**Macroeconomics**

Name

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Course

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**Discussion 1**

Various macroeconomics concepts have a direct impact on the expansion of companies either locally or internationally. Macroeconomics concepts such as comparative analysis, trade restrictions, tariffs, and exchange rates have directly impacted the growth of Walmart Company in the United States of America. The comparative analysis involves comparing two or more companies serving in the same industry and competing for the same companies (Nazzal, 2013). Walmart has used this macroeconomic concept by analyzing other companies like Amazon and Target, competing with them in the retail industry. With these other companies focusing on expanding internally, Walmart has developed both internally and internationally. For example, the leading stores of Amazon and Target companies are all located in the United States of America. At the same time, Walmart has extensive stores in various countries such as the United States of America, Canada, Europe, Mexico, and China (Nazzal, 2013). Therefore, even though these companies and others in the same industry compete as cost leaders, they all use different expansion strategies in executing the available markets for their goods and services. Walmart Company has used the technique of purchasing operations that exists in various companies and changing these operations to Walmart operations to grow internationally.

Another macroeconomic concept that impacts Walmart Company expansion in the United States of America is trade restrictions. Trade restrictions involve two or more countries putting barriers to trade goods and services between the countries affected. These trade restrictions help companies expand as they do not face competition from other international companies (Nazzal, 2013). Therefore, with the trade restrictions imposed by the United States of America on goods and services from China, Walmart Company will expand at a higher rate.

Trade tariffs are another macroeconomic concept that directly impacts a company's expansion within the country. For example, the United States of America has imposed trade tariffs on goods and products from other countries, such as 25% on goods from China. These tariffs directly impact the expansion of Walmart Company in the United States of America (Mun and Yazdanifard, 2012). For example, the disproportionate impact of trade tariffs on rising prices of commodities and goods, reduction in production, drop in the level of income that companies earn, and reduction of employment in the country have affected the expansion of Walmart in the country (Ciner, Gurdgiev, and Lucey, 2013) negatively. Therefore, due to the imposition of trade tariffs, Walmart Company will expand at a slower rate.

Also, exchange rates are another macroeconomic concept that has an impact on the expansion of companies. Currency exchange rates impact trade, income flows, rate of interest, and inflation, directly affecting a company's growth (Mun and Yazdanifard, 2012). For example, when the United States dollar is weak compared to other currencies, companies boost their productivity and expand. The Walmart Company uses the concept of foreign exchange, which determines its expansion within the United States of America depending on the strength of the dollar currency compared to other currencies.

Other macroeconomic concepts that impact the decision of companies such as Walmart to expand include consumers' confidence, the country's economic growth and development, the inflation rate, interest rate, and unemployment rate (Ciner, Gurdgiev, and Lucey, 2013). All these factors influence the prices of goods and services in the price and hence the income level. Therefore, these economic factors would directly impact companies in their decision to expand by these financial concepts.

**Discussion 2**

A country's balance of payments changes from time to time and hence explains the continuous fluctuations of a country's currency value compared to other countries currencies. Therefore, a country's balance of payments determines the exchange rates and the purchasing power of the country compared to other countries (Ribeiro, McCombie, and Lima, 2016). Substantial trade deficits put extra pressure on a country's exchange rate compared to other countries. Therefore, for countries to have a great exchange rate compared to other countries currencies, it has to ensure that their trade deficits remain high. Also, a lower trade deficit leads to a lower exchange rate of the country.

Additionally, the exchange rate and the balance of payments of a country directly impact its purchasing power relative to other countries (Ribeiro, McCombie, and Lima, 2016). Countries with more significant trade deficits and exchange rates tend to have a more substantial purchasing power than other countries. Therefore, countries need to hold their payments high to have a better exchange rate and purchasing power than other countries.

In my position, I am for the United States of America trade deficits as it makes the country's exchange rate stronger as compared to that of other countries. Holding on to the trade deficit would ensure excessive pressure on the currencies of different countries and hence retain its purchasing power in the economy above other nations. The United States of America trade deficit has both pros and cons to the government (Thirlwall, 2012). The pros of the country's trade deficit include an improvement in the living standards of the Americans. The living standards improve as trade deficits involve more importation of products and services not produced within the country and are required by the American people. The trade deficit also makes the United States of America produce cheaper goods and services within the country. Hence, its products would have a competitive advantage over products from other countries (Porcile and Yajima, 2021). Additionally, the United States of America trade deficit has led to the country receiving more foreign investment inflows, leading to extra investments.

The trade deficit to the United States of America includes reducing domestic job opportunities as more products are imported to the country instead of being produced within the country. The reduction in domestic production leads to fewer domestic employment opportunities (Thirlwall, 2012). Also, trade deficits lead to excessive foreign investments and ownership in the country due to the increased foreign investments. Additionally, excessive trade deficits would lead to a reduction of the value of the country's currency in comparison with other currencies.

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