In the name of God, the Merciful, the Compassionate

((The Weakness of the Dollar! Salvation or Collapse?))

Praise be to God.

We constantly hear news of the weakness of the dollar, and how it is growing weaker day after day in the field of established reciprocal prices with the value of an ounce of gold reaching close to 1,200 dollars for the first time. What led me to write these lines is that some among us might think that the dollar's weakness is a sign of pending collapse or of the weakness of the American economy, particularly after the unusual turn to precious metals - gold - by investors as a safe haven. While I don't disagree with many of us that the American economy is facing some significant and dangerous challenges, the weakness of the dollar and its pricing reciprocity might not necessarily be evidence of the challenges faced by the economy. Additionally, there is a difference between a currency's weakness and its collapse.

The fact is that the weakness of the dollar in terms of pricing is to the benefit of the American economy, not against it! Some might ask themselves, "How can this be?"

I'll tell you.

It is a fact that is plain to some, who see it clearly when they read the economic news and see that the industrialized exporter nations of Europe and Asia are worried over the weakness of the dollar. In fact, some of these nations have intervened by devaluing their own currency against the dollar. This is because the decreasing value of the dollar serves none other than the American economy, and only hurts the industrialized exporter nations. “Protect the exports!!”

If we can understand the equation between the price of currency against the dollar and the rise or fall of the value of exports in importing countries, then it will become clear to us the extent of the danger of a reduced dollar to the industrialized exporting nations, and the extent to which that benefits the American manufacturing economy, as well as its obvious effect on exports.

This is a very simple equation, and to explain it in simple terms, we'll use one example. Let us suppose that the price of a particular medication produced in a euro nation is 50 euros, and that the United States produces an alternative to that medication. Let us say the price of the alternative before the dollar's decline against the euro (for example, 1 euro = 1.25 dollars) was 62.50 dollars, which means the value of the American medication would be similar to the European version. However, after the dollar weakens against the euro to (1 euro = 1.5 dollars), the price for the alternative medication becomes less expensive than the price of the European medication, particularly in those countries that peg their currency to the dollar or value their imports in dollars. This is true even if the medication is sold in euros or Japanese yen. So in the above example, the value of the European medication is (50 X 1.50 = 75 dollars), while the price of the American alternative medication remains at 62.50 dollars, which is less expensive than the European medication by 12.50 dollars.

In the simplest terms, this means that these importing nations would prefer to purchase the American alternative over the high-priced European medication. Consequently, the demand for the American medication will increase while the demand for the European version will decrease. This example can be applied to all products, from civilian aircraft and vehicles, to spare parts and primary manufacturing materials, foodstuffs, and other industrial exports.

This is the secret that gives Chinese exports the immense potential for distribution, as the Chinese currency is not linked to the dollar and has a lower value. China's government strictly controls its exports, which are cheaper than international exports, which is why the United States and Europe both pressure China to raise the value of its currency, the yuan, which would mitigate the superior competitiveness of its exports.

The point of this article, in addition to explaining the mechanism that might be a mystery to many, is to say that with all the American statements being made by

Geithner about looking ahead to a "strong dollar," they don't mean the value of the dollar; rather, they mean a "superior dollar" in terms of the ability to compete with exports from other industrialized nations. This proves to us, for the onehundred billionth time, that the United States is an obsessively protectionist, selfish, greedy being, with no ties whatsoever to the legitimate laws of competition that it heralds in the World Trade Organization.

Let us know full well that this nation is trying with all its might to salvage its economy through serious and practical steps, and I think they have been successful to a certain extent, particularly in that their effort to pull out of Afghanistan and Iraq is aimed at this goal. Though there are some who believe these steps are proof of defeat, even a poor servant would consider this to be a defeat of the moment, and nothing final; they are tactical measures to rescue the economy and American status in the world, and they prove the intelligence and sagacity of the Democrats that the Republicans were so desperately in need of.

God only knows if they continue to take such tactical, military, and economic steps, then the war between us will last longer than many expected. Thus, we must prepare ourselves for a long-term war. God's religion will overcome.

Praise be to God, the Lord of the Two Worlds.

Your Brother