

Global Economic Impact of the US Elections

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Abstract

The United States of America holds an influential position in the world such that any changes to its governance and policies will have significant implications for the rest of the world. Consequently, any time the United States holds its elections there is a global concern or interest in the outcomes and the potential repercussions for the rest of the world. The following report explores the potential implications that the US elections holds on the global economy with the election likely to influence trade relations, foreign policy, federal spending and taxation, and the financial markets. The elections will determine the direction the country adopts depending on the candidate who wins the elections and their vision for the country. The next course of action could strain or improve international relationships with subsequent repercussions for the foreign policy, trade agreements, international cooperation, and global peace. As such, the United States is one of the centerpieces of the global economy and its elections holds a significant impact on the global economy's performance.

Keywords

Federal Spending and Taxation; International Trade and Agreements; Immigration Policy; Financial Markets; Global Security.

1. Introduction

The United States of America recently held its elections for the executive arms of the government including the president and the Congress. The USA's position as one of the leading global leaders in various industries and sectors will likely have an impact on the world in one way or another. The elections themselves are a hot topic across the globe as other country's follow the procession for the election of the 46th president of the United States. The outcomes of the election, coupled with the ongoing situation with the COVID19 global pandemic, portends much for the global economy. The following report explores and details the possible influence that the elections will have on the global economy as events unravel. The major areas discussed in this report include trade relations, foreign policy, federal spending and taxation, financial markets, and Immigration. The areas identified and explored herein affirms that The US is an important member of the global economy and its elections will have a notable impact on the global economy.

2. The US Elections and the Global Economy

The outcome of the election will likely determine the course of relations between The U.S economy and its biggest competitor China with global ramifications. China Has slowly morphed into one the biggest global economies rivalling the United States in various aspects including industrialization. The outcomes of the election will determine the general course of the United States relationships with China and countries in the Middle East crucial to the energy sector. The winner of the presidential election will have a specific impact on the trade relations with China and the Middle East (Chong & Li, 2019). A collapse of relations between China and the Middle East will likely influence the trade of various important products including crude oil, technological products, and industrial products. The existing relationship between The USA and its trade partners could determine the trajectory of the global economy particularly regarding the trade of product from each of the countries affected by policies of the president (Chong & Li, 2019). In that sense, the US elections are a cause for concern for the future of the global economy.

At present, the United States of America is maintaining different relationships with countries it considers its allies while also being confrontational with several countries in the Middle East and Asia. The Foreign policy of the United States depends on the policy of the incumbent leadership such that the next administration could hypothetically escalate the situation (Drezner, 2019). The next president of the United States could be crucial to deescalating the military excursion of the United States overseas in countries that are hostile to its interests. The president of the United States could also choose to escalate the situation with hostile countries depending on their foreign policy of the sitting president. The military action of the United States and the involvement in foreign nations could create significant economic repercussions in for The US and its allies from the international community (Chong & Li, 2019). The outcome of the election could determine US relationships with its allies and hostile notables with dire implications for the economies of involved countries.

The U.S election has a direct bearing on the federal spending and the taxation that the USA government will impose after the election. One of the hallmarks of president Obama's Administration was the introduction of higher tax rates for specific niches of the population which President Trump essentially reneged. The incoming administration could either increase the taxes back up or continue in the same vein at present thereby affecting business with U.S. based companies. In addition, the federal government will determine federal spending on specific government projects that could be crucial to the USA economy. Such choices could have specific implications for the United States economy which directly affects other countries that trade with the United States. The changes that arise from the presidential election will dictate the next course of the government regarding the taxation schemes and the federal spending for the next financial year. As such, the outcome of the election is particularly important the rest of the economies connected the United States' economy.

One of the more apparent areas likely to be affected by the outcome of the election is the financial markets that react to the stability or instability of the USA political system. The US election is likely to be a hotly contested affair with uncertainties about the performance of the individual candidates which could have an impact on the financial markets (Kauppinen, 2020). Essentially, it could lead to significant dips in company shares for companies listed in the various security markets in the United States and the fluctuating value of the US currency. In turn, this will affect its trade partners and other countries that depend on the stability of the financial markets to avoid a repeat of the financial recession that took place from 2008. The outcome of the election could dictate the performance of the financial markets and ultimately the stability of other economies that depends on the performance of the financial markets (Kauppinen, 2020). As such, the outcome of the US election is a matter of global interest with extenuating implications for other economies across the world.

In recent years, the United States of America has overseen an increasing amount of discourse on the immigration policy in handling refugees moving to America. The discussion on the immigration policy is a particular area of discussion with the President Trump administration taking a hardline stance on the issue. The immigration policy dictates the number of vulnerable people living within the United States which directly influence the poverty levels, the unemployment rate, and the provisions of health care. The extreme polar opposite of Presidential candidate Joe Biden's policies to those of President Trump, there is a possibility of a reversal of the conversation towards a more lenient approach. The outcome of the election will likely impose a new direction on the conversation about the immigration policy depending on the outcome of the presidential elections. The candidate that wins the election could spearhead changes to the immigration policy that either stiffens up the immigration policy or softens its stance (Villazor & Johnson, 2019).

3. Conclusion

In the end, the U.S elections hold significant implications for the rest of the global economy that depend on the relations they hold with the USA such that any changes to that relationship could result in significant losses for the global economy. The candidate that wins the election could adopt policies and visions that could improve or deteriorate existing relationships between the USA and the rest of

the world. The outcomes of the election could strain existing relationships with dire repercussions for the involved countries or it could improve the relations with positive repercussions the rest of the global economy. The precarious position that the rest of the world currently holds is due to the potential impact that the elections could have on world peace, international relationships, and more importantly on the global economy.

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