

**Task:** Describe balances of payments the USA copes with.

**Topic:** The USA Balances of Payments

**Type:** Expository Essay

**Length:** 4 pages

**Formatting:** N/A

**Requirements:** Outline the balances of payments American government works with. Define the system in which it operates and the overall process.

Name

Tutor

Course

Date

### The U. S .A Balances of payments

In every financial period in every country or organization, a trade balance has to be determined in order to enlighten stakeholders on the progress of the business; in addition, it discloses any possible chances for growth and profit maximization. A trade balance can only be determined from a record of all current economic transactions of the involved organization within it and the outside in the market. A balance of payment is this summation record of all this transactions of the institution. Balance of payments of a country is therefore a record of all economic transaction between the country and the rest of the world. It comprises summation of the country's demand and supply of its claims of foreign currency and vice versa.

Balance of Payments of The United States comprises three accounts namely: current account, a financial and capital account. Current account details international trade and net domestic income as well as direct payments made to The United States whereas the financial account represents variation in international asset accumulation. Lastly, the capital account as the name suggests numerous financial transactions that do not affect economic output. These records are of essentiality to the country as it enables determine if the country is capable of sustaining the consumption of imports as well as stabilize the country's economy. Balance of payment also

illustrates country's contribution to the world output, if it is a net consumer or a net producer. Net consumers are those countries with balance of payments deficit such that they import more than they export. They are hereby dependent on the aids and grants to run their economy. This type of economy leads to poverty and gradual economic growth. The opposite of this is a producer country that produces more exports than imports, they are said to have a surplus balance of payments and often experience rapid economic growth.

The United States is among the world's largest economies, more so it is the second richest country in the world and the number one importer with an import range of US\$2 trillion to US\$3 trillion in the last decade. The largest import is oil, which contributes to about 16.3% total imports mainly from The Netherlands, Canada, Russia Brazil among others. Secondly, comes motor vehicle machinery and electronic equipment; consecutive to this is medical and technical equipment. The United States seconds in exporting for the past three years shipping approximately US\$1.579 trillion worth goods. First placed export is machines and engines with 13.5 percent of all the exports, secondly comes electronic equipment followed by oil, vehicles and aircrafts respectively.

The balance of payments for the country faces variations all round the years shifting from surplus to deficit. All in the name of export and import fluctuations. Currently, the fastest growing exports are fur skins and artificial fur up by 137% since the year 2009 followed by dairy, eggs, and honey that have risen by 96% over the last 3 years to attain US\$ 5.8 billion. Other gainers in the last consecutive eight years are oil, ores, slag ash, sugar. Raw hides, and other manufactured products respectively. However, despite been ranked number one exporter, The US imports more than it exports, for example comparing last year's records the imports deficit exports by approximately US\$800 billion. Furthermore, currents accounts of the nation

have depreciated over the last decade for example surplus income decreased by 94% in merchandise services income and unilateral transfers, this literally means that payments increased than receipts, this denotes trade deficit boon of up to US\$800 billion per year.

Works Cited

Haberler, Gottfried, and Thomas D. Willett. *U.s. Balance-of-Payments Policies and International Monetary Reform*. Washington: American Enterprise Inst, 1968. Print.

*Balance of Payments Statistics Yearbook, 2005: Part 2 -- World and Regional Tables; Part 3 -- Methodologies, Compilation Practices, and Data Sources*. Washington, D.C: International Monetary Fund (IMF, 1981. Print.

*Balance of Payments Statistics Yearbook, 2002: Part 2 -- World and Regional Tables; Part 3 -- Methodologies, Compilation Practices, and Data Sources*. Washington, D.C: International Monetary Fund (IMF, 1981. Print.

### **Overall Impression**

This essay looks like it was written by an alien, or some person who does not have a firm grasp of English. There was about every mistake one could make in it: punctuation errors, subject-verb disagreement, incomplete sentences, missing articles, messed up word order, and etc. The message the writer wanted to get across was sort of received on my end, but half of the time, I could not get exactly what the writer was trying to communicate. Not awful, but awful enough to make one's head scrambled and not want to read it.