

Who's going to Finance the rising US National Debt ?

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Election Fever is over and President Elect Barack Obama has until January to formulate a realistic game plan to address the unprecedented financial morass that he will shortly be inheriting. He will, no doubt, have to have the moral character to honestly inform his electorate of the true gravity of the situation they now face. Gone is the time for platitudes, electioneering and vacuous speeches. The time of "Change we can believe in" is over; now it's time for "Change we have to Go Through"

The most difficult aspect to Obama's mission will be to inform the American Public that the Party is actually over and it's time to pay the bill that has been steadily mounting out of control and is now a mathematically impossible amount for the country to actually ever pay back. The lifestyle enjoyed during these last years has been possible using the rest of the world to pick up the IOU's. With the Wall St Nuclear Financial Strike delivered through credit default swaps, mortgage backed securities and derivative trading, the world is now reeling and stands over an abyss of enormous proportions. Despite the Wall St Media Machine, Governments around the World have realised that they are already over the edge and falling headlong downwards with no sight of the bottom.

First on the list will be the \$1 Trillion budget deficit. The Treasury has just announced that it has to borrow \$550 Billion in the October - December quarter. Goldman Sachs estimates that another \$2 Trillion to finance the current deficit, to buy \$500 Billion in bad assets and roll over \$561 Billion in Maturing Treasuries securities. This is all before Obama spends a single penny on Healthcare, Alternative Energy research, infrastructure, Medicaid or unemployment insurance. This does not address the Trillions that have been borrowed from the Social Security Fund either. So where's the money coming from ? The population is already taxed to the hilt and cannot afford to pay anymore. Unemployment is rising, poverty is rising, homelessness is rising. Obama has said to the banks that they can only qualify for Taxpayer money if they "Temporarily" suspend foreclosure proceedings on these same taxpayers. Why doesn't he just give the money to the taxpayers right there, let them pay off their mortgage, keep their house and have some leeway to pay the extra taxes that Obama is going to ask them for ? Treasury Notes ? The rest of the world has already started to back off 10 year T Bills as witnessed by the rising yield and falling price of the latter. "There has been a real diminishing of demand from foreign investors over the last few months" said Tom Tucci, head Treasuries trader at RBC Capital Markets in New York. "We've seen them pulling back"

As the steadily worsening Real Economic data floods in to International view, foreign investors and Governments are beginning to realise that the US cannot spend it's way back

to Economic stability. Something has to give. Reality has to have it's say eventually. The only, single way that the US can get out of it's current predicament is through the trust of these foreign investors and Governments, and that is fading away. Brazil, Russia, China and India have formed BRIC, a group of nations that have decided to look out for their own interests where the Dollar as the Reserve Currency is not considered beneficial to anyone anymore. In Europe we have seen a turn towards the Euro as a possible reserve currency. The Dollar has outlived it's usefulness and the rest of the World is paying the price for it's former fealty.

These are the facts that the new President should be talking about when he promises..."There are many who won't agree with every decision or policy I make as president, and we know that government can't solve every problem. But I will always be honest with you about the challenges we face."

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