

Example of thesis on the u.s manufacturer (determining cause and effects)

[Business](#), [Industries](#)



1. 1 Introduction

Recent growth and developments of the U. S economy indicates that the manufacturing sector is still leading. The impressive gains indicate surprising developments in the industrial sector with doubling previous rates in output. However, the U. S manufacturing sector has seen high rate of shifting to a dangerous move of depending on imports to acquire raw materials and intermediate goods for their industries. This is especially from upcoming economies such as China that are well sourced with these materials. The raw materials mostly imported are for automotive industries and majorly include rare earth metals and minerals such as cobalt, gallium and titanium and neodymium, dysprosium etc. They are critical commodities to be used in energy as well as defense industries. There are various causes as well as effects due to this that impact the economy in one way or another.

1. 2 Major Cause of Importation

The main reasons for importation of raw and intermediate goods in the automotive industry are due to the existence of unreliable source that cannot satisfy the rising demand. There is an increasing demand, depleting sources of the materials required for these industries. There are high costs to produce them locally as many of the natural sources have been depleted. The automotive industry in the U. S is still growing especially with the development of new technologies in the industry that have increased demand of these materials. Manufactures; therefore, are now highly dependent on the imports from other countries such as China, Japan etc, Hinkelman, E. (2004). The materials are crucial for high tech facilities such as fighter jets, antimissiles as well as computers.

1. 3 Availability of Cheap Imports

The other cause giving rise to increasing importation is the availability of cheap imports in the trading partners. In addition there are unfair trading behaviors that are seen practiced by some partners. For instance, China manufacturing companies are heavily subsidized thus making their products cheaper and affordable. The availability of such products in the U. S markets such as auto parts for the industry increases imports. There are also issues of dumping that works against sale of locally manufactured intermediate automotive commodities for U. S industries, Zheng et al (2010).

1. 4 Other contributing causes

Some other cause contributing to importation includes poor foreign policies that do not work to encounter profound developments that are emerging in the current structure of the world economy. The changes appear to alter future operation of the United States. For example, the completed unionization of European states is emerging with a powerful economy as the U. S and the China and Asia regional corporation that also threatens U. S control of the world economy, Bergsten (2005). These changes work to increase reliability of the economy of the U. S to other countries. Automobile industry being one of the global dominant will not fail to be affected especially in acquiring its raw materials for manufacturing.

Moreover, poor control of the mining impacts to the environment is also a factor that contributes to increase importation. Compared to the U. S main competitor which is currently major supplier of the automobile materials, China, it has properly managed its resource base and taken good control of the rare earth mineral. This is not the same case with the U. S. Despite vast

reserves of rare earth materials in Western parts of the country, there are reluctant policies on land that fail to give proper way to production, Perry (2012).

Economic effects of Importation

Decreasing capital accumulation and investment incentives

Increased imports contribute to reduced earnings in the economy and these results to reducing incentives to invest further in areas that could enhance the development of the economy. These areas include research and development which are important for technological advancement.

Increased dependence that could sometime be dangerous to the economy

Importation of raw materials in automotive industries may pose risks at some points, especially where reliable sources are affected. For instance during Kuwait invasion the U. S major automotive industries suffered oil deficits and this led to reduced productivity. As a result of multiplier effects, the whole economy was affected especially in employment.

Adverse trading policies that affect performance of the economy

Reliable countries may attempt to practice some policies that may not be such favorable for instance China which is the U. S reliable source for some rare earth minerals reduced supply of the materials that led to increased price in the U. S. This worked negatively against the economy and encouraged inflation. Also supply disruptions of gasoline in 2007 that could see many industries run out of this commodity.

Importation effects on People

Importation also has its own effects on the society which may be positive or negative.

Importation enables access to cheap goods and services as realized by supply of materials from China to U. S that are heavily subsidized and hence affordable. This works to benefit the consumers and automotive industries that use them as intermediate goods in production. Consumer welfare is thus improved.

Importation contributes to unemployment in the economy. Many people will not be employed since sectors that are attributed to production of these raw materials such as mining and auto parts developments industries will not be available. This in the long run leads to low income and reduced standards of living among people.

In some cases due to existing of monopoly power with some foreign firms, they may decide to impose unfavorable prices that may make some goods not affordable. In addition, dumping of products that may be harmful to the community is also experienced as an effect.

Some claims that illustrate effects of importation exists for instance due to unfavorable trade restrictions in Japan, which include stiff restrictions on imports, it forced some U. S automotive companies to migrate to the country. This led to reduced employment in the U. S as more employment is generated in Japan due to such investments.

The other claim include the 2010 skirmish of China and U. S over fishing rights along the East Coast Asia could see China halting shipments of some rare earth minerals to the U. S.

Conclusion

The U. S policy makers should work to alter existing domestic policies in order to create a reliable access to minerals that are critical for manufacturing.

It will be more pronounced for the country to remain self reliant in its supply of natural resources rather than depending on others. This will reduce export of jobs as well as relocation of production to other countries. For this to happen, some bureaucratic processes involved before production of the resources in vast endowed areas of the country should be minimized.

References

Y. Zheng, S. Y. Tong (2010). China and the global economic crisis. Singapore: World Scientific.

F. Bergsten (2005). The United States and the world economy: foreign economic policy for the next decade. Washington, DC: Institute for International Economics.

Hinkelman, E. (2004). Importers manual USA the single source reference encyclopedia for importing to the United States. San Rafael, CA: World Trade Press.