

# Current state of the us economy

[Literature](#), [Russian Literature](#)



Current of the US Economy The United s has the largest and most technologically sophisticated economy in the world. As per the Bureau of Economic Analysis portal, it has a per capita GDP of \$48100. It emerged as a superpower and has been controlling the world economy since the end of World War II. U. S. is the undisputed leader in technological advancements including medicine, computers, automobiles, aerospace and arsenal. The country is the strongest voice in international organizations like the UN and NATO. The world is always keen on listening to US's stance and decisions regarding issues of international importance. The world always closely observes the political and economical spheres of the US. Undoubtedly, the waves in the US economy are reflected throughout the world economy. But the global recession which marked its beginning in December 2007 was a huge setback to their undisputed leadership in the world economy. US economy was deplorably affected by the global recession of 2008. The subprime mortgage crisis was the sole cause of this recession. A huge fall in housing related assets resulted in a global financial crisis. Oil and food prices went up like anything. This eventually went to the collapse of a number of financial enterprises like Lehman Brothers, Bear Stearns, Freddie Mac, Fannie Mae and AIG etc. Automobile industry was also badly struck. It was a period of scrambled economic activity and negative expansion in GDP. The aftermaths of the late 2000s recession brought about overwhelming downfall in almost all phases of the economy. Contraction of GDP began in the third quarter of 2008 and was contracting rapidly by early 2009. Capital investment declined to the lowest rate in 50 years. As a result, the US had to face political instability as well.

Decline in consumer credit, real estate bubbles, personal bankruptcies etc put the US economy into turmoil during this period. The GDP decline was about 5.1%. The US government announced a \$700 billion bank bailout and \$787 billion fiscal stimulus package to tackle the situation. The US was also struck by the draining of capital investment to developing countries like India and China which were not deeply affected by this recession. Government measures could not yield many results initially, but the economy started to regain its stability gradually, though in a slow pace. A poll by Reuters says that more than 50% of the Americans think that US is still in recession (Reuters polls). But according to official data of Bureau of Labour Statistics, a modest recovery is taking place (qtd in Newmark Knight Frank).

The fact that the world economy is very much dependant on the US economy is a favourable factor to the US economy. USD remains as the principal currency throughout the world. A good number of the multinational companies are based in the US. US remains the most advanced in research and development even now. The fact that the world economy was totally affected adversely by the recession proves how important the stability of the US economy is for the economic stability of the world as a whole. Apparently, it became important for other countries and corporate also to ensure that US economy is still secure.

Many turned to investment in gold and petroleum and left over real estate related investments which was the main cause for the recession. This brought in a boom in these sectors and the prices of these commodities went up which gave a boost to the US economy. Financial institutions that collapsed slowly gained confidence to reconstruct their firms. The US could,

thus, keep up its credit rating without much fluctuation, and dollar currency and the NSE are slowly gaining back their former stability.

It is the need of the hour for the world to keep the US economy boosted in the current scenario. Therefore, the US economy got support from all parts of the world which is now helping it in its modest recovery. Obviously, the economy framework is not so weak as it was in the last few years, and now there is a wave of recovery. There can be unexpected and drastic changes in the economy in the coming years which may lead the US to have a completely revised economic concept.

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