



## **The US economic analysis**

In this brief country analysis we address economy of the United States and answer the following questions:

1. Is it a market, command or mixed economy?
2. What is the degree of coordination and liberalization in this economy? What are the benefits (disadvantages) for international business?
3. Does one foresee any changes in the economic development over the next five years? How can we estimate the impact of the pandemic and economic crisis of 2020–21 on the economy of the chosen country?

Let's take the United States of America under consideration. Its economic system includes characteristics which socialism and capitalism tends to have. The conditions in the country allow to apparate capital on a free-market, but government still remains the right for an intervention. For instance, the USA has a well-developed financial market and institutions, which is truly beneficial for business and economic development. And at the same time the government controls working conditions with the Fair labor Standards Act.

The fact that the US has a mixed economy and government's subsidies provides great conditions to start a business, considering that 3.2 million people have filed for a business application in 2020, up from 2.7 million at the same point in 2019. However for international business that might not be that clear. Strong dollar, which can be observed right now, means that goods produced in the US become more expensive for the rest of the world and demand for them might decrease. Thus Microsoft products consumption went down in the Eurozone

for the past months. But at the same time for business in the US it's cheaper to produce products outside of the country.

Bearing in mind foreign business operating in the US it's easier to import goods from regions with weaker currencies and cheaper cost of labor, which lower the entry barrier to the US market.

Speaking of development in the economy, president Biden announced a program of student debt forgiveness, which allows to at least partly de-stress the issue of education costs. One more recent topic of discussion that can provide an insight on a future economic development are aims of Congress to limit credit card fees. Nevertheless the US is still in a process of recovering from Covid-19 and the crisis it caused.

The pandemic affected many regions all over the globe and the USA was not an exception. It led to recession in different sectors. Thus the energy industry lost 107,000 jobs between March and August 2020, and some retail stores such as Trader Joe's and Walmart also shortened their hours.

One of the interesting changes that Covid brought into the economy of small businesses is that they started to ask people to pay in cash if possible. This is connected with decreasing in peoples' spending and credit card fees do not make it any better for businesses to recover from the pandemic crisis. Lockdown not only made people stay away from spending savings at local businesses but also played a part in card swipe becoming the most preferable way of payment.

On the one hand it is safer against the spreading of virus, on the other hand every time a customer makes a swipe business pays a fee. The whole situation led to a restructuring in a way Visa and Mastercard operate in the USA which one can currently observe.