

Title:

Declining American Dollar Damages Foreign Policy

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514

Summary:

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Venezuela and Iran wanted to open discussions about valuing oil against a new currency standard then the dollar. They were hoping the move would be symbolic...

Keywords:

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Article Body:

Saudi Arabia and the United States have been friends for some time. To the average public within the country most Americans view Saudi Arabia as sponsors of terror citing the countries Muslim background. However, Saudi Arabia regularly supports the United States and has done so again in the last round of OPEC meetings.

Venezuela and Iran wanted to open discussions about valuing oil against a new currency standard then the dollar. They were hoping the move would be symbolic that the world should move away from seeing the United States as a leader and move towards some other supper power like China or the European Union.

The 12 member OPEC dignitaries flew into Riyadh and Saudi police and helicopter blocked roads, and protected the sky with helicopters and the dignitaries made it to their place of residency. The meeting was called to discuss oil exports and the cost of oil. In addition, the meet is to ponder ways of reducing emissions.

A secret broadcast came around which showed that Venezuela and Iran were behind the move to change how oil is priced into another currency. Venezuelan representative Angela's de Morais stated, "The weakness of the dollar is

affecting us all" and "But that's a global-scale problem. It's not for an individual organization to tackle." He was referring to Saudis insistence on keeping the American dollar.

Saudi Arabia doesn't want to see the American dollar collapse as much of its economy is based on the American dollar. They have hundreds of billions of dollars invested within the United States and removing the dollar as the oil pricing standard may make it decline further which is likely to hurt Saudi Arabia further.

The dollar has declined significantly over the past few years. This decline is up to 15% against the Euro in the past 12 months alone. As the dollar deflates American buy less products from overseas which hurts our allies and business partners. In addition, the decline in the dollar reduces the value of investments made by foreign countries in the Euro.

When countries purchase American dollars or make investments in American dollars they can find that the dollar is deflating which means they are losing money on their investment. Each dollar is worth less then it was a few years ago and therefore their investments have shrunk. To counter this a number of countries have begun to diversify their holding in foreign currency to more stable currency like the Euro.

The declining value of the dollar is a double-edged sword for the United States. On one end the declining dollar increases American exports because American products become cheaper but on the other end America has less foreign influence because countries aren't selling as many products in the United States.

The current crisis the country has to face is the amount of dissention that a number of disgruntled countries are beginning to show now that their economies are not so tightly tied to the U.S. We may see a growing trend of countries attempting to hurt American interests and business partnerships around the world.