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Economy reaches the longest expansion in U.S. history

The American economy experienced an unprecedented expansion during the years 1991 to 2001. The third quarter of 2019 marked this expansion as the longest in the history of the United States, and the latest release of Gross Domestic Product has confirmed this. One of the major driving factors behind this unparalleled expansion is the policy framework set forth by Trump's administration, which has also paved the way for higher income levels for many American families. The executive council of economic advisors had initially predicted that under the new democratically elected administration, the first two to three years would experience growth in GDP rate, which would be approximately 2.1 annually. Surpassing these expectations, the U.S. GDP rate has persistently maintained its growth at a sturdy 2.6 percent, which is shockingly higher than the expectations of the budget office, which is under the hold of Congress. If we compare the GDP in the era of democrats and republicans, the estimated GDP growth would be a 2.1 % annual rate in the first 11 quarters of the new government. In Trump's administration, the GDP growth of the third quarter rose to 2.6 percent, which is very high compared to the expected growth.

The economy's wide and diverse consumer base can be largely accredited to the increase in overall income and expenditures, which primarily drive the economy. However, consumer side indicators, for instance, personal disposable income and real consumer spending, also demonstrated unprecedented increase (“Economy Reaches Longest Expansion in U.S. History in

Third Quarter of 2019, Beats Market Expectations”). In the third quarter of 2019, both disposable income and consumer spending grew by a substantial 2.9 percent, which the American economy has not experienced in a long time.

Low-interest rates, the historic decline in unemployment rates, and growth in job opportunities have spurred this expansion since June 2009. During the recession of 2007-08, approximately 9 million jobs were lost, and this unmatched expansion recovered that loss by creating a surplus of 21.5 million jobs. In addition, another source reported that there had been the healthiest wage increase among workers who normally belonged to the lowest income bracket, which visibly narrowed the income gap between high-paid earners and low-paid earners. Bank account balances, excluding the credit card debt and the mortgages, stock portfolios, and home values that constitute the overall house wealth, also revealed a spike of approximately 82 percent in the last ten years.

America and China are also engaged in a bitter trade war in which both economies have imposed new tariffs and threatened to intensify the existing tariffs (Liu and Woo). Although this war has severe impacts on American businesses and the global economy, the fact remains that any signs of recession are not foreseeable in the near future. The effects of this trade are being relegated to a minimal status by the increasingly high consumer spending and retail sales. The GDP curve also trends upwards, signaling that a recession is most unlikely in the following years. One of the major macroeconomic indicators, unemployment, has also seen an incomparable decline in its rate, furthering economic expansion (Moore). From October 2009 to May 2019, the unemployment rate significantly plummeted from 10 percent to 3.5 percent. In sheer contrast to the previous expansions, inflation, which is the general price increase in all the goods and services of the economy, also remained well below the target inflation rate envisioned by the Federal Reserve. Since the Great Recession, the stock market index has also augmented manifold (Akram). Recent data from the investment sector has appeared to be shaky, but the Trump administration appears confident in its perspective and takes credit for the sturdy economic expansion.

Works Cited

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