

# Current U.S Economic Policies and Their Implications for Global Trade and International Relations.

## Introduction:

The current economic policies under the Biden administration aim to revitalize the American economy by focusing on three key pillars: substantial public investment, worker empowerment, and fostering market competition. These policies have far-reaching implications for global trade and international relations.

## Key Components of Current U.S. Economic Policies

### 1) Public Investment

The Biden administration has prioritized significant public investments in infrastructure, clean energy

and key technological areas. The Bipartisan Infrastructure Law 2021 funds over 35,000 projects aimed at upgrading roads, bridges, airports and other infrastructure components.

The administration has pushed over \$700bn in private investments in manufacturing and energy sectors, with a strong focus on clean energy, semiconductor manufacturing, and electric vehicles. This is part of a broader strategy to lead in next-generation industries and create high-paying jobs.

This approach seeks to modernize the nation's infrastructure, stimulate private sector investments, and reduce dependency on foreign sources.

## 2) Empowering Workers

In the wake of the

devastating impact of the Covid-19 pandemic, policies like the American Rescue Plan 2021 focuses on expanding the middle class and improving economic security for families. Under the ARP 2021 more than 12 million jobs have been created which is crucial for rebuilding the middle class and ensuring economic stability.

Moreover, measures like the expanded Child Tax Credit have provided significant relief to American families. The policies have also led to increased real wages and lower inflation rates.

### 3). Promoting Competition

The current U.S. economic policies focus on enhancing market competition to lower costs and support small businesses. This includes

strengthening the provisions of the Buy America Buy America Act, enacted as part of the Bipartisan Infrastructure Law, to ensure that federal spending supports domestic industries and jobs. This policy aims to reduce the extensive use of foreign materials.

## Implications for Global Trade and International Relations

### 1) Reshaping Global Trade Dynamics

The emphasis on strengthening domestic manufacturing and supply chains, particularly in critical sectors like semiconductors and clean energy, is aimed at reducing the U.S.'s dependency on foreign sources. By investing heavily in

these sectors, the U.S. aims to become a leader in technology and clean energy, potentially reducing its reliance on countries like China for important components. This shift may lead to a realignment of global supply chains and trade partnerships.

## 2) Climate Leadership

By leading in clean energy technology and infrastructure, the U.S. can set international standards and influence global climate policies. Clean energy policies impact trade agreements, encouraging trade partners to adopt similar standards. Moreover, collaboration on clean energy projects with countries like Canada, the EU, and Japan may foster technological exchange and innovation.

### 3) Shifts in Energy Markets.

Currently, China is the world's largest producer of solar energy with a staggering 430 GW solar capacity and provides 77.8% of the world's solar panels.

The U.S., by investing in renewable energy and electric vehicles has two impacts:

a) Reduces dependency on fossil fuels, potentially decreasing global oil and gas demand.

b)- Increase in production of solar panels and wind turbines challenges China's dominance in the global market as the U.S. solar market grew by 42% in 2020.

In conclusion, the current U.S. economic policies not only

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aim at improving the condition of its citizens but also at keeping up with the changing new world, maintaining its position as the leading world power. It is doing so mainly by heavy investments in infrastructure and clean energy.