then challenged the Tea Party movement to get specific about how they would cut government debt and spending:

"And so the challenge, I think, for the Tea Party movement is to identify specifically what would you do. It's not enough just to say, get control of spending. I think it's important for you to say, I'm willing to cut

¹²² Brian Faler. *Debt-Limit Debate Returns to Congress as Budget Decisions Wait*. Bloomberg. Jan 17, 2012 . Retrieved April 4, 2014.

<http://www.bloomberg.com/news/2012-01-17/debt-limit-debate-to-return-to-congress-while-budget-decisions-will-wait.html>

¹²³ Ibid

¹²⁴ CNN. July 27, 2011. Retrieved August 17, 2013.

<http://edition.cnn.com/video/?/video/us/2011/07/29/gps.fareeds.take.debt.ceiling.cnn>

veterans' benefits, or I'm willing to cut Medicare or Social Security benefits, or I'm willing to see these taxes go up. What you can't do—which is what I've been hearing a lot from the other side—is say we're going to control government spending, we're going to propose \$4 trillion of additional tax cuts, and that magically somehow things are going to work."¹²⁵

Now if Tea Partyists and others do not seem to have many proposals to make, it may be that they are indeed hard to think of.

2.3.2. A difficult game to win : the risks of explicit communication

Politicians need to convince people that they are useful and efficient, therefore it is better for them to mention problems to which they can suggest solutions.

A- No obvious panacea

When it comes to expressing ideas on how to solve the debt problem, not many voices are heard and those that are often fall short of expectations as we will endeavour to show.

The federal fiscal commission made a detailed list of expenses that could be cut to save \$200 billion (November 10, 2010) ¹²⁶. It is very specific and targets 58 sources of potential savings. However it is well below the amount needed to solve the debt problem.

In *The Age of Turbulence*, Greenspan expresses the belief that current problems will disappear naturally, provided there is little intervention from the government. His last chapter deals with what should be done to end the crisis, not with what should be done to eliminate the debt. For him, the only problem lies in the widening gap between salaries, which, according to him, is due to the lack of education of the poorer workers (Greenspan, 554). Education has failed at "producing higher qualified workers", but he does not say that this may be due to a lack of investment in the sector. The solution for him would be to import educated workers from abroad (640). The income of qualified workers should be limited too, but this should not be done through state intervention (he does not explain how to achieve this). For him, the debt is not a cause of worry as he is planning that the US GNP will be 3/4 superior to what it is currently in 2030 (631). He does not demonstrate why. He adds that financial

¹²⁵ David Jackson. *Obama to Tea Party: 'What would you do?'* USA TODAY. Sept 20, 2010 . Retrieved October 20, 2013
<http://content.usatoday.com/communities/theoval/post/2010/09/obama-to-tea-party-what-would-you-do/1#.U3oG5XhMfZs>

¹²⁶ http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf

flexibility should be encouraged and that financial transactions should remain in the hands of "wealthy professionals" and not of those of the general public (624).

His successor Ben Bernanke was originally obsessed with using a "helicopter drop" of money into the economy to fight deflation, which seemed to be a greater concern for him than the debt.

The subtitle of Paul Krugman's book being "A new, new deal", he might have been advocating for a list of measures to improve the state of the country, however most of the book deals with a description of its actual state. Only at the end can we find the following suggestions : he defends the idea of a healthcare system for all, and suggests that there should be regulations on insurance companies so that they would stop charging depending on the person's medical record (Krugman, 376). Then he argues that negotiations should be held to make drug prices decrease (377). These measures only concern health care and are far from being exhaustive enough to bring the deficit back to zero.

In his 2007 book, *The Healthcare Fix*, Kotlikoff proposed a reform of the U.S. healthcare system, based on the handing out of health vouchers for a basic health insurance policy, whose coverages would be established so that the total cost remained within a fixed share of GDP. Its amount would be individually risk-adjusted, so that sicker people would receive larger vouchers. Kotlikoff has also proposed reforms of the U.S. financial system, tax system, and retirement income system. In *Jimmy Stewart Is Dead*, he suggests to transform all financial companies with limited liability, including incorporated banks, insurance companies, financial exchanges, and hedge funds, into pass-through mutual funds, which do not borrow to invest in risky assets, but, instead, allows the public to directly choose what risks it wishes to bear by purchasing more or less risky mutual funds. His innovative solutions may prevent the debt from soaring higher if they are feasible, however they are not widely publicly debated.

The only article I found that aimed at considering all solutions to the debt was on the website dedicated to Austrian economics. There are 91,137 Facebook fans for Ludwig von Mises, the creator of this school of economics. This school has been made relatively famous by Kel Kelly's book : *The Case for Legalizing Capitalism*.

The exhaustivity of the approach of the article found on the site of the school, whether we agree with it or not, contrasts with the fragmented approaches found elsewhere. Of course, this can be explained by the fact that this article is geared towards people with a serious interest in economics, even if the way the article is written shows that it is not aimed at specialists. The author, Philipp Bagus, a libertarian, is an associate professor and the author

of two books aiming at making economics easy to understand. In the article called "*How the Paper Money Experiment Will End*"¹²⁷, he mentions seven possibilities to solve the debt. First of all, (super-)inflation would lead to eradicating all debt thanks to the printing of money. The lenders would be paid in money that would have lost value, and they would be the losers, but the debtors would benefit from the measure (however he leaves aside the question that all citizens would suffer from the inflation). A second possibility is that the government cut out drastically on what it usually offers (to give the example of France, cutting out 30% of civil servants would only enable to pay off the yearly interests on the debt, which would leave roughly 2000 billion euros to be paid back¹²⁸). The third possibility is to simply default and not pay the debt. This leads to losses for banks and insurance companies that have invested the savings of their clients in government bonds and may cause the state not to be able to borrow money again on the international market. The banks might also collapse. The fourth solution considered would be to oblige investors to buy government bonds thanks to financial repression, so as to be sure to always have money available to finance state services. A fifth option is to expropriate wealth: "The government simply increases existing tax rates or may employ one-time confiscatory expropriations of wealth."¹²⁹. It is also possible to reform currency as it was done in Germany after World War II, when the Reichmark was replaced by the Deutsche Mark, that nearly was valueless at the time. This would cause savers to lose all their savings. Philipp Bagus's last suggestion is that savers be converted into bank shareholders. This bail-in recapitalizes the banking system so that a partial default on government bonds would not threaten the stability of the banking system any more. As a result, both the over-indebtedness of banks and that of governments would be reduced.

Interestingly only Philipp Bagus's second option is considered by politicians, as though it was the only existing one. It surely is the one that is the least harmful to the banking system, that would suffer drastically under most of the other options.

Philipp Bagus adds that any of these options will end the wealth illusion. Are politicians and citizens ready to take that step?

If we proceed logically and take up the causes listed in part one, one by one, to endeavour to find remedies to each of them, we can only find out that none is perfect.

127 Philip Bagus. *How the Paper Money Experiment Will End*. Ludwig Von Mises Institute. December 13, 2013. Retrieved December 14, 2013. <http://mises.org/preview/6609/How-the-Paper-Money-Experiment-Will-End#IDComment768202933>

128 Anne-Marie Estour. *Le Monde ne vous plait pas tel qu'il est? Changez-le! Tome 3*. 2012. p 13

129 Philip Bagus. *How the Paper Money Experiment Will End*. Ludwig Von Mises Institute. December 13, 2013. Retrieved December 14, 2013. <http://mises.org/preview/6609/How-the-Paper-Money-Experiment-Will-End#IDComment768202933>

Thus, for example, it would be awkward on the part of members of government to have to acknowledge that it was a mistake to have a private institution, not a governmental body, the Fed, decide on the interest rates that bear on the money it creates without any oversight from the government. Making the Fed fall under governmental control would raise huge opposition on the part of the banking system, if we are to believe the theses expressed in *the Collapse of the American dream* (a cartoon watched over 3 million times on You Tube)¹³⁰.

There would be countless financial consequences if banks were no longer allowed to lend money independently of the reserves they actually hold.

Decreasing military or health expenditures would affect American firms directly and might cause lay offs and bankruptcies.

Taxing the rich and fighting more powerfully against tax-havens would require international cohesion so as not to cause massive departure of funds.

Wars, for example, are very costly, but without what is probably a way of taking the upper-hand on some oil producing countries, who knows if the price of oil might not soar, all to a huge cost to Americans.

We could go on and on with such examples. In this globalized, complex world, every decision may have a boomerang effect.

The very title of Alan Greenspan's book : *The Age of Turbulence : Adventures in a New World* indicates clearly enough that the establishment views the dire straits the USA is facing as being as unavoidable as all the Ages that humanity has gone through through time (the Paleolithic Age, the Stone Age, the Middle-Ages, etc...). Making out, even more clearly, the impotence of decision-makers, like him, Greenspan writes a comment under the picture of demonstrators holding a banner urging to "structurally adjust this". He states that "Ironically the intensity of those demonstrations has been increasing proportionally to the loss of power of nations to cope with market forces".

Would the population not panic if they realized that even people in power feel powerless ?

Are all the speeches about debt reduction not mere propaganda on the part of decision-makers that cannot do much ? Who may that propaganda be actually geared to ?

Obviously no politician can ever say that he cannot act because his power is hindered by corporations or hidden interest groups. This would be political suicide. This would also create chaos among the population who is used to thinking that there is, indeed, « a pilot on the plane ». If many people feel that they are governed by corrupt, incompetent people, and say it, to hear politicians actually say that they cannot do anything for Americans would come as quite a shock. So far the opinion is satisfied with being able to vote alternatively for Conservatives or

130 <http://www.youtube.com/watch?v=mII9NZ8MMVM>

Democrats, but will there not be a time when unrest is no longer held by that possibility to choose between parties whose policies do not vary so much?

May social stability not be disrupted ?

B - The social risks that explicit communication could bring about

The USA is a nation of immigrants that came over because this was the land of the dream. Being confronted with the idea of its looming downfall may cause a disenchantment that might not just express itself through voting abstentions but through revolt, all the more so that the living conditions and salaries of the average American are deteriorating fast.

Today the US police forces are being armed with equipment that originally belonged to the army, like tanks. « A little-known Pentagon program has been quietly militarising American police forces for years. A total of \$4.2bn worth of equipment has been distributed by the Defence Department to municipal law enforcement agencies, with a record \$546m in 2012 alone. » ¹³¹. What might the US police have to do with such equipment ? Is the fear that the population might take to the streets currently so big ?

The USA are on the brink of losing their economic predominance over China, who already comes second, right behind them. American firms are being heavily bought out by foreign investors. Fanny Mae, Freddy Mac and AIG had to be taken over by a state that however claims not to be socialist. The TARP programme may have saved jobs and created a few, but its record is unclear in spite of the huge amounts invested. So is there any hope ?

Besides, how will the man in the street react when he understands that the money that should be saved for his pension schemes is used to finance the debt?

Of course when the money from the retirement schemes is lent, interest is paid on it, so that money fructifies. However today neither this money, nor the interest on it is being paid back and as we have seen there is little chance of finding a way to pay them back. So many people advocate today that this money should not be paid back anyway, that some groups representing the US finance industries have urged Congress to remember that defaulting on the nation's obligations should not be an option ¹³². When Republicans only count the deficit they create by borrowing from the 'public' (financial markets), but not that from borrowing from Social Security, this ignores the fact that Social Security contributions are actually an obligation that must be repaid. They

¹³¹ Michael Shank and Elizabeth Beavers. America's police are looking more and more like the military

A Defense Department program transfers military-grade weapons and vehicles to local law enforcement. It's the last thing we need.

The Guardian.com. October 7, 2013. Retrieved April 27, 2014.

<http://www.theguardian.com/commentisfree/2013/oct/07/militarization-local-police-america>

¹³² Kasia Klimasinska. *U.S. Finance Industry Urges Congress Debt Ceiling Action* . Jan 31, 2014. Retrieved February 2, 2014.

<http://www.bloomberg.com/news/2014-01-31/u-s-finance-industry-urges-congress-debt-ceiling-action.html>

should not be used for current government expenses in theory, but kept aside for the future. So far, the information is mostly present in high-brow websites, so only a minority of Americans discuss these issues, therefore social stability is still maintained.

Trying to secure the support of some segments of the population certainly plays a part in the way the causes to the debt are presented, but it cannot account for all the dissonances about them. A wish to maintain economic stability is also involved.

3 Economic and financial interests thrive on the dissonances

The dissonant rhetorics about the causes of the US debt can be explained by lack of information or lack of interest but also by a social organisation that enables conflicts of interests in the advantage of certain groups. The lack of realism and of clarity when mentioning the causes of the debt may, in part, be purposeful because some financial, economical and even geo-political interests may be at stake.

3.1. Corporate power versus democracy and ethics : an imbalance of forces

A country's organisation reflects its people's aspirations and needs but also the presence of the interests. The political and economic organisation of the USA makes it possible for politico-economical collusion to emerge that is antagonistic to solving the debt problem. Companies use a number of strategies to get the government to act in their profit, which can hinder access to trustworthy information about the debt and cause resistance to possible solutions.

3.1.1. Hijacking intelligentsia to the benefit of corporations

Because there is an efficient intellectual elite in the USA, facts and figures about the US debt are well-documented and analysed, so if the man in the street does not access the information, it is either because it is not put out through to him, or else, because some other data is communicated instead.

Paul Krugman explains that today when a renowned economist testifies before Congress, or, if he is in the news, gives a speech or signs an article for the New-York Times or the Financial Times, he is likely to be paid by a group who has big interests at stake and who are trying to influence the opinion in their favour (329)¹³³. He adds that prosecutors can give up to a quarter million dollars for a professor to testify (330) and that even in universities teaching is biased by conflicts of interests (331). This is made possible by the fact that most American universities do not set a limit on the amounts received by professors from lobbies, since they themselves depend on money coming from companies (332). This possibility of giving academic credit to business interest is so common that about a dozen companies actually sell the expertise of about a thousand professors, among which are, for example, Berkeley research group, Anamysis group, Brattle group, Criterion, Compass Lexecon, and Charles River Associates (333).

¹³³ Krugman.

As a reaction to this state of facts, and as a confirmation of them, also, the American Economic Association has "adopted a new set of ethical guidelines requiring economists to disclose funding sources and other potential conflicts of interest when they publish papers, and urging them to do the same when they make public comments"

134

An article from Bloomberg also confirms Krugman's information and adds that a lot of the professors are specialized in anti-trust legislation¹³⁵. They are experts at arguing that a company is not a trust and that there is, indeed, competition from other firms. Lack of real competition causes prices to soar. Several times in the last 20 years, companies, mostly drug or food companies, have been found to have met in secret to agree on a common price for their goods, so as to get customers to pay higher than if they had been in real competition with each other. The anti-trust legislation experts may help companies prevent the country from negotiating lower drug and hospitalisation prices.

Another instance of corporate world turning neutral experts into their advocates involves the multinational company, Monsanto. They stored containers full of chemicals on a private ground for such a long time and under such bad conditions that they eventually started exploding. The fire-brigade had to intervene, at a huge cost to the state. Monsanto was then sued and lost, but, instead of paying back the state the money they owed it for cleaning the site, as it had been decided during the trial, they appealed to the Supreme Court. In 1983, it had decided against them. However Monsanto had one of its former executives nominated there and since then, each time they have been accused, and this has repeatedly been the case, they have sent the case to the Supreme Court and won. We can see this as a form of pressure also, asking again and again for the same thing until one gets it, instead of accepting a sensible, commonsense decision. Incidentally and interestingly the summary and even the transcript of the case lost by Monsanto have been wiped out from the major reference websites (oyez.com or supreme.justia.com, for instance¹³⁶). Were professors or webmasters « encouraged » to delete the case ?

Intellectuals and specialists are not the only force encouraged to speak in favour of corporate interest.

134 Mark Whitehouse. *On the Capture of Economists: The Ticker*. Bloomberg . Jan 7, 2012. Retrieved Jan 21, 2014.

135 <http://www.bloomberg.com/news/2012-01-07/economists-inside-job-conflicts-beg-for-more-than-pay-disclosure-view.html>

136 http://www.oyez.org/cases/1980-1989/1988/1988_88_454

<http://supreme.justia.com/cases/federal/us/491/600/http://www.law.cornell.edu/supremecourt/text/491/617>

<http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=us&vol=491&invol=600>

The only website where you can still find the account for this case is Green lawyers' website :

http://elr.info/litigation/%5Bfield_article_volume-raw%5D/20085/united-states-v-monsanto-co

3.1.2. Turning politicians into corporate advocates

A - Using financial incentives and political pressure

While in 1974 congress had tried to limit campaign contributions to avoid corruption, in 2010, during the Supreme Court case, *Citizens United vs United-States*, it was decided that corporations are people, which means that they have the same rights, in particular those of financing parties. Can this not be seen as a legalisation of some form of bribery?

If we look at the funds listed by OpenSecrets.org, we can see that, astonishingly, the last two candidates for the presidency benefited from virtually the same sponsors' money. Besides, in the 2012 House of Representatives elections, KochPAC contributed \$28,000 to 4 Democratic candidates and \$1,500,000 to 207 Republican candidates¹³⁷. Of course, there is a large discrepancy between the two amounts provided, but why finance the Democrats at all, if they are in favour of Republicans ? This can only mean that the sponsors do not care so much which one of the candidates is going to win, but that they want make sure that certain policies and ideological positions will be held in return for their money. The amount of reserve money held by banks can certainly not be decided on a national level, but the President of the USA can no doubt weigh on decisions on that matter, as the new Basel III agreement, taken after the 2009 crisis shows. If a bank sponsors a presidential election, be it in a direct or in an indirect way, making decisions that may disfavour it, cannot be considered.

Financing of parties by companies or interest groups can be made in indirect ways that the average American may not easily be aware of.

« Independent-expenditure only committees », known as Super PACs, are not allowed to make direct contributions to campaigns or parties, but may engage in unlimited political spending independently of the campaigns. They can raise funds from individuals, corporations, unions, and other groups without any legal limit on donation size.

As of February 2012, according to Center for Responsive Politics, 313 groups organized as Super PACs had received \$98,650,993 and spent \$46,191,479¹³⁸. Despite disclosure rules, it is possible to spend money without voters knowing the identities of donors before the election¹³⁹. KochPAC, for example, is a political action committee funded by employees of Koch Industries, the second largest privately held company in the US. It

¹³⁷ *KochPAC Contributions to Federal Candidates*. OpenSecrets.org. Center for Responsive Politics. Retrieved 2013-02-22.

¹³⁸ Super PACs, Center for Responsive Politics, Open Secrets website, February 04, 2012. Retrieved October 3, 2013. <http://www.opensecrets.org/>

¹³⁹ Gail Russell Chaddock. *Who funds Super PAC? FEC looks into powerful influence*. The Christian Science Monitor, Feb 02, 2012. Retrieved October 3, 2013.

supports mainly Republican candidates for the US Congress and is known to oppose tax and limits on carbon use and greenhouse gases ¹⁴⁰. Patton Boggs boast that they are the number one lobbyists, spending \$9,345,000 on lobbying in 2013, according to [opensecrets.org](http://www.opensecrets.org)¹⁴¹. They write on their website that:

“By combining legal expertise with lobbying know-how and business savvy, we offer insights and perspectives that others can’t. Over the past fifty years, we have established ourselves as a trusted partner and have formed strategic alliances with government and industry leaders within the United States and abroad. This collaborative approach means that we can represent our clients’ best interests through legal, legislative, and executive action. As a result, we are consistently ranked among the top law and advocacy firms.”¹⁴²

The money they spend serves them to secure the decisions they want for their clients. In other cultures, this would however be called a form of bribery and would not be tolerated.

Lobbies are a well-known option for companies to make sure that politicians will go in a direction that is favourable to them and today they can afford them. According to [opensecret.org](http://www.opensecret.org), there are 12,341 lobbyists in the USA, spending over \$ 3 billion a year trying to convince politicians of making the decisions they want¹⁴³.

B - Encouraging good attitude by rewarding jobs

According to Paul Krugman, some think tanks, like NCPA, EPPC and NCPPR, all financed by the same corporations, mainly Castle Rock, Olin, Scaife and Earhart, aim at putting pressure on some politicians. Their objective is that public speakers express ideas that are in favour of their interests (274)¹⁴⁴. For politicians to be motivated to speak in those companies' interest, the think tanks promise them the means of winning the elections and a well-paid job in case they lose them (273). Thus the messages that come out to the public are influenced by companies.

We may assume that those may prefer the health care deficit to be pointed out to as the product of incompetent doctors and of a too inactive population rather than as a cause of excessive prices on the part of pharmaceutical

140 *KochPAC Contributions to Federal Candidates*. OpenSecrets.org. Center for Responsive Politics. Retrieved February 21, 2014

141 *Annual Lobbying by Patton Boggs LLP. Firm Profile: Summary, 2014*. Retrieved February 21, 2014.

<http://www.opensecrets.org/lobby/firmsum.php?id=D000022176&year=2014>

142 Game-changing advocacy and legal services. Retrieved February 21, 2014.

<http://www.pattonboggs.com/about#sthash.a9ThbYrL.dpuf>

143 Lobbying Database. Retrieved February 21, 2014. <http://www.opensecrets.org/lobby/>

144 Krugman

companies. The military industry, being powerful in the US, might also prefer to see health or education budgets targeted rather than the deficit due to the purchase of yet another missile.

Paul Krugman gives the example of Billy Tauzin, a Democrat who later became a Republican. He sponsored a bill that explicitly forbids Medicare to negotiate on drug prices and he then went on to become the president of the largest drug lobby (279)¹⁴⁵. It is difficult to look at this appointment as a mere coincidence...

To secure more support from politicians, if necessary by asking them to modify their stances about certain fields, including the debt, the process known as “revolving doors” is also used. It designates the process that encourages employees from influential companies to start working for the government so as to ensure more advantages to the company through the contribution to new legislation or through certain type of communication. The film *Inside Job* shows how the revolving door works in the USA. Marc Roche's book *La Banque* has similar stories about big company executives starting to work for the government or the other way round. Goldman Sachs has been accused in numerous books and films of often using the revolving door. To give a striking example, Hank Paulson, Head of Treasury Department, was the former CEO of that company.

53 out of 57 *Goldman Sachs* lobbyists in 2012 had previously held government jobs¹⁴⁶.

In France, a law forbids a person from the Assemblée Nationale to start working for a company that could benefit directly from his/her expertise before a three year period. It is not the case in the USA.

3.1.3. Retention, concentration and abuse of power

When politics remain in the same hands, it is easier to secure an influence. Bush Senior was followed by Bush Junior. Greenspan served as chairman of the Federal Reserve under Presidents Reagan, George H. W. Bush, Clinton and George W. Bush. This long reign was unprecedented. Power retention makes it difficult for new visions to emerge.

Furthermore, today capital is concentrated within hundreds of hands, the famous 1 %. Huge companies reap benefits of tens of billions while having net worths of hundreds of billions. The revenues of Exxon Mobile, for example, reached 469 billion in 2013¹⁴⁷ the equivalent of the budget of Health Care.

145 Ibid

146 *Goldman Sachs*. Retrieved May, 24, 2014. <http://www.opensecrets.org/orgs/summary.php?id=d000000085&cycle=2012>
Goldman Sachs 2012

147 EXXON MOBIL CORPORATION Form 10-K, Google Finance, February 26, 2014. Retrieved May, 20, 2014.

However concentration of power within the same hands has another aspect: that of an organisation that Krugman says works as a mafia (64)¹⁴⁸. This is also the point made by Nicholas Confessore in an article in the Washington Monthly that explains how, gradually, since the beginning of the 80s, lobbyists have issued more and more from the Republican party, when they used to be from both parties. He shows how this has influenced American politics and how "Republican leaders can now marshal armies of lobbyists, lawyers, and public relations experts" enabling them also to hold today "a two-to-one advantage in corporate cash" over the Democrats.¹⁴⁹ Those

"along with the press, have watched in mounting disbelief as President Bush, lacking either broad majorities in Congress or a strong mandate from voters, has enacted startlingly bold domestic policies--from two major tax cuts for the rich, to a rollback of workplace safety and environmental standards, to media ownership rules that favor large conglomerates. "[...] under Democratic rule, the private sector remained unorganized, with lobbyists wielding huge influence, but in the service of a thousand different agendas and interests".

Confessore explains the reason for this evolution:

"In 1994, Republicans won control of Congress. All of a sudden, the Democrats' traditional power base evaporated, and with it much of their leverage over lobbyists. "

So far, Congress had been Democrat, which meant that companies felt they had to have lobbyists from both parties. Confessore adds that if before 1994, Democrats had the upper hand over lobbyists, they, at least, were limited by the basic tension between pleasing their labour base and corporate interests.

Both explain how an extremist faction of the Republican party puts pressure on more moderate members and requires total allegiance. Krugman quotes the pledge of eternal faithfulness to the party that Republicans now have to sign in Kansas (350)¹⁵⁰. He mentions the Club for Growth whose aim, he says, is to ensure that all Republicans vote in favour of budget cuts (280). He says that all is done to make sure that Republicans avoid thinking for themselves (276) and for them to adopt more and more right-wing tendencies (278) while in the past extremists used to be a minority that was not very well-regarded at all (282). It is therefore more and more impossible to dissent, which can only make earnest talks about the debt difficult. The House congressional Tea

148 Op Cit.

149 Nicholas Confessore. *Welcome to the Machine - How the GOP disciplined K Street and made Bush supreme*. The Washington Monthly. July 3, 2003. Retrieved 11 13, 2013. <http://www.washingtonmonthly.com/features/2003/0307.confessore.html>

150 Krugman.

Party Caucus was formed in July 2010. Its purposes were to guarantee "fiscal responsibility, adherence to the Constitution, and limited government". A study published in the journal *Tobacco Control* in 2013 concluded that it had links to groups founded by the Koch brothers.

Krugman says that on the Democrat's side there is no equivalent to this organisation (275).

During the final round of debate before voting on the health care bill, on March 22, 2010, two Tea Party members posted the home address of a Representative and encouraged their readers to "drop by" to express their anger against the healthcare bill. The man's house was nearly burnt and the attorney in charge said that such an invitation to intimidation was unacceptable.

When people are ready to resort to violence to put through their opinions, they are in a logic of power, not in one of dialogue, although this should logically rule in a democracy.

As we have seen just after Obama's healthcare law was passed, when a powerful minority is not happy about a vote, instead of accepting the expression of the majority, they are ready to make use of all kinds of pressure to have the law revoked. Can truth and general interest be sought that way?

Groups of influence, however, do not only target politicians. They have different means of influencing the general opinion to adopt views that are in their favour.

3.1.4. Manipulation of opinion

527 committees, named after the relevant section of the IRS tax code, are advocacy groups which frequently have ties to labor, big corporations and can hold advertisement campaigns for a candidate. Americans for Prosperity, an organization founded by David H. Koch in 2003 has over 1 million members that led protests against health care reform in 2009¹⁵¹.

« Astroturfing » is a neologism to refer to all practises that aim at convincing decision-makers or the public by giving the impression that many people are concerned about a cause. It can take on many forms.

For example, front groups create the appearance of being organizations that serve public interest, while masking a corporate sponsor. This can enable them to give emphasis to view points that are only those of a minority, by making them look official or popular. When writing this paper, I have come around numerous websites that looked governmental at first glance, but were only private initiatives. In the case of the website called *governmentalspending.com*, the author gives his name and does not make any commentaries. On numerous other pages, like those of The Moment of Truth Project the Committee for a Responsible Federal Budget or The

¹⁵¹ *The top national players in the tea party*. The Washington Post. September 26, 2010

Campaign to Fix the Debt, although claims are made that the sites are bipartisan, no such information is available.

Most of the time the objective of front-groups is to instil doubt or publish counter-claims.

Some groups have encouraged members of the public to send letters, often using a copy and paste form letter, to express their own views.

Another technique is the use of sockpuppets. A person creates multiple identities online to give the appearance of grassroots support. Sockpuppets may post positive or negative reviews about a topic under fake identities.

Some astroturfing businesses pay staff based on the number of posts they make that are not flagged by moderators.

These examples of astroturfing techniques are only a few amongst many others whose form evolves with the evolution of the internet.

Speaker of the House Nancy Pelosi deems that the Tea Party is "not really a grassroots movement. It's astroturf by some of the wealthiest people in America to keep the focus on tax cuts for the rich instead of for the great middle class"¹⁵²

On realizing how present such manipulation techniques are, we can wonder if the population of the United-States has been becoming more corrupt, but for Greenspan : "It is not that humans have become any more greedy than in generations past. It is that the avenues to express greed have grown so enormously." ¹⁵³

Greenspan was, at the time, no doubt, referring to the many complex financial tools now available, but the "avenues" he mentions can also be seen to lie in the practices making it possible to influence politics in favour of personal or group interest.

A naive user of the internet may easily be unaware of the existence of such dishonest techniques and take digital information as seriously as what he reads in a newspaper, not being aware of these manipulative processes. Thus counter-information may be conveyed about the debt.

We mentioned the influence of money, of lobbies and of all kinds of techniques of manipulation and disinformation both towards politicians and towards all citizens for the sake of being able to convey certain views, and even if it means restricting access to a wider picture. Industrial groups, whose voices have become prominent in our society, prevent access to information that may not be in their favour. Besides, political

¹⁵² San Francisco's KTUV News April 15, 2009

¹⁵³ *Testimony of Chairman Alan Greenspan*. Federal Reserve Board. July 16, 2002. Archived from the original on June 7, 2011.

colleges, such as Sciences Politiques, have always taught their students that governments cannot always tell the truth to their people. It has to be avoided when there is a risk that that might cause a panic capable of engendering economic chaos or social disruption. These two processes may explain why the view about the debt tends to be fragmented and narrow rather than comprehensive.

3.2. Biased views due to economic interests

If, in the past, Salks said about the polio vaccine he had created: 'There is no patent. Would you patent the sun?'. Today laboratories are not so disinterested. Some doctors have pointed out to them¹⁵⁴ for making people pay for cancer treatments a hundred times more than they cost. If pharmaceutical companies charge too much, they are indeed responsible for some of the debt, but when confronted about the topic they claim that they finance research that way and have no other choice. The difference in the prices charged in the USA and other countries (see part one), however, suggests that they may not be perfectly honest, unless research is indeed more active in the US than it is in the rest of the world. An ABC News journalist comments: "Pharmaceutical companies say it costs on average more than \$1 billion to research a new drug and bring it to market, but critics put the costs at less than \$90 million" and he quotes Houston doctor Kantarjian: "The pharmaceutical industry is the second most profitable industry in the United States, after the oil and gas industry"¹⁵⁵.

The military system is also criticized for excessive spendings made in favour of the industry. The journalist and writer, Dina Rasor, has been working for transparency and accountability in government for three decades. Her interview in the Real News Network¹⁵⁶ is not an academic report and nothing guarantees that it may be trustworthy, it is true, however we cannot take any one else's opinion about the topic, as no official sources have published work on the Pentagon. Dina Rasor says that the pentagon has never been audited, which means, according to her, that no-one checks their expenses, that their books are badly done and that this enables frauds. She adds that goods sold to the army are over-priced as a result of lobbying and collusions with contractors. She reminds the viewers that although both Republicans and Democrats have been saying the military budget is too large, they have not been able to make it decrease except in 2011 and comments:

154 Richard Besser. *Outrage at the Increasingly High Cost of Cancer Drugs*. ABC News. Dec 18, 2013 .
<http://abcnews.go.com/blogs/health/2013/12/18/outrage-at-the-increasingly-high-cost-of-cancer-drugs/>

155 Ibid

156 Dina Rasor interviewed by Jaisal Noor. *US Military Contractors Celebrate Record High Profits and Stock Prices . The business of war is more profitable than ever*. The Real News Network. September 5, 13 . Retrieved Sept 21, 2013.
http://therealnews.com/t2/index.php?option=com_content&task=view&id=31&Itemid=74&jumival=10673

"When Congress passed the budget cuts in 2011 known as the sequester, the CEOs of defense companies repeatedly warned of widespread job and wage losses resulting from the proposed cuts. But six months after the sequester officially kicked in, the seven major military contractors are celebrating record profits, and their stocks are near all-time highs"

The excuse of the risk of creation of unemployment is often used by companies that have contracts with the government or that wish to continue benefiting from tax reductions or from other advantages. Are they concerned about unemployment or by fear of dwindling profits? It may be difficult for outsiders to tell. In any case, the American government itself, may also be looking after making higher profits.

In an internationally famous video¹⁵⁷, former General Wesley Clark explains that the attacks on Middle-Eastern countries were planned by the government many years before they took place. The cause for this scheme was not even revealed to the General, but can be inferred from the rest of his interview. His speech may obviously be biased : no-one can verify a piece of information which he says was secret, not at this time of history at least. When those wars against Iraq and Afghanistan took place, the stated objective was either, at first, to fight terrorism, and then when operations lasted, to set up democracies¹⁵⁸. We can wonder why only countries with major oil resources have been targeted when so many African countries with fewer resources could have been seen as good targets for democratisation. This question is rarely heard from politicians, who may know more about the topic. Could it be that the need for cheap oil justifies going to war, that account for such a great part of the debt? Could this therefore also mean that oil actually costs much more than the price it is sold at, and that this price is paid through taxpayer money?

Oil is a crucial issue all around the world and if any country lost access to it, it would be greatly endangered both economically and politically. Let us look at another risk that is linked to oil.

157 General Wesley Clark. Democracy Now. March 2, 2007. Retrieved Sept 21, 2013. <http://www.youtube.com/watch?v=Ha1rEhovONU>

158 Incidentally this is ironical in the light of an April 2014 Princeton research article that shows that the USA are an oligarchy and not a democracy.

Martin Gilens, Benjamin I. Page. Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens. Princeton University . April 9, 2014 . To be published in the fall issue of the Journal Perspectives on Politics and available online in April 2014 at :

<http://www.princeton.edu/~mgilens/Gilens%20homepage%20materials/Gilens%20and%20Page/Gilens%20and%20Page%202014-Testing%20Theories%203-7-14.pdf>

3.2.1. Need to prevent international economic and financial backlash

Today all countries buy their oil in dollars, which means that the demand for this currency is forever increasing, since each country buys more oil every year. As China is now the second world economy and as it gets even more powerful from month to month, it is trying to find means to have some oil producing countries accept payment for oil in yuans. If the Chinese succeed, this will cause the dollar to collapse, because no one will need to buy any more dollars, then. The US debt is already so high that the only incentive for investors to go on buying US bonds is that they have this guarantee that this currency will go on being in demand. US wars against oil producing countries, like Iraq that wanted to accept other currencies for oil than dollars, probably aim at demonstrating to potential investors that the US will hinder any attempt for a change in that field. If this changed, the US may not find any-one to finance their debt any more and would go bankrupt. The oil issue and the need to remain the only country whose currency can be used to buy oil is therefore crucial to the American economic and financial system. No wonder wars may, therefore, be involved, regardless of the amount of debt created, while at the same time, the government requires citizens to spend less because lowering the deficit is necessary to improve the image of the USA in the eyes of investors around the world. Obviously there is a schizophrenic double-bind in trying to attempt to limit governmental spendings so as to make sure investing in the USA remains attractive, while spending huge amounts on wars to also protect American interests.

However the USA are also protected from a catastrophic bankruptcy by foreign, and specifically Chinese, massive investment in US bonds, because these investments imply that if the US went bankrupt, all the countries that have invested there would lose their assets. No-one has any interest in making US economy collapse. At least not for the time being.

The USA¹⁵⁹ so far is the biggest holder of gold (8,000 tons) after Europe (10,000 tons), another guarantee of their financial stability and supremacy. However China is currently buying all the gold it can¹⁶⁰, as well as African lands, rich in ore. On the day China owns as much gold as the US, the latter will lose their financial supremacy.

159 International gold reserves. The identification required makes it difficult to access data on this (seemingly) official page

http://www.gold.org/government_affairs/gold_reserves/ but some of it is reproduced on the following site:

<http://www.relbanks.com/rankings/world-gold-reserves>

Also see :

Addison Wiggin. *China Working Quietly To Buy Up Gold*. 7/22/2013. Retrieved April 22, 2014.

<http://www.forbes.com/sites/greatspeculations/2013/07/22/china-working-quietly-to-buy-up-gold/>

US Gold assets in July , 2013: 11,041billion dollars

<http://abcnews.go.com/Business/wireStory/figures-government-spending-debt-19820145>. Retrieved Nov 12, 13

160 GoldCore *China's Gold Reserves At Least 2.5 Times Higher Than Reported, 'De-Americanisation' Continues*. 10/25/2013.

Please note : this article is only an anonymous contribution on a blog, but this is the way most financial experts share their views, not through research studies. Retrieved April 22, 2014.

This will make it possible for the Chinese to sell the US dollars they have bought and bankrupt the US, possibly within days, as Soros did in Thailand¹⁶¹ in the 80s and England in the 90s. China owns about \$1.2 trillion in US bills, notes and bonds, so about 8 percent of the publicly held U.S. debt¹⁶².

For the moment, China needs Americans to buy its goods to develop, which is a reason why it lends them money¹⁶³ but when it develops its interior market, it will not any more. If the US government made this clear to its citizens, this might cause severe distress. However stating that US consumption of Chinese goods increases its deficit to China and encouraging people to buy fewer of them may not be a solution either, as it may cause China to halt its loans to the US, thus forcing them to cut state expenses all at once. We need not wonder that this particular part of the debt may not often be mentioned by politicians.

We may have further insight on what may happen with China by looking at what happened with Canada. To favour the declining metallurgic sector, ARRA included a protectionist clause requiring that any public building funded by the package must use only iron, steel and other manufactured goods produced in the United States. Canadians retaliated to this by enacting restrictions on trade with the U.S.¹⁶⁴. What looked at first like a good idea ended up causing international economical and political tension.

In July 13, Jack Lew, Treasury Secretary, said explicitly that the US should never speak again of not paying back its debt because it ruins the confidence in the US economy¹⁶⁵, which means that the government itself is having to admit not everything can be said about the debt for economic reasons.

<http://www.zerohedge.com/contributed/2013-10-25/chinas-gold-reserves-least-25-times-higher-reported-%E2%80%98americanisation%E2%80%99-cont>

Also see :

Addison Wiggin. *China Working Quietly To Buy Up Gold*. 7/22/2013. Retrieved April 22, 2014.

<http://www.forbes.com/sites/greatspeculations/2013/07/22/china-working-quietly-to-buy-up-gold/>

161 Alex Spillius. *Soros under threat during Thailand visit*. The Telegraph. Jan 29 2001. Retrieved April 22, 2014.
<http://www.telegraph.co.uk/news/worldnews/asia/thailand/1320168/Soros-under-threat-during-Thailand-visit.html>

162 Tom Murse. *How Much U.S. Debt Does China Really Own?* About.com. US Government Info. Retrieved April 22, 2014.
<http://usgovinfo.about.com/od/moneymatters/ss/How-Much-US-Debt-Does-China-Own.htm>

163 Eunice Yoon. *Why is China buying more U.S. debt?* CNN. June 1, 2009. Retrieved July 22, 2013.
<http://www.youtube.com/watch?v=4KZg11YOBH0>

164 Faiola, Anthony; Montgomery, Lori. *Trade Wars Brewing In Economic Malaise*. The Washington Post. May 15, 2009. Retrieved January 23, 2014.

165 Fareed Zakaria. *Lew: I'm worried about external shocks. Treasury Secretary Jack Lew tells Fareed Zakaria about his thoughts on Europe, China, and U.S. debt*. CNN. July 12, 2013. retrieved July, 24 .
<http://edition.cnn.com/video/data/2.0/video/bestoftv/2013/07/12/exp-gps-lew-sot-fed.cnn.html>

The average US household debt is 136% of household income, compared to 17% for the Chinese. Moreover, if we include federal borrowing, the United States debt increases to \$224,303 per household or 266% of average household income.¹⁶⁶

3.2.2. Need to preserve financial interests

The US remain a good country where to invest, so far, because of its social stability, which investors love, and because of its ability to create wealth, noticeably by ensuring that more and more services are charged, hence, for example, the current endeavour to charge for the Internet access. However on 9 August, 2013, the Fed announced that the holdings of U.S. securities kept for overseas central banks fell by \$767 million (to stand at \$3.3 trillion). As I mentioned before, International Investors hold 48% of the debt (2012) ¹⁶⁷. If investors no longer want to buy parts of the US debt, as the previous figure seems to indicate, then the US will not be able to borrow from them any more¹⁶⁸. This means either that they will have to print more money, which may bring about inflation, or that they must find other sources to borrow from. In 2012, Domestic Private Investors held 31% of the debt, the Federal Reserve 15%, State and local governments 6%¹⁶⁹. Could any of these lenders actually contribute more than what they are doing at the moment? It does not seem likely.

The Fed can create money out of thin air, and can get the government to pay interests on that (virtual) money lent. This enriches it. Even if the Fed lends only 15% of the \$17 trillion US debt, it means a lot of interest to be recovered.

The other banks proceed in the same way when they lend to individuals. For many decades, banks have not been lending only the money they have, as Paul Grignon explains in the film *Money as Debt*, that makes the mechanism of fractional reserve banking easily understandable. The ratio of money they have to actually hold is normally 1/9 of the money lent, but it can reach 1/20 or even less, due to the opaque accountancy of banks. When money is owed, interest is paid, so banks want to always lend more money in order to receive more interest. Jim Reid, from Deutsche Bank, issued a graph that showed that the American financial sector made 1,200 billion

166 Robert O. Weagley. *One Big Difference Between Chinese and American Households: Debt*. Forbes Magazine.

<http://www.forbes.com/sites/moneybuilder/2010/06/24/one-big-difference-between-chinese-and-american-households-debt/>

167 *Estimated Ownership of Debt Held by the Public (\$11.3 Trillion at End of Fiscal Year 2012). What is the difference between the two types of federal debt?*

http://www.gao.gov/fiscal_outlook/understanding_federal_debt/overview

168 The reasons why foreign investors may not wish to invest in the US any more are explained by the CBO : Federal Debt Held by the Public, 1790 to 2035.

http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/116xx/doc11659/07-27_debt_fiscalcrisis_brief.pdf

169 Ibid

dollars in excessive benefits, that is to say in profits that were disconnected from growth and from the results of non financial companies from 1997 to 2007¹⁷⁰, that is to say just before the 2008 crisis. Apparently this sector is doing well.

The more debt there is, the more interest is paid on it, and these payments benefit people who can afford to lend money, therefore to richer people. In the introduction we spoke about the addition of the debt of households, of that of companies and of governmental debt and saw that the whole rose up to about \$38 trillion, it represents a lot of interests that have to be paid back. Tax-payer money is thus used to pay interest to a wealthy elite, some of whom are foreigners. French analyst, Olivier Derruyer, asks if this is fair. As the loans made to governments are guaranteed (except in case of bankruptcy of the country), the shareholders who hold part of the US debt get paid interest without exposing themselves to much risk. It is a safe way to make money, those secure gains being paid for by US citizens.

Therefore not every body agrees that contracting debt is a problem.

However for a country at large to be able to pay for interest on the money lent, there has to be growth. If no extra wealth is produced, then it is mechanically impossible to pay back the debt and the interest that bear on it. As Americans realize that it is becoming more and more difficult to secure growth, banks are beginning to lend money at historically low interest rates.

The safety of those investments in shares of the US debt is no longer guaranteed today, and many analysts forecast the downfall of the dollar for the months or years to come, but these talks are held among specialists, not with the general public.

Because the debt itself is a source of profits for some, there may not be any real will to reduce the debt. However it is essential for the banking system to make the country appear reliable and solvent, hence the talks about budget-cuts and the alleged desire to enforce them. Paying back a \$17 trillion debt is mathematically impossible since it would mean for every American to pay hundreds of thousands of dollars of taxes. What is possible is to give a good image to shareholders so that they do not endeavour to sell their shares of the US debt to the benefit of other, more lucrative bonds. As the competition from more competitive countries is very present, talks must indeed sound more and more earnest.

¹⁷⁰ US Financial and non-financial profits against nominal GDP. Deutsche Bank. Bloomberg.

A desire to cut the deficits in some sectors is also honestly present, like that of healthcare, whose funds are used to finance the debt. The less care is paid for by health care money, the more money remains in the fund, that can serve as a guarantee against the debt, which is very reassuring to investors, once again.

Upon looking at all the risks at stake, we can understand that not everything is said to the man in the street about the debt, after all, since the geopolitical and financial risks are huge. But who decides what to say and what to hide, and how can citizens make sane political and even consumption choices if they are not told the truth?

The comedian, George Carlin, argues that « powerful people don't want educated people, they just want obedient people »¹⁷¹. Michael Moore mentions in *Capitalism, A Love Story*, that Citigroup coined the word « plutonomy » to designate the system that they believe is the best and in which a rich oligarchy makes decisions for everybody. For Warren Buffet, the US is undergoing a period of « class warfare » in which his class is winning but « shouldn't be ».

Through the question of the communication on the debt it is that of the actual political organisation and management of powerful elites which is asked. A Princeton study has demonstrated recently that the US cannot qualify as a democracy but as an oligarchy¹⁷². Can the average American be content about this state of facts ?

171 George Carlin. *Why You Are In Debt*. May 11, 2011. Retrieved May 11, 2011.

<http://www.youtube.com/watch?v=-PkWf9M3rUw>

172 Martin Gilens, Benjamin I. Page. *Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens*. Princeton University . April 9, 2014 .To be published in the fall issue of the Journal Perspectives on Politics and available online in April 2014 at :<http://www.princeton.edu/~mgilens/Gilens%20homepage%20materials/Gilens%20and%20Page/Gilens%20and%20Page%202014-Testing%20Theories%203-7-14.pdf>

Conclusion

Nowadays non-specialists do not dare to look into matters that require expertise, leaving them to specialists. On a topic such as that of the debt, however, all citizens are directly concerned and should be able to understand what is at stake since their own money is directly committed. Nevertheless the information about it is not put out clearly, but politicized and used for the sake of benefiting certain groups. A sociological and political context allows this, but if people are not very interested in the problem, business people are, but ... in the other meaning of the word! Are politicians more concerned today by the preservation of the common interest or by that of small but powerful factions?

The maths and the ethics

The ethics underlying the effort of paying back the debt should be questioned in depth, as well as the unquestioned objective of continuous growth. Paul Krugman deems that the debt is not a problem¹⁷³, that we only need to wait for recovery before thinking of spending cuts. Like Greenspan, he believes in recovery, but Charles Sannat has demonstrated that to stimulate growth, more and more money is being injected into the economy, to the point that to create \$1 worth of growth, \$3.14 were spent in 2010¹⁷⁴. How far will governments have to go in that line?

Can another goal be given to a population that has been trained to think mostly in terms of profit-making?

What should decision-makers be actually promoting, instead of solving the debt problem, if we are to agree with Krugman that since the US own “the stuff”¹⁷⁵, they can issue as many dollars as they wish? In the Western World, few voices try to determine social needs in other terms than having a job, and/or having enough money to access food, healthcare, education, safety and transportation. This view of human needs is restricted, when we compare it to the hierarchy of needs defined by Maslow, involving also needs for feelings of belonging, esteem and self-actualization. When human needs are restricted to the most materialistic ones, the political answer is to only promise for more of that type of prosperity. Would Maslow advise this as a social goal? Is it possible to achieve it anyhow? In a finite world, anti-capitalists argue that growth cannot go on and on. Capitalists, on the other hand, believe that there will always be more goods to sell, even virtual ones. The question of knowing whether citizens actually feel fulfilled by paying for more goods is not asked.

173. Paul Krugman on the debt-problem. CNN. Feb 1, 2013.

<http://edition.cnn.com/video/?/video/bestoftv/2013/02/01/ybl-krugman-debt-problem.cnn>

174 Charles Sannat. *LA FAILLITE INELUCTABLE DES ETATS*. February 18, 2011. Retrieved May 24, 2014.

<http://www.pauljorion.com/blog/?p=21347>

175 Paul Krugman on the debt-problem. CNN. Feb 1, 2013.

<http://edition.cnn.com/video/?/video/bestoftv/2013/02/01/ybl-krugman-debt-problem.cnn>

Interestingly, apart from alternative voices, usually Green ones, only George Soros, the world-famous trader, raises the ethical questions underlying the current economical issues.

Soros reminds his readers that democracy offers the means to make collective decisions so as to serve collective interest as well as possible (219)¹⁷⁶. He adds that it would be wrong to assimilate the values that guide people, individually, when they make business oriented decisions, with those that should be used to determine social rules, and that moral values should by no means be forgotten (216). He says that financial values now are assumed to be the essential ones (224), but that elevating profit-making to the rank of a moral value is absurd. He adds that substituting financial interest for other values endangers society and suppresses human aspirations that should be considered as important as GNP growth (226). He also suggests that citizens speak out for their values so that eventually politics may gain the upper hand over business, through regulation (219 - 223). His ethical concern reminds us that we do not hear many voices defining or questioning the nature of the common good. Can economics be safe when a strong sense of a collective, long-term purpose is not set?

Listening to interview after interview of politicians, the question of deciding what is good for US citizens and of attempting to get it for them does not seem to be in demand as a subject. To simplify in the extreme, Democrats argue for more social services and more taxes on the wealthy, while Republicans have been arguing for a fight against evil forces since 9/11, as well as for more growth and fewer taxes. « Is that all there is ? » might Peggy Lee ask again today, on hearing such assumptions about what may define, or not, a public sense of fulfilment...

A few other extra naïve questions

The debt issue is in no way restricted to the USA however: most countries suffer from debt today, from Japan to Africa and in most European countries, and no-one seems to be more skillful at reducing it or at talking about it. Some aspects of the American culture can be specifically targeted, but the forces at work, if we may call them that way, seem to thrive in different cultural contexts too. How come so many countries left their debt get out of hand all virtually at the same time, in the 90s¹⁷⁷?

Besides it would be interesting to probe the efforts actually made to manage the country as thriftily as possible. The report called "200 billion dollars in illustrative savings by the Fiscal Commission"¹⁷⁸ lists a variety of sources of savings, some of which seem to be to the disadvantage of the people, but others, like suppressing the redundant

176 Soros, George. *La crise du capitalisme mondial*. Paris: Plon, 1998. Print.

177 The 2008 crisis led to yet another increase of the debt, world wide.

178 *200 billion in illustrative Savings*. November, 10, 2010.

http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf

special education scheme for children from military families, make such common sense that we may wonder why they have not yet been enacted.

According to Paul Krugman (351)¹⁷⁹, Americans are worried about an economy in which the situation of most of them is getting worse, while the GNP is still growing, and should therefore still enable more spending. The educated minority wonders why the education budget, for example, should go down while the GNP is increasing. If we are to believe The American National Election Studies that provides data about people's political opinions, in 1982, 32% of Americans wanted less state, while in 2004, only 20% did. In 2004, 43% Americans wanted more government (290)¹⁸⁰.

The rise of the man in the street

There remains much to be done for the fight against the debt to be led in a coherent and cohesive way. However the popular interest in the question is increasing.

US Uncut, created after the British original *UK Uncut* already has 126,229 likes. It aims at showing that savings can be made in another way than by cutting services to the people. It encourages people to take action and express their discontent directly to their own banks. If they have subsidiaries in offshore havens, they recommend organizing amusing happenings to catch the media's attention.

The Coffee Party, a counter point to the *Tea Party* has gathered 453,524 fans on Facebook thanks to its slogan "Wake Up and Stand Up". Of course, this is nothing compared to the roughly 2 million fans the *Tea Party* has, but it is about ten years younger.

OCCUPY Wall Street has 445,089 fans on Facebook although it was only born in September 2011. Once again this movement encourages direct action by citizens and claims it is "people-powered".

Michael Moore, 966,502 Facebook fans, also urges citizens to act, and gives the examples of his own personal achievements at the end of his film *Capitalism, a love story*. Is it working? Maybe...The number of Americans following politics closely has gone up by 5 percent from 2001 to 2010¹⁸¹.

It is interesting how most creative ideas about the debt now come from what we could call outsiders : journalists, or other professionals, not specialized in the field and often with multiple trainings. They seem to be writing or acting because they are getting tired of "hearing the same music"¹⁸² and stand up to explain what they understand

¹⁷⁹ Krugman.

¹⁸⁰ Krugman.

¹⁸¹ <http://www.gallup.com/poll/150413/high-interest-national-politics-non-election-year.aspx>

¹⁸² I intend to cover this topic in another paper.

and to suggest new ideas. A strong sense of humour characterizes a lot of their contributions. This might contribute to increase their popularity in the future.

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Appendix

Appendix 1

An Alphabetical List of Traditional US Interest Groups

American Civil Liberties Union
AFL/CIO - American Federation of Labor/Congress of Industrial Organizations
American Israel Public Affairs Committee
Americans for Democratic Action
AARP - American Association for Retired Persons
Americans United for the Separation of Church and State
Amnesty International USA
The Christian Coalition
Common Cause
The Concord Coalition
Democratic Leadership Council
Democrats.com
Democratic Congressional Campaign Committee
Democratic Senatorial Campaign Committee
The Electronic Policy Network
Families USA
Family Research Council
The Federalist Society
The Feminist Majority
Free-Market.net
Greenpeace USA
Human Rights Campaign
The Interfaith Alliance
The John Birch Society
LatinoVote
The Militia Watchdog
National Abortion and Reproductive Rights Action League
NAACP - National Association for the Advancement of Colored People
National Committee for an Effective Congress
National Organization for Women
National Republican Congressional Committee
National Republican Senatorial Committee
National Rifle Association
National Right to Life Committee
People for the American Way
People for the Ethical Treatment of Animals
Planned Parenthood Federation of America
The Right Side of the Web
The Sierra Club
Southern Poverty Law Center
Veterans of Foreign Wars
U.S. Chamber of Commerce

A list found on two teacher's website, MM Twyman and Whitney, aimed at their students, and taken over again and again on other sites without any original reference being provided.

<http://www.twyman-whitney.com/americancitizen/links/lobbies.htm>

Appendix 2

A list of US groups concerned with the question of the debt

Americans for Fair Taxation

Mission

"...Simply put, the FairTax replaces the way we're currently taxed - based on our annual income - with a tax on goods and services. The FairTax is a voluntary "consumption" tax: the more you buy, the more you pay in taxes, the less you buy, the less you pay in taxes." (<http://fairtax.org/>)

Issue areas: Tax Reform | 2006 News Frequency: Below 60th percentile | Scorecards: No

Americans for Prosperity

Mission

"Americans for Prosperity (AFP) and Americans for Prosperity Foundation (AFP Foundation) are committed to educating citizens about economic policy and mobilizing those citizens as advocates in the public policy process. AFP is an organization of grassroots leaders who engage citizens in the name of limited government and free markets on the local, state and federal levels. The grassroots members of AFP advocate for public policies that champion the principles of entrepreneurship and fiscal and regulatory restraint." (<http://www.americansforprosperity.org/index.php?static=203>)

Issue areas: Tax Reform | 2006 News Frequency: Top 60th percentile | Scorecards: No

Americans for Tax Reform

Mission

"ATR opposes all tax increases as a matter of principle. We believe in a system in which taxes are simpler, fairer, flatter, more visible and lower than they are today. The government's power to control one's life derives from its power to tax. We believe that power should be minimized." (<http://www.atr.org/aboutatr/mission.html>)

Issue areas: Tax Reform | 2006 News Frequency: Top 30th percentile | Scorecards: Yes

Citizens for Tax Justice

Mission

"CTJ fights for: fair taxes for middle- and low-income families, requiring the wealthy to pay their fair share, closing corporate tax loopholes, adequately funding important government services, reducing the federal deficit, [and] taxation that minimizes distortion of economic markets." (<http://www.ctj.org/html/ctjdesc.html>)

Issue areas: Tax Reform | 2006 News Frequency: Top 60th percentile | Scorecards: Yes

FreedomWorks

Mission

"FreedomWorks fights for lower taxes, less government and more economic freedom for all Americans." (<http://www.freedomwork.org/know/mission.php>)

Issue areas: Tax Reform | 2006 News Frequency: Top 60th percentile | Scorecards: Yes

National Taxpayers Union

Mission

"NTU was founded in 1969 to protect American's most fundamental right -- the right to keep what they have earned..." (<http://www.ntu.org/main/misc.php?MiscID=3>)

Issue areas: Tax Reform | 2006 News Frequency: Top 60th percentile | Scorecards: Yes

Taxpayer's Revolution

Mission

"We want to replace the IRS and Income Tax with a simple and fair Progressive 10% national sales tax." (<http://www.noirs.com/>)

Issue areas: Tax Reform | 2006 News Frequency: Below 60th percentile | Scorecards: No

Taxpayers for Common Sense

Mission

"Taxpayers for Common Sense (TCS) is an independent voice for American taxpayers. TCS is dedicated to cutting wasteful government spending and subsidies in order to achieve a responsible and efficient government that lives within its means." (<http://www.taxpayer.net/about/>)

Issue areas: Tax Reform | 2006 News Frequency: Top 30th percentile | Scorecards: No

Concord Coalition

Mission

"The Concord Coalition is a nonprofit, grassroots organization advocating fiscal responsibility while ensuring Social Security, Medicare, and Medicaid are secure for all generations." (<http://www.concordcoalition.org>)

Issue areas: Social Security and Medicare | 2006 News Frequency: Top 60th percentile | Scorecards: Yes

Generations United

Mission

"Our mission: To improve the lives of children, youth, and older people through intergenerational collaboration, public policies, and programs." (<http://www.gu.org/about.htm>)

Issue areas: Social Security and Medicare | 2006 News Frequency: Below 60th percentile | Scorecards: No

National Committee to Preserve Social Security and Medicare

Mission

"The National Committee to Preserve Social Security and Medicare was founded in 1982 to serve as an advocate for the landmark federal programs of Social Security and Medicare and for all Americans who seek a healthy, productive and secure retirement." (<http://www.ncpssm.org/message/>)

Issue areas: Social Security and Medicare | 2006 News Frequency: Top 60th percentile | Scorecards: Yes

Third Millennium

Mission

"Third Millennium is a national, non-partisan, non-profit organization launched by young adults to offer solutions to long-term problems facing the United States. Our goal is to promote sustainable reform of Social Security and Medicare by informing and mobilizing the nation's opinion leaders." (<http://www.thirdmil.org/about/mission.html>)

Issue areas: Social Security and Medicare | 2006 News Frequency: Below 60th percentile | Scorecards: No

Center on Budget and Policy Priorities

Mission

"Founded in 1981, the Center on Budget and Policy Priorities has emerged over the past two decades as one of the leading organizations in the country working on fiscal policy issues and issues affecting low- and moderate-income families and individuals." (<http://www.cbpp.org/info.html>)

Issue areas: Business, Labor, and Economics | 2006 News Frequency: Top 30th percentile | Scorecards: No

Economic Policy Institute

Mission

"The Economic Policy Institute is a nonprofit, nonpartisan think tank that seeks to broaden the public debate about strategies to achieve a prosperous and fair economy." (<http://www.epinet.org/content.cfm/about>)

Issue areas: Business, Labor, and Economics | 2006 News Frequency: Top 30th percentile | Scorecards: No

Kathi Carlisle Fountain, Roger Kosson, Emily Keller. *A Directory of United States Lobbyists. Welcome to Political Advocacy Groups.* <http://pag.vancouver.wsu.edu/subject/44>

Appendix 3

An excerpt of an article demonstrating the complexity of the issue

"Government debt in this post refers to all types of government debt combined, including state and local debt. Within this debt, only debt classified as "Marketable" is included. As such, it does not include debt owed to the Social Security system (because contributions that were collected by the Social Security system were spent on something else, and are not available to pay Social Security recipients) or to other pre-funded government agencies. Such debt is a future liability, not affecting today's spending, so I didn't add it in. (The Federal Reserve Z1 report also does not include it.) There are, in fact, a huge number of government obligations that are not reflected, such as promises to bail out pension programs and FDIC coverage of bank accounts, because they are contingent in nature. Such programs can be expected to add to the problems we would have, if our debt system should fail."

Gail Tverberg. *Are high oil prices pushing us towards debt limits? The US is reaching debt limits because of a specific resource limit - lack of inexpensive oil.* Christian Science Monitor. March 5, 2013. Retrieved March 14, 2014

Appendix 4

US Federal Government Spending - Fiscal Years 2008 - 2013 - Actual Outlays in \$ billion

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Pensions	659.8 a	730.4 a	749.6 a	775.6 a	811.7 a	864.0 a
Health Care	671.4a	764.4 a	820.7 a	858.2 a	818.5 a	856.1 a
Education	100.9 a	89.8 a	140.3 a	113.7 a	103.3 a	85.3 a
Defense	729.6 a	794.0 a	847.1 a	878.4 a	849.6 a	818.7 a
Welfare	322.3 a	415.1 a	502.3 a	472.9 a	419.0 a	404.8 a
Protection	48.1 a	52.6 a	54.4 a	56.1 a	56.3 a	52.6 a
Transportation	77.6 a	84.3 a	92.0 a	93.0 a	93.0 a	91.7 a
General Government	20.8a	23.0 a	24.7 a	29.0 a	30.0 a	30.4 a
Other Spending	99.3a	377.2 a	29.8 a	96.4 a	135.2 a	30.1 a
Interest	252.8 a	186.9 a	196.2 a	230.0 a	220.4 a	220.9 a
Total Spending	2,982.5a	3,517.7 a	3,457.1 a	3,603.1 a	3,537.1 a	3,454.6 a
Federal Deficit	458.6a	1,412.7 a	1,294.4 a	1,299.6 a	1,087.0 a	679.5 a
GrossPublicDebt	9,986.1a	11,875.9a	13,528.8a	14,764.2a	16,050.9a	16,719.4a

Legend: a - actually reported

Christopher Chantrill. *Federal Budget Details*. [usgovernmentspending.com](http://www.usgovernmentspending.com). Retrieved April 18, 2014.

http://www.usgovernmentspending.com/federal_budget_detail_fy09bs12014n_10203040005060709080G0#u

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RÉSUMÉ

La dette américaine est présentée comme un problème majeur, aujourd'hui, alors que jusqu'alors assez peu a été mis en place pour la faire baisser de manière conséquente. Personne ne semble pouvoir s'accorder une fois pour toutes sur ses causes, ce qui n'aide pas à lui apporter de solution. Pourquoi tant de désaccords? Il semblerait qu'ils soient favorisés par les réalités sociologiques et culturelles du pays, et aussi qu'ils proviennent d'une combinaison d'intérêts économiques et financiers.

mots-clés : Dette. Etats-Unis. Crise. Défis. Budget. Culture. Lobbying. Système de santé. Intérêts. TARP. ARRA. La Fed. Système bancaire.

ABSTRACT

The US debt is presented as a major problem and yet it has been rampant for decades without raising so much concern. Today it raises much disagreement, and the causes that are given to it differ widely. The lack of comprehensiveness and the bias about them tell about social and cultural realities and also stem from economic and geopolitical concerns.

keywords : US Debt. Crisis. Interests. Deficit. Budget. Culture. Health care. TARP. ARRA. Banks. Lobbying. Finance. The Federal Reserve

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