

Re: Paying for Katrina, another view

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- *From:* William F Hummel <wfhummel@xxxxxxxxxxx>
 - *Date:* Wed, 12 Oct 2005 11:26:56 -0700
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On Wed, 12 Oct 2005 10:33:10 -0700, "The Trucker" <mikcob@xxxxxxxxxxx> wrote:

>"William F Hummel" <wfhummel@xxxxxxxxxxx> wrote in message

<snip>

>> Politicians who advocate the elimination of tax cuts and/or cutting
>> other federal spending mistakenly believe that a smaller federal
>> deficit will somehow "pay for Katrina." We need our leaders to get "in
>> paradigm" now.

>

>Let's be sure we understand this: Katrina along with Iraq and
>tax cuts SHOULD decrease the value of the US dollar.
>As gold is currently \$470 per ounce where the price just 3
>months ago was \$426 we can see that the dollar has lost
>value. There is no big secret that the dollar has been
>declining in value ever since the latest incarnation of
>tax cut and spend Republicans came to town. We might
>argue as to whether that is good or bad, but I see no argument
>over the truth of the statement concerning the "value" of
>the dollar.

Don't confuse the market value of a single commodity like gold with the value of the dollar.

There are two distinct measures of the value of the dollar, (1) its purchasing power in goods and services, and (2) its purchasing power in foreign currencies.

During the Bush administration, the nominal broad dollar index in foreign exchange has gone from 123 to 112, a drop of about 9%. That is actually working in favor of the US regarding the cost of foreign goods. During that same period, the CPI climbed from 175 to 195, an increase of about 11% in 4 1/2 years, equivalent to an annualized inflation rate of 2.4%. I don't see much to get excited about in regard to the "value of the dollar."

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- **Follow-Ups:**

- ◆ **Re: Paying for Katrina, another view**
◇ From: The Trucker

- **References:**

- ◆ **Paying for Katrina, another view**
◇ From: William F Hummel
- ◆ **Re: Paying for Katrina, another view**
◇ From: The Trucker

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