WASHINGTON, Feb. 8 — Treasury Secretary John W. Snow has tacitly but unmistakably abandoned Washington's longstanding support for a strong dollar in favor of a weak dollar that is getting weaker, though he continues to insist there has been no change in policy.

Stripped of the code words and elliptical references to "excessive volatility" in exchange rates, the message that Mr. Snow delivered this weekend to finance ministers from Europe and Japan was that the dollar's plunge against the euro is just fine and that the dollar should now decline more rapidly against Asian currencies as well.

In so doing, the Bush administration has made a calculated economic and political choice. By condoning and even encouraging a cheap dollar, the administration is providing a big push to American exporters by making their products less expensive in foreign markets.

That should encourage more hiring and lower unemployment leading up to the election. The only immediate losers are exporters in Europe and Asia who have to choose between cutting prices or losing market share in the United States.

But the long-term risks are substantial. At some point, a weaker dollar will inevitably lead to higher prices for imported goods — almost all consumer electronics bought by Americans, most of their clothing, many of their cars and much of the oil that provides the fuel to drive them.

A much bigger risk is that a plunging dollar could contribute to a rise in interest rates, as foreign investors demand fatter risk premiums before agreeing to buy hundreds of billions of dollars worth of Treasury securities to finance America's high levels of indebtedness.

The United States needs to attract $1.5 billion a day in net capital inflows from abroad — $500 billion a year more than it sends out — which means that the world is being flooded by American I.O.U.'s at levels never seen before. The administration's huge budget deficits could increase that need for foreign capital even more, and higher interest rates would add billions of dollars to those deficits.

Foreign buyers, and Asian central banks in particular, are now the most important buyers of American Treasury bills and bonds. But much of that buying had little to do with the rosy economic outlook for the United States and very much to do with propping up the dollar against the Japanese yen and the Chinese yuan.

The dollar would probably be declining regardless of what Mr. Snow said, because the United States is now so indebted to the rest of the world that the appeal of American securities is considerably less than it was at the height of the boom.
Since its peak in the fall of 2000, the dollar has lost nearly half its value against the euro.

In the joint communiqué they issued after the Group of 7 meeting ended in Boca Raton, Fla., on Saturday, the finance ministers declared that "excessive volatility" and "disorderly" movements in exchange rates were bad for economic growth.

That was a partial nod to European leaders, who were beginning to panic about the weak dollar and suddenly strong euro. European officials interpreted the communiqué as acknowledging their worries about the euro's recent surge and also giving them a justification for intervening in the markets if the euro shoots up in any way that might be considered "disorderly" and "excessive."

"The Europeans were huge winners and the Japanese were huge losers," said Paul McCulley, fund manager for Pimco advisers, one of the nation's largest bond investment funds.

But the official American view was quite different. The American interpretation was that the Group of 7 had said nothing at all about the dollar's value against the euro and that a further gradual decline in the value of the dollar would be entirely different from a "disorderly" decline or "excessive volatility."

Put another way, Mr. Snow was not calling for the dollar to climb back in value but for it to sink more rapidly against the Asian currencies. For currency traders and analysts gearing up for the markets to open on Monday, the big question was not whether the dollar would stop declining but whether the Japanese yen would abruptly jump in value.

The problem confronting American and European officials alike is that China, the most explosive player on the Asian scene, is not even a member of the Group of 7. "China is the 800-pound gorilla and it isn't even part of the negotiations," Mr. McCully remarked.

China has kept its currency pegged at a fixed exchange rate to the dollar for the past decade, and it has done so by a combination of restrictions on capital flows and heavy purchases of American securities. But most economists contend that China's currency has become seriously undervalued as its trade surplus with the United States has soared to well over $100 billion and its treasury has accumulated more than $300 billion in foreign reserves.

Japan, by contrast, has allowed its currency to rise in the past month even as it bought $67 billion in American securities to slow that rise.

Japanese officials signaled this weekend that they will continue to intervene to preserve "stable" exchange rates, and the American-approved denunciation of "excessive volatility" may have given them implicit permission to do so.

But no matter what happens to the yen, many analysts predict the dollar's overall value is still headed down.

"This doesn't do anything to alter the perception that the administration would like the dollar to decline further," said Robert Hormats, vice chairman of Goldman Sachs International. "I don't think the markets will be very impressed."