

# French official says U.S. trying to inflate away debt

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10.20.09, 06:30 AM EDT



PARIS, Oct 20 (Reuters) - The United States is pumping out liquidity to try to inflate away its debt, leading to the depreciation of the [U.S. dollar](#), Henri Guaino, a top advisor to French President [Nicolas Sarkozy](#) said on Tuesday.

He told reporters on the sidelines of a conference of Sarkozy's ruling UMP party that the United States was 'flooding the world with liquidity'.

Guaino worried about a risk of an inflationary cycle.

'Historically, we have only ever got out of such situations with inflation. We can also get out with deflation, but it's much more painful politically, socially,' he said.

'How can we stop the depreciation against the euro, if not by creating euros? The result is that you create inflation.'

But 'if we lose control of inflation and there is hyperinflation, it's a catastrophe for everyone,' he added.

<http://www.forbes.com/feeds/afx/2009/10/20/afx7018936.html>