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Is the United States Trade Deficit Made in China?

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The purpose of this paper is to discuss the trade gap between China and the United States while finding possible variables that contribute to the large trade deficit between the United States and China. Next, the focus will be on ways in which to alleviate the high trade deficit between these two countries by studying expert opinions while also conducting my own research by running a regression analysis. The hypothesis tested in this paper is: In order to lower the trade deficit between the United States and China, the United States must increase savings and reduce overall spending. In addition, China must allow its currency to appreciate, and also invest more in its economy. Likewise, this paper specifically analyzes experts’ ideas that support and argue this hypothesis. It also examines other possible solutions to the problem.