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america is the source
of the global
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[Profession](#), [Student](#)



United States-The United States of America is the source of the Global economic crisis. The country is still struggling to recover from the continuing recession.

“ The cause of the problem is located in the fundamental defect of the free market system,” said Professor Prabaht Patnaik, a 55-year-old Professor at the CESP (Center for Economic Studies and Planning in India).

The free market is dominated by parties interested in the short-term returns at the expense of future returns from marketable securities. As his concern, the state is not acting to ensure high economic growth and development.

Public revenue is not adequate to sustain the amount of consumption levels in the economy. Public revenue in terms of taxes and levies is not enough to sustain the high commitments for the government.

The government is seeking to sell marketable securities in the open market to increase the amount of money in circulation. However, that is not enough and Prabaht suggests that investment in development projects will lead to increased growth.

“ Consumers and businesses cannot get credit as easily as they could a year ago. A homeowner with equity in her home is very unlikely to default on a car loan or credit card debt,” commented Dean Baker during the interview.

The economy is having trouble with the mortgage department because of the loans advanced to low income earners. These homeowners have not been able to pay off their loans leading to a loss of approximately \$6 trillion.

The continuing recession has unfavorably affected businesses especially the small business owners in the U. S. A report published in the New York Times shows that most businesses are shutting down in the event of reducing revenues.

“ We used to make semi-annual profits of about \$500 million but this has reduced by half.” James and Peter, 30 year olds business partners in an electronics shop in New York commented during the interview.

According to the newspaper report, the cost of production for most businesses has drastically increased leading to the poor profits experienced by businesses. The economic crisis is to blame for this mess.

It is difficult to break even for these small businesses since sales have declined to a low of \$875 million in the year 2011 from a high of \$1255 million in 2008. This is because of the increasing cost of sales.

Business owners do not expect the situation to change in future with the skyrocketing fuel prices. The political situation in most Arab countries that produce oil is an indicator that the recession will continue.

An article on the rate of employment in the Economist shows that the rate of unemployment in the U. S. shot to 10. 1% by the beginning of the last quarter of 2009. This is the highest rate since the 1980s.

Unemployment has greatly affected the recent graduates from universities and colleges. They are pessimistic of the future with most resulting to manual jobs to sustain their living.

Charles Moses, a 25-year-old graduate from a university in Chicago shared his experience on the search for a job since he graduated and the effect of the continuing recession.

After graduating from the university with a bachelor's degree of home economics in 2008, Charles has not secured a job from his many applications made, not even in the company he did his internship.

“ It has proven difficult to secure a job, so I decided to work as a cleaner at the hospital in the evenings to substitute my peanut salary at a local restaurant. I do not think the situation will change soon.”

Students continuing with their education at the universities are finding it challenging to survive in the midst of the recession. Tuition fee has increased to about \$50, 000 from a low of \$32, 500 in 2007.

The higher education loans board has reduced the amount of loan to students because of high defaults and the increasing number of students seeking the loans. Previously, a student would get up to \$20, 000 as loan from the government but now it is different.

“ I have to find work during the weekends to substitute my pocket money since my parents have reduced it to cover the tuition fees.” Jennifer Thomas, a 20-year-old first year university student said during the interview.

In addition, the high food prices and oil prices are a major blow to the elderly. These people follow a specific diet in order to boost their immunity.

Consumer prices have risen a notch higher to an unbelievable level of 7% this year from a low of 5% last year.

“ I used to spend \$12 for food a year ago, now the price for the same food is going for \$18. I have to adjust my budget to fit all my consumption needs,” noted Robert, 75-year-old granny from Chicago.

Robert notes that times have changed since the early 1930s and blames the government for the recession. He is pessimistic of the future since there is little the government is doing to avert the situation.

The rate of inflation has adversely affected the economy with a high of 5% this year. According to statistics, this has never occurred since the Great Depression of the 1930s.

In his speech on Friday, President Obama directed senate to implement a system where the elderly receive supplements from the government to sustain them in the face of the continuing depression.

There is a direct link between declines in wealth and decreases in consumption and business environments. These together with state development projects represent the items that drive the economy.

“ We are struggling to survive because many commuters choose to walk home instead of taking a taxi.” Timothy Burns, a 30-year-old taxi driver commented.

Timothy adds that he has adjusted the budget for his family, which focuses more on foodstuffs as opposed to savings. This greatly reduces accumulation of wealth for these workers.

The continuing recession is likely to lead to a worse situation for these workers with a deficit budget, which cannot support the needs of all stakeholders in the economy.

Alice Clinton, a 29-year-old cleaner at a local hospital shared her experience since the beginning of the recession.

“ I used to earn about \$1, 500 in 2008 and this amount was enough to sustain my monthly expenses, now with the same salary I can hardly make ends meet,” noted Alice during the interview.

Consumer confidence has declined with the high rates of inflation. The dollar is depreciating fast and with the sky rocketing food and fuel prices the situation continues in the future.

As the 2012 election approach, presidential aspirants need to give measures on how they plan to deal with the recession. Failure to do this the recession could get worse with the political interference.