Subject: Dollar is going down...
Posted by MrBob on Mon, 05 Jan 2004 02:03:42 GMT

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The reason the dollar is going down is because of inflation. The government wants to pay for stuff and prints/coins money (as if taxes aren't enough). And when they inflate, there's more money. And with more money, there is less value:

^ The amount of money increases.

V Prices go down

The reason prices go down is because businesses know the money is worth less, but the government forces people to treat the paper as a real dollar. So since they can't say the money is less than it's actual value, they simply raise the price.

So anyway, the reason the US dollar's value is going down is because of inflation. And since the money is worth less than it's said to be, people get rid of the bad money and keep the good money (Gresham's Law). That's why people always spend modern moeny and keep things like gold and silver certificates.

This Ecomonics lesson was brought to you by Mr. Bob.