

## **THE US ECONOMY IN 2000: CHALLENGES FOR THE FUTURE**

The US economy is currently experiencing rapid and sustained expansion.

In fact, the US economy is in its strongest position for more than 30 years. One reason the US economy has grown has been the incredible increase in employment over the years. For instance, between 1960 and 1999, the labor force (70.395mil--140.108mil) and people employed in paying jobs (65.778mil--134.420mil) both doubled.

Between 1995 and 1999, the internet and its related information technologies have accounted for 1/3 of all US economic growth. So, one reason the US economy has been growing has been the explosive growth of the internet.

Considering the growth of the economy, business profits have been rising. And because of the sustained growth of the economy, consumer confidence is very strong. The index of consumer confidence hit its all-time high in January 2000, 144.7. Because of the growth of the economy, unemployment is at its lowest rates in 30 years: 3.9% in April 2000 and 4.1% in May 2000. Because of business profits have been rising, household income is up sharply.

Consumers aren't the only ones who are confident about the economy. Because of the sustained growth of the economy, business investment is very strong. Therefore, there are a lot of business investments in new machinery and equipment, investments

in IT and new methods of transmitting information. These things have restructured the economy.

Indicators are for sustained, but slightly slower growth for the economy in the future. Housing sales, goods orders, building permits have started to slow down. And jobless claims, work hours have increased. But, consumer spending and share prices continue to be strong. So US would be able to sustain its economy.

There is another reason why US economy has been so strong, labor productivity. The US economy has been able to sustain impressive growth because of sustained improvements in labor productivity. Because of the improvements in labor productivity, US unit labor costs have not been rising, meaning companies can afford to grant pay increases without triggering price inflation.