America's National Debt: Whose Day of Reckoning Has Come?

In the course of the past few days, the U.S. raised its budget debt ceiling yet again. The government can again start increasing its debt obligations, which, incidentally, do not need any extra stimulation. The world breathed a sigh of relief, stock indexes returned to normal, and the United States held on to its status as reliable payer. But what is the true nature of this equanimity?

Let's first look at some statistics. More than 76 percent of the world's debt is situated in five major industrial countries: the U.S., Japan, Germany, France and Great Britain. That being the case, the market for U.S. government debt is the largest in the world. That share is growing at a fast clip and now stands at 45 percent of the world market for government debt instruments. However, it should be noted that foreign debt accounts for only 28 percent of the debt obligations. That's on the order of $5 trillion. The remaining 72 percent is owed to private entities and, above all, to residents of the United States.

After approving the increase in the national debt threshold, Congress approved payment of planned government expenditures, although this agreement is temporary. So the new debt ceiling will be reached in February 2014 because of the breakneck speed with which the amount rises. The Wall Street Journal, citing a widely distributed Oct. 17 press release from the U.S. Treasury Department, reported that the U.S. national debt officially exceeded $17 trillion, increasing by $328 billion dollars in just one day.

It ought to be noted that the primary revenue stream in the budget will be applied to spending on social services, which will not bring in any revenue for the country, even in the future. Expenditures on the economy total slightly more than $200 billion, and $600 billion will be spent on defence. Question: How is the United States going to pay for such enormous borrowing? What sources does the government plan to tap to cover its outlays? The classical theory of finance says that the country will have to levy higher taxes, accept higher inflation or continue increasing public debt, which would never be paid off, although a default would not be declared. And forcing the U.S. to pay off its debts is impossible because of the protections afforded by state sovereignty.

However, this is only the visible part of the iceberg. In actuality, the United States relies on another source of income. Paradoxically, it is military in nature: development of the military-industrial complex and expansion of the market for domestic military output, revenues from arms sales, payments to military advisers and peacekeepers from international and foreign funds, the establishment of military and economic domination. Yet despite the scope of such transactions, they do not bring returns sufficient to cover the costs of the U.S. military. In fact, they don't even come close.

A country that has not faced an external attack in more than 70 years (taking the Japanese attack on Pearl Harbour on Dec. 7, 1941, as the starting point) has the largest military budget in the world and is on a permanent war footing. Most military operations are carried out far away from the mainland U.S. It is noteworthy that even under these circumstances, the stumbling block in the last budget crisis was not excessive military spending, but rather social services.
What this means is that regardless of political affiliation, the U.S. government enthusiastically acquiesces in staging costly military activities under the guise of peacekeeping in order to acquire considerable income for the country. There was no time to assuage passions about the budget at the very moment State Department spokeswoman Jen Psaki issued a statement from the agency condemning the prolonged siege around the capital of Syria and demanding immediate and complete "humanitarian access" to the region.

At the outset of the Iraq war, the administration of George W. Bush offered assurances that spending on the war would be offset by Iraqi oil revenues. Similar predictions were made with regard to the war in Libya and Syria. However, the theorists' calculations are not supported by the facts. Not one military conflict involving the U.S. has brought so much as a single dollar of actual income to the treasury thus far. Americans have to hope for the long term, which is postponed indefinitely every year. Meanwhile, American taxpayers are forced into a situation of apparent prosperity to pay for a useless war in the countries of the East and invest in the ephemeral schemes of their rulers to delay the inevitable default of the United States, because the government will never be able to return more than it produces. U.S. debt not only reached $17 trillion but also exceeded 106 percent of GDP. So just in principle, paying off the national debt quickly can't be done. And even if America's foreign debt were forgiven, the government is unlikely to pay back the $12 trillion it owes to private entities.

The “well-being of America” that was declared on Oct. 17, 2013, is not on solid enough ground. And repayment for American boondoggles will fall to the citizens, who have been so rudely deceived by their government.

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