

The competitiveness of the us economy



Running Head: THE COMPETITIVENESS OF THE US ECONOMY The

Competitiveness of the US Economy In APA Style By

Abstract: The US economy is long been regarded as the most competitive economy in the world because of its policies which promotes healthy competition among business organizations. In the face of recession, US need to focus on its weaknesses such as insufficient judicial independence, high security costs, and bias to avoid the erosion of this competitiveness.

The US economic hegemony has long been recognized and envied by most of the nations in the world. For a very long time, the nation has led the world in terms of economic wealth and efficiency which can be attributed to its ability in creating a favorable competitive environment for business organizations in different industries. For the past 15 years, the nation has maintained its position as the most competitive economy in the world amidst the challenges in the rapidly evolving global environment. During 2007, the IMD World Competitiveness Yearbook together with the World Economic Forum cited that US is " arguably the country with the most productive and innovative potential in the world" (Reuters 2007). Amidst this regard for US competitiveness, this paper argues that the economy should watch out and safeguard this status in the face of recession it is undergoing.

A country's competitiveness is indicated not just by economic strength but through the creation of a market environment which promotes healthy and unbiased competition among industry players. In order to be competitive, leaders should pursue policies which treat players equally. In an extreme case, competitiveness is indicated by a market where there is no government intervention (McConnell & Brue 2002). However, in the world today this system is not feasible and thus, competition is promoted through

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little or balanced intervention from the state.

This paper believes that US economy is by far the most competitive economy in world noting the government's quest in promoting efficiency and fair play. Business organizations often have a favorable environment to operate in without or little intervention from the government. It should be noted that marketing, pricing, and strategies are often left to the discretion of companies. However, US fall short of some aspects which diminish its competitiveness. Currently, insufficient judicial independence is still an issue to industry players together with high security costs for businesses. In addition, the state also favors some business organizations which raise concern in the community (The Associated Press 2007). Subsidies for some sectors like airline business can hamper companies to become more cost efficient.

As the US economy is the brink of a recession, it should strive to maintain the confidence of companies by ensuring the establishment of a competitive business environment. It should take an active role in addressing this issue to avoid being possibly overtaken by rapid developing economies like China.

References

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