

# Development of american economic system

[Economics](#)



Economics is defined as the way the services to produce goods are allocated among alternative uses to satisfy human wants. In short, economics is the output of goods and services that society needs and wants. The history of the United States economy is one of growth. The amount of goods and services that the United States produces annually has grown significantly in the last 100 years. The American economic system, including modern developments and trends, are important to American society. The American economic system follows an outline for it to be successful.

An economic system must determine what and how much product society is producing and how each service and good is to be produce. It must also determine how the services and goods are to be distributed to members of society and what “ the rate of growth per capita income” will be. (Mansfield and Behravesh, 1998, p 24) The economic system must find out what its factories are putting into stores, how much is being put into stores, how much it will cost to get these products and services into the hands of Americans, and how much money society will make as a whole because of these products and services.

This is a simple system of what goes out must be replaced by something equally as valuable. The United States will gladly give Americans what they need, however, those Americans need to trade cash for it so the workers who made those products can do the same for themselves and their families. In essence, it could be considered a barter system, but instead of trading goods for other goods, Americans trade cash for goods. Modern developments have become extremely important in the American economic system. For

example, international trade is a modern development that plays a very important role.

Many American industries depend on other countries for raw materials such as coffee, tin, or tea. American exports account for ten percent of its gross domestic product. American society and way of life would have to change drastically if trading with other countries was not an option. (Mansfield and Behraves, 1998) Financial transactions in the form of revolving credit cards is another important modern development. Although the use of credit began during the time of the Pilgrims, the use of revolving credit cards is a modern development. Credit, as Americans know it today, began in the late 1800s with the advent of credit tokens.

This made it faster and easier to extend credit instead of looking up individual information. In the 1950's, the revolving credit card came into use. People could now borrow money, repay it, and borrow again without having to be approved for a line of credit each time. Today, these credit cards are an easy way to pay for goods and services, and it is used more often than cash. Americans buy everything on credit, including clothing, food, and entertainment. Take away American's use of credit, and the economy would come to a grinding halt. (" The History of Credit & Debit: History of Credit Cards.", 2009)

In conclusion, America's economic system is a simple one, however, modern developments have complicated it somewhat. International trade and the use of credit in general and revolving credit cards are extremely important because these developments keep the country growing and moving forward. Many Americans drive foreign cars and drink foreign coffee, a result of <https://assignbuster.com/development-of-american-economic-system/>

international trade. Many Americans use credit to buy houses and food, a result of the advent of credit. Without these developments, American society as the Americans know it would change drastically, creating unnecessary hardship.