

# OT: All about a little fraud in the US govt

**Source:** <http://sci.tech-archive.net/Archive/sci.med.nutrition/2004-10/1324.html>

---

**From:** Phil Scott (*philscott888\_at\_sf.sbcglobal.net*)

**Date:** 10/24/04

Date: Sun, 24 Oct 2004 10:39:55 GMT

You will find this piece interesting .. its and interview with Katherine Austin Fitts. A fairly young black woman, ex US congressman, and high roller in life and in the Bush I and Clinton administrations.

She is talking in the article about whats happening financially in government...and with the outsourcing..actually planned in 1990-1995 and why.

Here are two excerpts:

"Now, when people say to me "What is \$3.3 trillion of undocumented adjustments?", let me give you an example. In fiscal 2000, the Department of Defense had \$2.3 trillion in undocumented adjustments. OK now, there's no way for us to know Jim, how much of that translates into cash. 'Cause \$2.3 trillion is more than total taxes paid in a year by . say tax payers in that year would have paid taxes of about \$1.6 trillion. So, there's no way to know if \$2.3 trillion translates into how much cash, or how much cash is missing."

Excerpt:

" In the mid-90's Jim, we knew that a huge amount of jobs and income-generating activities in America were going to get outsourced to Asia. I mean, those decisions were made in the early 90's, and we knew that was going to happen. And I was a leader in Washington promoting a model whereby Americans paid down their debt, refinanced their communities and themselves on an equity basis, and redeveloped their skills. I mean, we knew the workforce was going to have to reengineer itself, and our pension funds and retirement arrangements were not going to be financially credible unless the workforce reinvented itself, and paid down its debt, you know, then. .

So we knew then we had a problem. And what happened is was my team was kicked out of Washington, and a decision was made

instead of reengineering folks' skills, or migrating them to equity and starting new businesses, a decision was made to float the economy of the biggest wave of debt that I can imagine. And what we've done is we've seen consumer debt skyrocket.

I have a member of my group, the Solari Action Network, who reconfigures the BEA's statistics once a quarter, and what his calculations show is very much what I see on the ground in communities throughout America Jim, which is the average American household has income of \$32,000 per year, they have expenses of \$37,000 per year, and they finance that \$5,000 per year deficit with liquidating assets, working harder, or borrowing more. And of course as you know, and it's clear from your website, that the debt has gone . not just the consumer debt has gone up-up-up, but the mortgage debt has gone up-up-up. And now, that load is just increasing every year, and meantime we are accelerating moving all the jobs and income abroad.

Now, when you move all your income abroad, and you leave your growing debt at home, it doesn't take long to understand what's going to happen to a Fannie Mae or Freddie Mac or a Ginnie Mae. At some point the growing debt has got to get serviced, and the question is how?

You can flood the country with immigrants who can buy up real estate that you finance at the bottom, but at some point something's got to give in the middle. I mean, if you shrink and collapse the middle class, they're going to default on their mortgages.

JP: You would think Catherine though, given the size of this Credit bubble that we're creating – not only in mortgages, in the bond market, the proliferation of hedge funds that literally move large amounts of money in and out of the market – people would be paying more attention to debt. But I hear stories, you get these people on Wall Street that say we have no inflation, and the other side of that story is as long as the Fed raises interest rates at a measured pace, the stock market will continue to go up and consumers will continue to spend money. None of that makes sense to me.

CA: (Laughter). It makes no sense, unless you, let me give you an example. Last year we appropriated \$87 billion for Iraq, but the administration has repeatedly says it can't explain where half of that money is going. It was interesting, one of the top reporters who followed the \$3.3 trillion of missing money, I asked him the other day, I said, "Where do you think the \$87 billion went to?" And they said, "Well, we think it went to finance the states' deficits, because they were

screaming about the states' deficits, and then all of a sudden it stopped."

We've had a complete implosion of internal financial controls in the governmental apparatus. \$3.3 trillion missing from government is a financial coup-d'etat. You can keep a bubble going as long as you can finance it. And my guess is, again very much credited to Bill Murphy, what we're watching is a securities operation both with the Federal agencies, the mortgage agencies, and the U.S. Treasury, which are financing a political economy. The money that comes in from those debt operations are being used for other than their lawful purposes."

The rest at the following web site, other authors the ex director of the CIA Philip Agee, numerous recently departed IRS executives now blowing the whistle etc..

<http://www.conspiracyplanet.com/channel.cfm?channelid=116&contentid=1259&page=2>

Phil Scott