

# Essay on the economic policies during the crisis

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



## THE U. S. ECONOMY AFTER THE GLOBAL FINANCIAL CRISIS

A great depression has started in the sub-mortgage markets in the U. S. in December, 2007. The people who got mortgage loans had difficulty to repay and the bubble in the market caused a financial crisis in the country. The financial crisis have firstly influenced the financial institutions in the country, and from them, it has spreaded to other industries. The biggest financial institutions and other industries like automobile industry have had very difficult times. A lot of workers got fired by the companies and many companies were almost to declare bankruptcy. The U. S. Government have announced a bail-out package and helped the companies to continue their businesses. However, for example, Detroit has lost the automobile industry and the city turned into a ghost city.

The macroeconomic developments have had reflection on people at micro level. Many people have been fired, and many people could not pay their mortgage loans and lost their houses. It has been a hard time to find a new job for people. Even many students have left the universities, because they could not pay the tuition.

The Obama Government has declared after getting elected that they would follow an equilitarian economic policy in the country, thus poor and rich would have the same public services and no one would suffer because they have not got any health insurance and other social rights. The taxation policy in the U. S. Has been changed and the people with an income of over 250,000 USD have started paying higher taxes. A tax justice policy has been implemented.

However, the crisis have influenced and reshaped this decision. The

government cut some funds which were supposed to be allocated to the research and education services, and more resources have been spent for the bail-out package. The tax income collected from people has been spent for the bail-out package. The aim was to stimulate the economy again after the crisis, and it has worked and through the end of 2009, the U. S. Economy has recovered from the crisis. The private sector employment by size of firm statistics shows that the companies with 250 workers or more has started recovering and they have started hiring more people. The companies with less than 250 workers have started stabilizing their number of workers. In 2009, the number of new businesses have not shown any good figure yet, however, after 2009 we observe that more new businesses have started. During the crisis, the U. S. Government have utilized active fiscal policies for the recovery and recently, the FED announced that the U. S. Economy has reached the point where more importance could be given to the monetary policies. The FED has started picking the interest rates up, thus the capital out of the U. S. Economy would turn back to the country. Nowadays, many countries exchange rates are losing value against USD, because the more capital is going to the U. S. Economy to enjoy the higher interest rates, more stable large economy and new opportunities in an aftermath economy.

## **WHAT INDUSTRIES MIGHT BE PIONEERING IN THE NEAR FUTURE**

The U. S. Economy has succeeded in recovering from the financial crisis, and now it is time to develop its existing industries and create newfields for the investors. There are some industries showing themselves as new good opportunities for the investors such as renewable energy sector including

solar power, wind power and others; e-commerce; some special services like insurance evaluation etc.

The renewable energy sector has received more importance considering the limited oil and other fossil fuels. The technology developed by the developed countries like Germany and the U. S. is also helping this industry develop itself faster. Both countries have started new large investments in the renewable energy sector and they aim producing most of their electricity from the renewable energy resources.

Among the renewable energy resources, the solar power has an essential place because it needs less investment relative to the other renewable energy sources and more friendly with environment. Germany and the U. S. have developed higher technologies and they could manage to produce desired amount of electricity from the solar power.

Even though these countries have managed to produce more electricity from the solar power, the initial investment cost for the solar power is relatively higher and it prevents many investors making this business. These two countries have the advantage of producing the technology also, thus the investors in these countries can benefit for owning the technology for cheaper relative to the investors in the foreign countries. Also producing solar power technology and trading it has become a good business opportunity.

The U. S. and Germany could have developed the renewable energy sector thanks to the technology institutes; the human capital in the engineering is producing new opportunities for the investors.

Another important investment area is e-commerce. Most people, instead of

shopping physically, prefer searching and comparing products online and purchasing. Online sellers have some advantages of lower costs with respect to other conventional sellers: they do not need to store large amounts of products, they do not need to rent an office and they do not need to advertise locally. These advantages are giving the opportunity to supply products at competitive prices. Also initializing an online business requires less effort comparatively.

Studies show that people are using more online purchasing ways to get products. They can see more kinds and they have the opportunity to compare them easily. Also it is more comfortable; while having a drink, one can see many online shops in a short time and find the best product at a lower cost relatively. Even many customers go to the physical shops just to see and try the products that they decide to buy online.

Another important advantage of shopping online is online security provided by the new internet trade laws. International and national trade laws provide better protection for the online shoppers. These secure environment promotes e-commerce.

Another version of online trade is international online trade. Some companies have created good brand names in the world and many Small and Medium Size Companies prefer purchasing their inputs from these online trading sites. It is much easier to find what these small companies are looking for and they do not need to know all the legal issues for international trading, because these sites help their customers by providing information and advisory services online.

## RESULT

The economic crisis have reshaped the economy and the conventional businesses are required to be developed to be competitive in a after crisis economy. People are aware that they need to be careful with their spendings, because getting loan is more costly upon a financial crisis and it is more difficult to get a loand because financial institutions are more careful to whom they will give credits.

Solar power industry and solar power technology industry are new industries and these industries will be leading industries in the near future considering the limited fossil fuels in the world. Having an essential place in energy sector provides very important opportunity to the investors. Some more developments are required to stimulate these industries because still the initial cost of creating a solar power plant is comparatively higher than other energy resources. A new technology which might enable us can be fostering these industries.

E-commerce at national level and e-trade at international level are not new businesses. We have had them before the financial crisis. However, still people are getting more interested in online trading. Many people are purchasing their products online and more people are making money on online trading businesses. These industries need to be developed to give more to their customers. Online trading security, after sale services, and other services that makes customers be sure about they purchase what they really need. Any company using conventional ways in online trading or in e-commerce may not be succesful.

## **REFERENCES**

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