<u>About the agreement of 1 August 2011 on raising the ceiling of American debt</u>

As I predicted in the media a week before, a compromise between Barack Obama and elected Democrats on the one hand and the elected Republicans were going to win. The unknown would be the terms of the agreement. On August 1, the two sides said they have agreed on raising the ceiling of public debt to the tune of 2,100 billion. The American president received a sufficiently large amount to spend the 2012 elections Barack Obama In fact who wants to focus its program on job protection and the fight against unemployment does not want a flawed solution (the Republicans) to resolve the debt problem in two steps. Initially, it would raise $ 900 bn, which would allow the state to borrow up to the end of the year. In return, government spending would have been reduced by $ 1,200 billion. In a second stage, a bipartisan commission would be responsible for identifying new sources of economy, expected to reach $ 1,800 billion. The Tea Party, the most reactionary and ultra-liberal fringe of the Republican party does not want a tax increase of 2% in the most affluent (with incomes above $ 250,000 of) and that taxation of corporations and the elimination of some tax loopholes. Democrats offered to cut $ 2,700 bn fiscal deficits over the next decade. In return, the plan would be raised by $ 2,400 billion. The burden of these budget cuts (1200 USD bn) would come from cuts in discretionary spending already identified by both parties. The president's party proposed 1000 USD bn saving on expenses of the wars in Iraq and Afghanistan. But Republicans respond that these cuts are already planned by the Pentagon in favor of the withdrawal of American troops from these countries. Barack Obama wants to reduce government spending to the tune of $ 4,000 billion.
What has been decided is spending cuts, which will take place in two stages: 1000 USD bn immediately, and 1500 USD bn later. These additional savings will be made by a bipartisan commission made up of six Republicans and six Democrats. If Congress does not approve those cuts, a binding mechanism would be triggered, which automatically impose cuts that inclurаint including medical coverage for the elderly and also the defense that could see his fallen by more than $ 300 billion budget.
The magnitude of these reductions worries some senators and representatives of both parties and it was a point that had helped slow the negotiations.
In the absence of an agreement before August 2, 2011 deadline for the state to borrow on financial markets, local communities and the state administration have laid off employees, pensioners and the sick no longer receive their pensions, hospitals and public services would cease all activity, the soldiers no longer receive their salaries and the United States would see its downgraded by the rating agencies. I said from the beginning of the debate in Congress and the House of Representatives, that such a scenario was unlikely because all elected regardless of their political color would lose their seats in the next election. However, this political instability exacerbated instability in the financial markets.
Location US debt:
The United States with a public debt of over $ 14,350 bn is the most indebted country in the world. To be able to borrow on financial markets the US administration should seek authorization from Congress and the Senate. This is not

the first time this has happened in this country. This happened 67 times since 1962 and 10 times since 2001 when the two assemblies are of the same political affiliation as the president, it is as a letter in the mail. Blocking shows that there has been a radicalization of ideological differences between conservatives and especially their "fundamentalist" members of the Tea Party and the Democrats. The former defend the less state and more market. During the global financial crisis in 2007/2008 who remember the came from the United States, we thought that this thinking was undermined. He is guilty of insider deregulation-deregulation of stock markets in the 1980s and promoted the rule of finance instead of production and employment. Not at all it is always present and has a majority in Congress US.
Global public and private debt is $ 50,531 bn but that's put in front of private incomes of corporations, banks and households in the amount of $ 36,295 bn. The balance is therefore $ 14,235 bn.
7000 USD bn USD investments in the world yield more dividends that the country pays interest to its borrowers. But it is obvious that we should not compare public and private debt because in many cases the two clusters do not compensate. This is the case in Greece, where the 350 billion euros in government debt has no connection with the 200 Greek private savings held in Switzerland or elsewhere billion euros.
Who are the creditors of American debt?
Of the $ 14,270 bn of debt at the end of July 2011, 9656 USD bn or 67% are held by private investors:
1) Federal Reserve: 1427 USD bn
2) private investment: 8229 USD bn which foreigners
-China: 1 152.5 USD bn
- Japan: 907 USD bn
-UK 333 USD bn
- Countries OPEC: 221.5 USD bn
-Brazil: 207 USD bn
-Taiwan: 154.5 USD bn
- Caribbean Island 138.1 USD bn
- Russia: 125.4 USD bn
- Hong Kong: 122.4 USD bn
- Switzerland: 112 USD bn
And publicly managed fund for $ 4613 USD bn or 32.3% of which:
-Fund pension social security: 2 606.6 USD bn
-Fund pension pensions for civil servants: 782, 7 USD bn
-Fund pension Medicare (health) 337.3 USD bn
The peoples of our planet began to hardships by the forces of financial markets.
American debt and its consequences for the entire planet.
The situation of the global economy and that of the United States in particular, have not deteriorated in recent months. So logically we would not know of a bear market. But the trigger for this speculation on international markets comes from the political game between Democrats and Republicans over raising the American debt ceiling.
In 2008, states have saved the banks but in terms of public debts are piling up in

Europe and the United States, the next crisis will be violence that humanity has never experienced before. The only solution: regulate financial markets and give priority to the real economy, employment, training and cooperation with the countries of the south. They must come together in strong economic unions.
What I announced JT France 24 in French on 30/07/2011:
The United States has lost all credibility as a country with all the security for investments in Treasury bills. Gulf countries bought $ 330 billion of public debt (loan to the American state), Algeria, despite my warnings in 2008 during my lectures in Algiers invests 70 to $ 80 billion in Treasury bonds American, China 1100 billion dollars. But what experts paid by financial groups do not tell; this is the first lender to UST is the Fed (Federal Reserve), the Federal Reserve, 1,200 billion dollars. This loan from the state to the state (which is a nice scam is called nicely QE Quantitative Easing I and II). The Fed Chairman Ben Bernanke does not exclude a QE III and IV. No country can do this kind of operation without losing credibility, but the United States has a privilege I criticized in my earlier work (1987, 2000, 2011): This is the only country with a currency national playing an international role (Bretton Woods in 1944).
These QE operations generated cash in the financial markets and are shifting to procurement of raw materials, or the soaring prices of these products. It is the people around the world who will suffer the consequences.
It's time that the Arab countries with foreign exchange reserves invested in the real economy and production in other Arab countries. This would boost global growth and employment.
Finally Quantitative Easing 2 operation which consists of buying Treasury bonds by the Fed FED up to $ 600 billion actually amounts to printing money to finance the American deficits turn.

It should, in my opinion, make good reading disruptions in financial markets. Asian stock markets slumped on 30/07/2011, while their European counterparts marked a drop exceeding 3%. Speculators and market operators have made a mistake, that have over-reacted to the events, which explains the collapse of financial markets. In fact, global growth is not bad, but it is not satisfactory growth. This should get away, normally with a financial crisis, but markets over-react to the events and information. There was a sort of panic in which markets are mired.
The speech by Jean-Claude Trichet, governor of the European Central Bank (ECB) was followed by a sharp drop in global stock markets. He made two major mistakes. The first is that it did not reassure markets about the redemption of the public debt of distressed European states, even if they indirectly. J-C. Trichet could have explicitly and clearly that the ECB would buy these debts and obligations of the latter announced. He briefly talked about the redemption of ECB debt of Ireland and that of Portugal, but he has not said a word to those of Spain and Italy.
Operators on the stock markets saw, them, that the debts of Ireland and Portugal are not burdensome, unlike those of Spain and Italy instead represent the chunk. Trichet should have said that the ECB would buy all the debt; he did not because he had always been fundamentally opposed to this solution. In previous crises, he had to resort to this device, hence the famous expression "Trichet has swallowed his

hat." The second error by Trichet is that he had also mentioned in his speech the issue of inflation, while it does not arise at present as a real puzzle to solve.
Financial markets had expected the inflation risk mentioned by JC. Trichet to raise interest rates. This would lead to lower investment and a possible recession if this scenario were to get underway. In short, the markets that have experienced crisis is related to the ensuing information, panic and behavior of speculators betting on sovereign debt and invest in short sales overreaction.
Y is there risk of contagion to other indebted countries in the euro area and even its partners? Will he risk of a new recession in Europe?
The ratio of budget deficit / GDP should actually be 3%, but what about the fulfillment of this objective during periods of crisis. Both singers countries compliance with this criterion; Germany and France have transgressed repeatedly, sometimes using accounting tricks that fool no one. The debt crisis of the PIGS (Portugal, Italy, Greece and Spain), in the first quarter of 2010 revealed that some countries like Greece have not always made a sincere national accounts. Hence the proposal for a European Monetary Fund (EMF), which is expected in managing the credit risk of the member countries of the EU by applying the passage of financial penalties on states that fail to meet the criteria of the pact stability.
In France, it is expected a growth rate of 1.75% and 1.50% in Europe overall. If things go according to plan previously established, we will not have a recession but we will have a growth rate of around 0% (0.20% in Italy and Spain for example). But if one of the states bankrupt for failure to repay its obligations - as is the case of Greece - the situation may worsen.
The other risk is related to bad role rating agencies. If they continue to bring down the note states, they will struggle to borrow on the financial markets and it is at this point that the specter of disaster scenario will profile: that of a failed state facing refusal of banks to lend to countries in difficulty. However, according to the indicators currently available to us, the recession scenario is not yet possible, but there is rather the risk of a state to go bankrupt due to a very high level of debt afflicting many countries the euro area. It should, in my opinion, there is a European monetary fund which globalizing debt and borrow on the markets to re-lend to states. But a political problem is acute: the Germans are not willing to give a blank check to the Mediterranean countries that do not "work hard enough" and to encourage other states to practice lax policies.