

Car Manufacturing Industry And Economy

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Introduction

As previous research indicates, the supply, demand, and profits derived from the automotive industry have a significant influence on the available macroeconomic policies. An analysis of the historical data obtained from the said industry reveals that the mentioned trends are highly dependent on the business cycle. In the world, the giant car manufacturing companies include Toyota, originating from Japan, Ford, General Motors, and Chrysler, both of American descent, and Mercedes Benz from Germany, among others.

Although the number of units sold over time from the mentioned companies has increased, some of the companies have faced a lot of uncertainties, hindering efficient operations. For example, previously, Ford sold some of its brands to other companies. On the other hand, Toyota has recalled some of its vehicles due to some mechanical problems. From the above scenario, it is evident that the companies have been losing their market share. Related data establish that such has been happening since 1955. The aspects of employment and GDP in the car manufacturing industry are emphasized in this article. It is as explained below.

Unemployment and Inflation in the Car Manufacturing Industry.

Unemployment is observed when someone who actively seeks a job or employment opportunity is unable to secure one. Unemployment is one of the measures that is used to determine the health and economy of a particular country. On the other hand, Inflation is the rate at which the prices of goods and services rise over a given period. Inflation increases the cost of living and, at the same time, reduces purchasing power.

Statistics establish that peaks and valleys of the GDP are also somehow relevant in the car manufacturing industry. After the 1978 peak, the sales of vehicles have risen and fallen. As already predicted by analysts, the sales numbers are not expected to reach the levels they once were because of the introduction of technology in the car manufacturing industry (Sturgeon & Florida, 2004). This technology leads to the production of long-lasting and durable vehicles. Besides, technology and unemployment are some of the factors that impact the number of cars sold worldwide. When manufacturing companies record positive levels of production, this contributes to the employment rate. Otherwise, the contrary happens during a recession. Such was observed primarily in the United States of America between 1975 and 2009. During this period, a higher rate of

unemployment was found from 1975 to 1982, when the recession rate was over.

According to data obtained from Japanese car manufacturers companies, employment was at its peak in 2009 since the revenues at this time were considerably high at \$200 billion. 2001 onwards, the levels of unemployment significantly dropped, with a decrease in revenue. Therefore, in about six months to come, unemployment and inflation factors in this sector will rise or decrease depending on the taxes obtained.

Car Manufacturing Industry and the Real GDP

The GDP or gross domestic product refers to the fiscal measure of the market value of the goods and services produced in given countries within a given period. Economists argue that the car manufacturing industry is a perfect demonstration of how durable goods facilitate and control the economy. For example, in the United States of America alone, the car manufacturing industry has the potential to influence economic change by up to 40%, but its contribution to the economy is low.

South Africa is one of the perfect examples of how the car manufacturing industry impacts the GDP. As per estimations, the country's automobile manufacturing industry is expected to increase its GDP by more than eight percent. A few years ago, according to data, local production stood at 600,000 units. Recent statistics indicate that in 2015, the same contributed to 7.2 percent of the GDP, whereas other manufacturing industries added 4.4 percent (Ramey & Vine, 2004).

On a similar note, the United States of America is one of the leading car manufacturers in the world. Data estimates that more than 17.5 million units of cars are sold annually. Accordingly, the vehicle manufacturing industry accounts for around 3 to 3.5 percent of the country's GDP, with more than 640 people employed in the manufacturing industries. Such is attributed to the highest number of car manufacturing companies across the United States of America.

How The Industry Is Going To Operate In The Next Six Months.

Employment, inflation, and GDP are some of the underlying factors that run the economy of a given nation. Over time, the named variables have affected the cycle of a given economy. This is the reason that I chose to use them in this scenario.

In determining how the car manufacturing industry is going to operate for the coming six months, it is essential to consider the economic situation of the United States of America. Data indicates that the financial situation is healthy, taking into account the economic indicators. The GDP is expected to remain between two to three percent, indicating that it is supposed to remain stable. On the other hand, the aspect of unemployment has, over time, continued at a natural rate, and there isn't much

inflation and deflation.

As a result, the industry is expected to achieve positive growth. Such an economy facilitates efficient business operations, which might positively impact the economy. Furthermore, such an environment promotes employment opportunities, which will result in increased production of the car units.

Conclusion

Industrialization is among the aspects that facilitate positive economic growth. With such, the effects of unemployment are reduced at a significant rate. On the other hand, when a country's GDP growth is low, the country goes into recession, which leads to unemployment, as observed earlier.

References

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