

Example of essay on the economy between saudi arabia and america

[Countries](#), [United States](#)



Saudi Arabia's economy is mainly based on oil and related products. The government is also in control of the key economic activities. On the other hand, the United States has the largest national economy. In the year 2012, the American nominal GDP was approximately \$ 15. 7 trillion. This means, therefore, among the world wealthiest countries. This country is endowed with a well-developed infrastructure, numerous natural resources and a high productivity rate. With regards to petroleum, Saudi Arabia has 18% of the available petroleum reserves. Therefore, Saudi Arabia is the leading exporter of petroleum. The United States come third with regards to production of oil and second in the production of natural gas. The two countries are, therefore, enormously endowed with natural resources which drive their economy placing them an advantage against their competitors. This paper will canvas the American and the Saudi Arabian economy. The paper will also interrogate the similarities and the differences that define these two economic giants.

America has a mixed economy. For over years despite the global instable economy, it has retained its economic stability consistently. The country has considerably a high capital investment and levels of research in development. The rate of unemployment moderate in relation to other developed nations and lower compared to developing countries. The American economy also leads with regards to manufacturing industries. In this sector alone, the US is responsible for more than a fifth of the manufacturing output in the whole world. The labor market in the American economy has also been extremely attractive. Thousands of immigrants troop in the country each year to look for work. With regards to ease of doing

business, the American economy has for many years been ranked as a top performer. The economy is not only friendly to local investors, but also attractive to foreigners. The global competitiveness report has consistently ranked the United States as the country that most investors would want to invest their money. This economy has also fully embraced information technology. The IT industry competitiveness index ranks it as the first country in the whole world. A significant amount of reserves is stocked in the local currency. The United States also boasts of having one of the most influential and busiest financial markets. However, the steady rise of the economy was interrupted by the financial crisis of 2007-2008. The economy is trying to recover from the injuries sustained during the crisis. The reports from the CBO indicate the economy is underperforming below its potential while the rate of unemployment is still high following the job cuts experienced during the crisis.

On the other hand, the Saudi Arabian economy is significantly oil driven. The petroleum industry produces 45% of the country's revenue. Moreover, 90% of Saudi Arabia's economy encompasses oil and petroleum products. The government controls the bulk of the economy with about 60% while the private sector is instrumental in contributing 40% of the GDP. The country is a major import of human resource. Its economy is host to more than 4.5 million workers from foreign jurisdictions. Most of these workers are employed in the oil and gas industry. With an increasing population, the kingdom has begun encouraging and facilitating the growth of the private sector to ensure that the country reduces its dependence on its natural resources which can sometimes be unpredictable in times of global crisis. A

small percentage of the economy also relies on subsistence agriculture.

According to World Bank reports, Saudi Arabia's economy is ranked as the strongest within the Arab nation. In terms of revenue collection, the oil industry accounts for 75% of total government revenues. As its economy grows, Saudi government has attempted to become part of WTO. However, complications arise with regards to ensuring a free market economy. The Saudi government has been reluctant to ensuring a market free economy one that allows foreign services and its goods without being subjected to punitive taxes. The difficult arises because the government has a series of sectors that it regards as forbidden to invest in them. Despite all these, the country is still among the most competitive in terms of business.

These two giant economies have engaged each other in a symbiotic relationship. The Saudi Arabia government was in 2010 the 15th largest trading part with the United States. The main exports from the United States to Arabia are machinery, vehicles, electronic among others. On the other hand, Arabia exports oil, platinum scrap and fertilizers to America. The American investments in Arabia are mainly concentrated in nonbank organizations that deal with oil products. Negotiations have been on going on increase trade patternships including the protection of IP rights. The American government has encouraged its Saudi Arabia counterpart to allow more access to its markets free from government control and regulation. The American economy is heavily dependent on oil and therefore, the need to ensure a cordial relationship with the Saudi government.

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