The us exports

Business

The US exports grew to 180. 4 Billions USD in September of 2011. While the GDP increase in the third quarter to a level of $15, 180. 9 billion Thus the exports represents a 1. 18% In 2003the US economy out put was $11, 107.

0 while the Exports grew to $2. 7 billion which represents a 0. 024% of the US output. For instance the UK exports in September 2011 were 39. 6 Billion GBP. The GDP was 2175 Billion US$.

This represents a 61. 76 USD thus a 2. 83% of the nations output. This is higher than that of US in the third quarter of 2011. The US exports since the prerecession highs can be shown graphically below Economie According to US economy analysis and experts, the US exports are likely to slow in the fourth quarter of 2011. The global economy is in a recession and outlook is fully dependant on the resolution of the Europe debt crisis.

For this reason economists forecast a slow growth in US exports. Another key factor they cite as an impediment to the US economy exports growth is the slow growth than expected in developed economies. Finally they cite the higher global risk aversion leading to increased financial market volatility consequently spreading over to riskier asets. Both domestic and foreign incomes have an effect on the US economy net exports. Where the national incomes in other countries rise, those foreign residents will demand more goods and services from US.

This will hence increase US exports thus causing the trade deficit rise. This is what has characterized the US economy of late. The prices in US and in foreign countries even where exchange rates and economic growth rates remain constant, affect US economy output. The inflation that is eating major world economies is adversely affecting the US economic growth and output. The effects of this will not only reduce the US exports but also affect US imports of the foreign commodities. This has lead to widening of the balance of trade deficit.

The aggregate demand components of the US economy will be adversely affected by the factors mentioned above. Where the exports have increased, this will lead to an increase in the aggregate demand. On the other hand where the imports are more than exports, the aggregate demand takes a negative function. Where imports are more than exports; the aggregate demand takes a negative function. The effects on the economy due to aggregate demand takes three forms; effects on the income and output of the economy, effects on the level of employment and uunemployment and effects on the inflation and price level in the economy. Fiscal policies The government can use taxation and government spending so as to control economic spending in the economy.

These can be explicitly shown in the Employment act of 1946 and Humphrey-Hawkins act of 1978. Government spending as a component of aggregate spending is useful in recession periods. The government can increase its spending thus leading to multiplier effect. This increased in spending acts as an injection and contributes in moving the economy to a higher equilibrium. The downside of this economic tool is that incases of economic boom the government is advised to cut its public spending.

Where the government increases tax, the aggregate expenditure is reduced. Where the tax increase is lump sum tax, aggregate expenditure will move downward taking a parallel fashion. This tax increase is warranted where there is excessive demand causing inflation. This policy was used in the 1960s in the US economy. In the leakage-injection analysis the tax increase is seen as leakage and thus added to saving.

Keynes recommends an expansionary fiscal policy during recession: reduction of taxes and increase in government spending.