

The economy

Business



An economy encompasses a region's economic systems.

These economic systems are made up of land resources, capital and the labor offered. Some processes that the resources go through are their production, their trade and distribution, their manufacturing and their consumption also affect that region's economy. A region's technological evolution, its geographical location, its social organization, ecology, its natural resource availability and usage and its history are some of the major factors that shape the economy (Jeffrey 50). The greatest importance of an economy is that it influences whatever decisions we make in our present and future life. It is through the state of a region's economy that one knows what to invest in, when and why (Jeffrey 50). The economy also dictates what businesses prosper since time in memorial basing on what resources are available and what people actually demand for.

Since, local resources are cheaper to work with than imported ones. One should also invest in a product that has an undying demand so that the business can be endless. The region's technological revolution will also dictate the type of business that one can venture in, in the sense that, it can be meaningless for one to conduct a business that is historical in terms of its technology, because it will not generate as much mark up as its competitors. If a place is located along the sea, that area has water as a natural resource that an individual can tap in unlike a land locked area where for example if one chooses to invest in farming, he or she will have to irrigate the area, which is a little costly. Some social organizations do not allow some businesses to take place legally like an example being prostitution. This act is legal in some regions and illegal in others.

An area's history also determines what investment can prosper in that area, moreover, the history also determines what risks that area offers to any business that takes place in that region, for instance, if an area has a tendency of having forest fires and floods. The economy affects every individual in one way or the other and at least everyone has some contribution to an economy in whatever small way. The economy dictates the amount of lending that any financial institutions will offer to a region. An economy also determines what businesses investors will venture in and make maximum profits. It also determines what resources are available to be worked on (Bill 7). An economy also detects a region's level of inflation that the consumer has to deal with in their day to day lives.

The current economic state tends to fight so hard to win public confidence and control it by providing perfect spending grounds and easier credit systems. The current economic state is like a test of how much of debt the economy can stand before breaking even and failing. This test is being interrupted by the unexpected catastrophes like floods, droughts, forest fires among many others (Bill 25). Consumers are still suffering from the inflation that occurred sometime back. The inflation harmed the consumers financially. They had to spend a lump sum just to acquire a product.

Therefore, life became a little bit costly leaving the consumer with cash just enough to cater for their basic needs. Financial institutions are still strict on their lending conditions making it harder for individuals to borrow money. People who invested in property as a source of income continue to benefit from the economy bearing in mind that they invested in that property when there was no inflation so they incurred no extra costs. Upon fixation,
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everyone ranging from the investors to the financial institutions to the consumers and finally the government will benefit from the economy in some way. However, business people who ventured in businesses during the inflation phase and incurred extra costs will make some losses when the inflation will be fixed, for example, individuals who invest in the stock market during inflation will most definitely make losses when this problem is fixed.

Furthermore, they will spend a lot of money to purchase them and in case they want to sell them when inflation is fixed, they will have to sell them at a lower price thus making losses. Financial institutions that had borrowed money during inflation will spend less when they repay the loans during deflation. Economics of scale refer to the reduction in an industry's cost of production cutesy of a rise in the volume of production. This is proved by a mathematical formula: Average production cost per unit = fixed costs/output+ variable costs, so an increase in output leads to a reduction in the fixed costs/output figure thus reducing the average cost per unit. The larger the plant, the more efficient it becomes, because it now has the capacity to use all its available resources fully.

The great economic depression in the U. S. was not only caused by domestic conditions, but it was also brought about by worldwide factors. This depression did not only affect America, but it also led to extremism that led to World War Two. This depression is thought to have taken place in 1929.

Stock holders encountered a loss of more than \$40 billion dollars after two months of the Stock Market Crash. Despite America's financial recovery in 1930, it was not just enough to recover from the experienced depression.

9000 banks collapsed in 1930 because of uninsured deposits thus leading to a massive crowd losing their savings. Those banks that survived, the depression became unwilling to give new loans. The level of demand then dropped causing a decline in production. Individuals were declared redundant thus becoming jobless.

The smooth Hawley Tariff of 1930 caused a drop in trade between other countries and America, because of the high import tax charged. This tariff was put in place in order to protect American companies. Individuals were incapable of paying their tax duty and debts, because of the great drought that befell Mississippi valley in 1930. The Development of the American Economy abbreviated as DAE, was founded in 1978. This program was developed so that it can assist in dealing with the great depression.

It deals with political economy, corporate finance, technological development, macro economy, trade, population, urban studies, labor and economic growth (Zuckerman). It is through this program that great groups have been mobilized to educate individuals on how to collectively improve the state of economy. President Barack Obama's first term of presidency created economic structures that result in healing from the great depression (Richard 20). These economic structures are focused to create around ten million job vacancies within the next four years despite any policies from the White House. The President is fighting hard to create some confidence in Washington so that a stage to success can be created by the policy makers.

The President is also in the process of assisting American businesses regain their edge globally, by supporting low tax rates imposed on imports and also

closure of myriad loopholes among others (Michael 76). Obama also came up with a law to reform the healthcare. This law aims at extending cover to many people who are not yet covered. Obama has also come up with a program that rewards states, which have most improved systems of education, financially. Romney also wanted to bring some changes in the healthcare system by making it a voucher program (Richard 50).

He also promised to slash down federal bureaucracy among others. I would recommend appraisal of well-structured education systems because this will encourage other school systems to improve their structures and this will lead to a literate nation thus an improved economic system. I will also advocate for a reduction in the tax rates so as to encourage fair company competition, which will eventually result in benefiting the economy at large and the consumer's pocket. Personally, I will also encourage a voucher program for the healthcare system. These vouchers will be funded by the elite in the society through a regressive tax system and these vouchers will strictly cover only the needy in the society.

From my point of view, a tax reduction for individuals and firms that earn less than the set limit to encourage them to carry on with their daily businesses seem as a good proposition. I will also lower the tax rates on basic necessities like food, shelter and clothing so that individuals can at least live a comfortable life in America. I will also reduce the regulations involved in the formation of a business so that I can encourage and set a mindful capital limit to start a business so that I can encourage many investors especially in small scales to startup businesses because I believe that with time these businesses will be sources of employment thus

improving the state of economy. I will use the Internet, the newspapers, and famous magazines to pass across the message to Americans. I will challenge my opposition in a debate like set up and inform them clearly of the benefits offered by my program however. I will also encourage and support their proposals if they will be necessary in making my proposals whole.

I will work with the community at large, because it is through team work that ideas grow and develop fully. I will choose these steps over others, for these will help put every individual's mind and heart at peace and happy to stay in the U. S.