

**ARE WE WITNESSING
THE DETHRONEMENT OF THE U.S. DOLLAR ?**

Detroit, as the hub of the world's motor-vehicle production, has been dethroned.

It has been replaced by Japan, for the most part.

Snapping at the heels of Japan, however, is the industrial might of People's Republic of China (PRC) where motor-vehicle production is increasing exponentially, year after year after year.

It is highly unlikely that Detroit will, ever, recover its former status: The king is dead; long live the king!

In due course, no doubt, the producers of crude oil in the Middle East, parts of the African Continent and parts of South America, to name the largest exporters of the black ooze, will come to the realisation that their days are numbered when oil dollars filled to overflowing their respective government coffers.

The Government of the United States is determined to guarantee that future generations of Americans will not be dependent on a cartel of countries to determine the price and quantity of crude oil on international commodity exchanges.

To this end, Alaska is being tapped for its subterranean mineral deposits while, simultaneously, many tens of billions of dollars are being spent on research and development in order to find a viable alternative to the burning of fossil fuel as an energy source.

In the next decade or so, there is a 100-percent guarantee that solutions will be found to today's dependence on crude-oil supplies from the members of The Organisation of Petroleum Exporting Countries (OPEC) where it is known that certain Muslim countries, being members of this oil cartel, are decidedly hostile to the government of the largest and most-important economy of the world.

Brazil has, already, converted an estimated 50 percent of all of its motor vehicles to accept ethanol as a substitute for petrol so as to break the back of the country's dependence on petroleum products to power internal combustion engines.

Hybrid-powered vehicles are already here and, just around the next corner, will come hydrogen-powered engines, no doubt.

Technology is never static and enterprising minds will dig out solutions to the problems of today.

But some things are unlikely to change in a short space of time.

Two of those things are: The use of the English as the international language of communication; and, the use of the US dollar as the preferred international currency for commerce.

The English language is the chief medium of communication of people in the United Kingdom, the United States, Canada, Australia, New Zealand, South Africa, and numerous other countries.

It is the official language of many nations in the Commonwealth of Nations and it is widely understood and used in all of them.

It is spoken in more parts of the world than any other language and by more people than any other tongue.

In the language's development over the past 1,500 years, it has increased its vocabulary to more than one million words – and, daily, new words are being added.

The language is organic, being powered by more and more new words and novel ideas, making it the richest language that man has ever devised in order to communicate.

While most other languages of the world are staid or accept new ideas, grudgingly and slowly, the English language greedily inculcates words and phrases from any and all existing languages of the world and increases the weight of its lexicon, making it increasingly rich in its complexities.

The US Dollar

Turning to the US dollar, today, it is under a great deal of pressure and questions are being raised as to whether or not it should be replaced by, perhaps, the euro, or a basket of select currencies.

The exchange translation value of the US dollar vis-à-vis the Canadian dollar has depreciated by about 65 percent over the past decade.

The Canadian dollar, today, commands a small premium over its counterpart to the south.

The weakness with regard to the translation value of the US dollar on international markets has been responsible, in large part, for the rise in the price of crude oil on international commodity exchanges.

This is due to the fact that, historically, the price of crude oil has been denominated in US dollars.

As the translation value of the US dollar deteriorates against other '*hard*' currencies, suppliers of crude oil find themselves with diminished buying power.

Meanwhile, the euro, over the past decade, has appreciated from 82 US cents (in 2000) to more than \$US1.45.

That is an appreciation against the US dollar of about 77 percent in a decade.

Which is a bigger gain than the Canadian dollar.

For certain, the euro is, today, threatening the US dollar as the dominant currency of the world.

Brazil has demanded that it will not accept US dollars in exchange for its crude-oil exports, accepting only euros.

Other exporters of crude oil are joining the Brazilian chorus.

Between World War I and World War II, the British pound was dethroned by the US dollar as the international currency of commerce.

Today, the euro is challenging the US dollar for its, former, dominant position.

But the US economy, for all of its shortcomings, is still the biggest and most-important economy of the world.

It is highly unlikely that the US dollar can be dethroned by any other currency, at least, not in the next century, the way things stand, today.

The political might of the US will continue on in spite of the enmity that has been demonstrated by countries, such as Iran.

The military might of the US, also, will continue on in spite of the mistakes of the past, such as the invasion of Iraq on March 20, 2003.

The country is rich in natural resources and the climate is favourable for the raising of a diversity of crops and forestry products.

There are significant deposits of many important minerals in the country, including more than 20 percent of the world's coal.

The Corn Belt, a region, stretching from western Ohio to central Nebraska, is the largest expanse of prime farmland in the world.

The human population of the US is about 301 million men, women and children.

The country has been the world's leading industrial nation since early in the 20th century and, although, of late, it has fallen from grace in respect of its once, world dominance in the manufacture of motor vehicles, from the ashes of one, dying industry, rises the phoenix of another.

The United States continues to be the world's leading trading nation: It will continue to be so.

It has the largest and most technologically powerful economy in the world, with a per capita Gross Domestic Product of \$US46,000.

US companies are at, or near, the forefront of technological advances, especially in computers and in medical, aerospace, and military equipment.

The following statistics, updated as at January 24, 2008, are just an indication of the strength and vitality of the US economy:

GDP (Purchasing Power Parity)	\$US13.86 trillion (2007 estimate)
GDP – Real Growth Rate	2.00 percent (2007 estimate)
GDP – Per Capita (PPP)	\$46,000 (2007 estimate)
GDP – Composition By Sector	- Agriculture: 0.90 percent; - Industry: 20.60 percent; and, - Services: 78.50 percent (2007 est.)
Labour Force	153.1 million (includes unemployed) (2007 estimate)
Labour Force – By Occupation:	- Farming, forestry, and fishing – 0.60 percent; - Manufacturing, extraction, transportation, and crafts – 22.60 percent; - Managerial, professional, and technical – 35.5 percent; - Sales and office – 24.80 percent; and, - Other services – 16.50 percent.
Exports – Commodities	- Agricultural products (soybeans, fruit, corn) – 9.20 percent; - Industrial supplies (organic chemicals) – 26.80 percent; - Capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) – 49.00 percent and, - Consumer goods (automobiles, medicines) – 15.00 percent (2003)
Unemployment Rate	4.60 percent (2007 estimate)
Public Debt	36.80 percent of Gross Domestic Product (2007 estimate)
Industries	Leading industrial power of the world. It is highly diversified

	and technologically advanced; petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods,
--	---

When Rome was the political and military powerhouse of the world, its ultimate demise did not come from without, but from within: Corrupt and very poor successive governments; and, inter alia, poor logistical support to control the sprawling Empire, adding to its many internal problems.

The US is a far cry from the Rome of the 5th Century AD.

The US dollar may well be weak for the next few years, but, after that shakeout, it is quite likely – in fact, it is almost a certainty – to rise again to dominate the world and regain its rightful position as the most, sought-after currency because, among other things, the demographic vitality of the country is such that its economy cannot be held back for long.

In short, there is little chance of a dethronement of the US dollar.

-- **E N D** --

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*