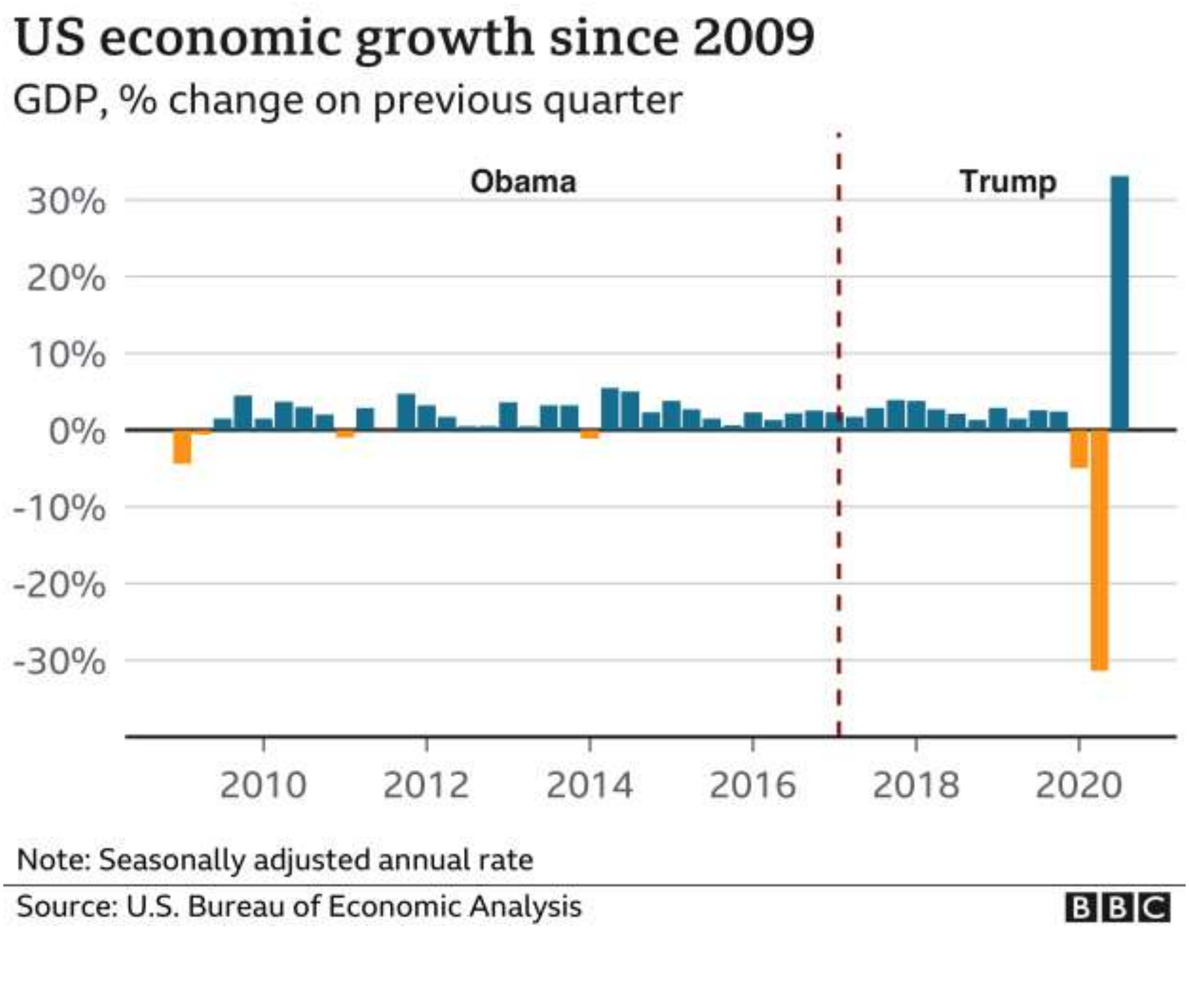
Economy of USA



Economy of United States of America

The United States of America is a union of fifty states in North America. It is the world's third-largest economy. It is a mixed economy. That means it operates as a free market economy in consumer goods and business services. However, even in those areas, the government imposes regulations to protect the good of all. It operates as a command economy in defense, some retirement benefits, some medical care, and in many other areas. The U.S. Constitution created and protects America's mixed economy.

Gross Domestic Product: $21.542 trillion (Annualized nominal rate for third-quarter 2019)

GDP Growth Rate: 2.1% (Annualized rate for Q3 2019)

GDP per Capita: $57,997 (Q3 2019) Louis Federal Reserve

Gross National Income: $19.121 trillion PPP dollars (2017) World Bank

Unemployment Rate: 3.6% for Dec. 2019

Minimum Wage: $7.25 per hour

Currency: United States Dollar

Euro to Dollar Conversion: $1.11 as of Dec. 2019

Inflation: 1.6% year-over-yearcore rate for Dec. 2019

Definitions

The following are the most critical definitions of U.S. economy measurements.

GDP is the nation's gross domestic product. That measures everything produced in the United States, whether it's by U.S. citizens and companies or foreigners. There are three critical measurements of GDP. Nominal GDP is the primary measurement. It gives an annualized figure. That means it says how much would be produced for the year if the economy kept going at the same rate. Real GDP does the same but removes the effects of inflation. Economists use it to compare GDP over time. The GDP growth rate uses real GDP to calculate the growth rate compared to the previous quarter or year.

There are four components of GDP. Consumer spending, which is nearly 70% of the total. Business investment includes manufacturing, real estate construction, and intellectual properties. It is of the total. Government spending is 17%. The fourth component is net exports. That is exports, which add to the nation's economy, and imports, which subtract from it. The United States has a trade deficit, which means it imports more than it exports. Its biggest export is also its most significant import, and that is oil.

The U.S. budget is total federal income and spending. The government receives most of its revenue from income taxes. Most of its spending goes toward three large expenses: Social Security benefits, military spending, and Medicare. When spending is higher than revenue, there is a budget deficit. The federal government has had a deficit every year since 1999. Each year's deficit gets added to the debt.

The U.S. debt is $22 trillion. That is more than the country's entire economic output. The statistic that describes this is the debt-to-GDP ratio. When it is more than 77%, the country enters a dangerous tipping zone. The U.S. ratio was below 77% until the 2008 financial crisis.

Durable goods orders report on how much is ordered of items that last longer than a year. The bulk of this is defense and commercial aircraft since they are so expensive. It also includes automobiles. A critical measurement within durable goods is capital goods. That's the machinery and equipment business need every day. They only order those expensive items when they are sure the economy is getting better.

Major Influences

The Federal Reserve System is the nation's central bank. That means it controls the U.S. money supply. It does that by changing interest rates with the fed funds rate. It also adjusts the money banks have available to lend with open market operations. It adjusts the money supply to manage inflation and the unemployment rate.

It is called expansionary monetary policy when it adds to the money supply. It does that when it lowers interest rates or adds credit to banks to lend. That speeds up growth and reduces unemployment. If the economy grows too fast and creates inflation, the Fed will use contractionary monetary policy. It raises interest rates or removes credit from banks' balance sheets. That lowers the money supply and slows growth.

The Fed has three other functions. It supervises and regulates many of the nation's banks. It maintains financial market stability and works hard to prevent crises. It provides banking services to other banks, the U.S. government and foreign banks.

The commodities market has an unmeasured and unregulated influence on the U.S economy. That is because it's where food, metals, and oil are traded. Commodities traders change the price of these things you buy every day. The foreign exchange markets have a similarly critical impact. Those traders change the value of the U.S. dollar and foreign currencies. That affects the price of imports and exports.

Economic sectors

The United States has a highly diversified economy with a mix of large and small companies and a variety of industries and services. Although relatively small when compared with the other sectors of the economy, American agriculture is highly diverse and well developed. The differences in climate, soil, and rainfall across the country allow for a great assortment of crops to be cultivated.

Citrus products grow well in Florida and areas of California, while the Midwest is suited to raising wheat and corn, and areas of the Southeast produce the majority of the nation's tobacco and cotton. In overall terms, the main crops are wheat and other grains, corn, fruits, vegetables, and cotton. The main livestock products are beef, pork, poultry, dairy products, turkey, and fish. There is also a significant industry based on forest products such as timber. Most crops and livestock grown in the United States are used for domestic consumption, but the country also exports a considerable amount of products. Agriculture accounts for about 2.4 percent of total employment.

The United States remains the world's dominant industrial power. Like other economic sectors, industry in the United States is technologically sophisticated and includes a wide variety of different manufacturers and products. While industry has declined in relation to other

Sectors, it has experienced steady growth. In 1999, industry grew by 2.4 percent. The leading industries are petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, and mining. Industry employs 24.5 percent of the American workforce. One ongoing trend in industry is the increasing consolidation and diversification of companies. Larger corporations have absorbed other companies both in an effort to reduce competition and to branch into new markets. In 1997, there were a total of 11,128 business mergers or acquisitions in the United States, with a total value of $906 billion. American firms were involved in 9 out of the world's 10 largest mergers from 1989 to 1999. Mergers were particularly common in industries such as oil and natural gas processing, consumer goods, and medical equipment. American industry has also branched out into new areas. For instance, companies such as General Electric or General Motors no longer concentrate solely on manufacturing, but engage in a variety of economic endeavors including media broadcasting, financial services and telecommunications. Among the world's largest industrial companies are the American firms General Electric, Exxon, IBM, Ford Motor Company, General Motors, and Philip Morris.

The service sector is the largest component of the American economy. The United States has established itself as a world leader in telecommunications, financial services, and information technology or IT (computer-based information systems and communications). The growth of IT has propelled the "new economy" of the United States, based less on manufacturing and more on information products and services. By 1999, one-third of all new investments in the United States were in IT-based companies.

The nation's retail sector is also strong. Consumer spending on products and services has helped drive the economic growth of the past decade. Major American retailers such as Wal-Mart, K-Mart, and Target have developed new methods of marketing and sales that have revolutionized the retail market. Services employ 77 percent of American workers.

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