The Global Economy and American Consumerism

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American consumers are picking up the pieces of a near-shattered global economy. Globally, no one has seen a worse economic condition in nearly 70 years. With so many factors involved, American consumerism is quite a layered subject. In order to better understand the habits of American consumers, one must first look at the American economy. Furthermore, in order to have a complete view of how the American economy affects its consumers, one must also understand how the American economy is affected by the global economy and in turn affects American consumerism. With the economy recovering from a near fatal crash, American consumers should be concerned now more than ever about how the global economy affects them and how they conduct business every day. American consumers are increasingly affected by the global economy in regard to imports and exports, purchasing and debt.

The Impact of the Global Economy on the American Economy

Think back to before the recession and recall the lifestyle. Things were different before the economic crisis for American and global consumers alike. Trade agreements always have helped economies and consumers thrive all over the world. When the recession unexpectedly shocked the world, lives everywhere became very different. Sacrifices were made, jobs were eliminated and many families lost their homes at an alarming rate. Many places all over the world had never seen such devastation and wondered if their own economy would ever recover. Currently, the global economy is recovering from the 2008-2009 recession, which is the worst recession since the end of
World War II. In 2011, Maria N. Ivanova wrote that “the ongoing crisis in the USA is not a regular cyclical downturn but signifies the end of finance-driven consumer capitalism [“Consumerism and the Crisis: Wither the American Dream?,” May 2011, p. 329-350].” Armed with knowledge and lessons learned because of the terrifying economic crash, consumerism has changed drastically and might never be the same despite the economic recovery. America was just one country which experienced a high impact blow to its own economy with growth falling below 2% [CIA World Fact Book, 2012]. Since 2009, countries such as China, Argentina, India and Nigeria have experienced rapid gross domestic product gains. According to the CIA World Fact Book, despite the current challenges the global economy faces, “the world economy also shows great promise” [CIA World Fact Book, 2012]. Such a drastic economic crisis has impacted consumerism in America as well as globally. Thanks to countries like China, Japan and Germany, America continues to reign as the “world’s richest country and largest importer” [World’s Richest Countries, 2008] with China as our nation’s top importer. China is also the largest buyer of American exports, purchasing over $69.7 billion in American goods [World’s Richest Countries, 2008]. Without the aid of countries like China, Japan and Germany, American consumers would most definitely be suffering from the economic crisis far more than they already are. Since the economy is starting to pick up at long last, with more job openings and more affordable housing, American consumers can start to enjoy themselves again and worry less. Debt caused by economic conditions can be relieved through global cooperation. Increased purchasing
is a direct result of global support via imports and exports. However, it might be a bit confusing for the layperson to discern why the global economy really affects American consumers.

**Why the Global Economy Affects American Consumers**

In a nutshell, the global economy is what determines whether or not American consumers will be able to purchase or sell goods. If the global economy is in a state of disarray, American consumers will feel the effects of it because importing and exporting habits will change drastically. Say the recent recession was much, much worse and China was affected by an enormous wave of devastating job loss, famine as well as destruction. America could lose its top importer and exporter, which would certainly mean that American consumers would not have roughly 338 billion dollars’ worth of products to choose from [World’s Richest Countries, 2008]. In order to compensate for this loss, America would likely turn to other big partners in importing and exporting, such as Japan and possibly Germany. However, the numbers there are significantly smaller, looking at the bigger picture, and recovery would be slow. With the loss of China as a partner in consumerism, American consumers would almost certainly be in just as bad of a position as China would be, given the aforementioned hypothetical situation ever occurred. Conversely, if the American economy were to ever fall harder and faster than it already has, the global economy would suffer just as much, if not more.
How the American Economic Downturn has Affected the Global Economy

America is the undisputed richest nation in the world. Without the thriving American economy, the world would be a very different place for consumers to do business in.

Just as scholars continue to debate how close we came to nuclear conflict during the Cuban missile crisis, they will continue to debate just how close the American financial system and economy came to an all-out collapse in the six months between September of [sic] 2008 and April of [sic] 2009.

What we do know is:

- That during that time the stock market fell more sharply than in the six months after Black Tuesday in 1929
- That global trade declined more rapidly than in the first year of the Great Depression
- And [sic] that the economy was not self-equilibrating and that a variety of vicious cycles were pulling it down even deeper, at a rate of 700,000 jobs a month at the worst of it \(^7\)\(^8\) ["The American Economy: Where Do We Go From Here?" Larry Summers, December 2010, p. 66].
With the above information in mind, try to envision a world without the American economy to sustain it. The thoughts are terrifying and bring to mind an almost archaic planet. Without American consumers, the global economy would lose a massive, valuable asset. Countries such as China would take a hit to their own economy so big, it could devastate them. Japan and Germany would also feel the loss if the American economy were to completely fall and crumble. Of course, the rest of the world would scramble to make up for the loss by creating new trade agreements, but with the politics involved, would they succeed? The answer to that question is not something many economists want to consider. If the American economy were to completely fail and the debt accrued from years of purchasing and importing became overwhelming, it could be enough to launch a third world war. Luckily, the American economy is rapidly recovering and stabilizing once again. With that in mind, how American consumers are affected by the global economy becomes a bit clearer.

How American Consumers are Affected by the Global Economy

Functioning trade agreements and global consumerism is what makes the American economy so strong, and vice versa. Even after suffering a huge, detrimental, financial blow between September 2008 and April 2009, the American economy is bouncing back. Trade agreements with China, Japan and Germany have assisted American consumers by giving them the ability to purchase and sell to resurrect the American economy. In turn, the global economy is also recovering from the recession and is
starting to look like it once did, but it still has a long way to go. Because of the stabilized supply and demand of imports and exports to and from America, China, Japan and Germany, the global economy is on the road to perseverance. Consumers all over the world are still able to purchase and sell goods to help sustain their own economies. Hence, the global economy is why American consumers have retained the title of the world’s richest consumers.

American consumers are largely affected by the global economy and directly affected by the American economy for two main reasons. First, the American economy is affected by the global economy, which directs the course of consumers’ actions in regard to imports and exports, purchasing and debt. Second, American consumers are affected by the American economy, which is affected by the global economy. Since the global economy is making a strong comeback thanks to trade partners like China, American consumers will continue to thrive. The American economy will undoubtedly be resurrected because of strong global trade agreements, which means great news for American consumers. Therefore, American consumers are indirectly affected by the global economy in regard to imports and exports, purchasing and debt.
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