DOWNLOAD PDF UNITED STATES IN THE CHANGING WORLD ECONOMY

Chapter 1 : United States Economy - GDP, Inflation, CPI and Interest Rate

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Economic history of the United States Colonial era and 18th century[edit] The economic history of the United States began with American settlements in the 17th and 18th centuries. The American colonies went from marginally successful colonial economies to a small, independent farming economy, which in became the United States of America. As a result, the U. GDP per capita converged on and eventually surpassed that of the UK, as well as other nations that it previously trailed economically. The economy maintained high wages, attracting immigrants by the millions from all over the world. Most of the manufacturing centered on the first stages of transformation of raw materials with lumber and saw mills, textiles and boots and shoes leading the way. The rich resource endowments contributed to the rapid economic expansion during the nineteenth century. Ample land availability allowed the number of farmers to keep growing, but activity in manufacturing, services, transportation and other sectors grew at a much faster pace. Thus, by the share of the farm population in the U. The Panic of was followed by a five-year depression, with the failure of banks and then-record-high unemployment levels. Many firms grew large by taking advantage of economies of scale and better communication to run nationwide operations. Concentration in these industries raised fears of monopoly that would drive prices higher and output lower, but many of these firms were cutting costs so fast that trends were towards lower price and more output in these industries. Lots of workers shared the success of these large firms, which typically offered the highest wages in the world. Ideas about the best tools for stabilizing the economy changed substantially between the s and the s. From the New Deal era that began in , to the Great Society initiatives of the s, national policy makers relied principally on fiscal policy to influence the economy. Yet, even in the United States, the wars meant sacrifice. During the peak of Second World War activity, nearly 40 percent of U. GDP was devoted to war production. Decisions about large swaths of the economy were largely made for military purposes and nearly all relevant inputs were allocated to the war effort. Many goods were rationed, prices and wages controlled and many durable consumer goods were no longer produced. President and the Congress. The "Baby Boom" saw a dramatic increase in fertility in the period â€”; it was caused by delayed marriages and childbearing during depression years, a surge in prosperity, a demand for suburban single-family homes as opposed to inner city apartments and new optimism about the future. The boom crested about , then slowly declined. Other significant recessions took place in â€”58, when GDP fell 3. In most cases, this has been due to moving the manufacture of goods formerly made in the U. In other cases, some countries have gradually learned to produce the same products and services that previously only the U. Real income growth in the U. Great Recession The United States economy experienced a recession in with an unusually slow jobs recovery, with the number of jobs not regaining the February level until January Homeowners were borrowing against their bubble-priced homes to fuel consumption, driving up their debt levels while providing an unsustainable boost to GDP. When housing prices began falling in , the value of securities backed by mortgages fell dramatically, causing the equivalent of a bank run in the essentially unregulated non-depository banking system, which had outgrown the traditional, regulated depository banking system. Many mortgage companies and other non-depository banks e. These measures helped the economy recover, as households paid down debts from â€”, the only years since where this occurred, [83] presenting a significant barrier to recovery. Income inequality peaked in and fell during the Great Recession, yet still ranked 41st highest among countries in i.

Chapter 2 : Agenda / United States | World Economic Forum

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Email A population of 80 million strong in the U. More recently, though the employment situation of Gen Y, as millennials are also known, has greatly improved since , there have been signs that tougher economic times may again be ahead. But though millennials may have been born into unlucky economic circumstances, they seem to also be transforming their luck. While millennials are still confronting challenges, this population of 80 million in the U. As Rick frequently points out, millennials are breaking with tradition, re-shaping the real estate market and fueling growth of the sharing economy. For more on this, I recently asked Rick for his take on Gen Y. What are some of those factors, and what does it have to do with millennials specifically? This has a residual effect on the labor market, as older workers are staying in the workforce longer and making it harder for younger generations to find jobs. Another factor is the student loan situation. I believe that consumption demand patterns among millennials, including an emphasis on quality of life, is somewhat influencing this demand for travel and leisure, tech products and personal services, to name a few. What about the sharing economy? Is it here to stay? Millennials have really jumped on the sharing economy bandwagon. In fact, millennial-spurred technological changes are just one of the big-picture trends transforming the U. What are your questions for Rick? The opinions expressed are as of February and may change as subsequent conditions vary. The information and opinions contained in this post are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions including responsibility to any person by reason of negligence is accepted by BlackRock, its officers, employees or agents. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this post is at the sole discretion of the reader. All other marks are the property of their respective owners.

Chapter 3 : Outline of the U.S. Economy

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Thank you, Manuel, for your kind introduction. I greatly appreciate the speaking invitation from National Association for Business Economics. And I am very happy to join you today in Cleveland. As you know, I have just come from Washington where Nationals fans are very excited about the World Series. They might be meeting the Indians. So, best wishes to both teams. We are meeting at a moment of serious global concerns: Allow me, then, to bring offer some good news today. Nearly a decade after the global financial crisis, the global economy is getting better. The most recent IMF forecast, issued in July, projected global growth at 3. The Fund will issue its next World Economic Outlook in a week, and there is every reason to see these trends continuing. This first chart shows how our forecasts have changed over the past five years. The rebound from the crisis took longer than expected to arrive, but we now are seeing positive momentum. Here in the United States, our July forecast saw growth accelerating from 1. By early next year, the United States could be experiencing its second-longest expansion since Most importantly, many countries are creating new jobs at a healthy pace. Over the past year in the United States, almost 2. As this second chart shows, the unemployment rate is close to the lows we saw in What does this mean for the IMF? As the impact of the global crisis has faded, countries have found their financial footing again. So, our emergency lending has naturally declinedâ€”as the chart on the left side of this next slide demonstrates. This is also a good sign. Our outstanding loans are now one-half of their peak in This is reflected in the chart. A major reason for the increase in borrowing is the impact of the sharp fall in commodities prices experienced after So clearly, the picture is not all positive. But, all in all, significant healing has taken place over the past several years. Now there is more to be done. From a historical perspective, global growth of 3 and one-half percent is weak. Achieving stronger growth will require the right combination of policies, especially to reinforce labor and capital markets. Many industries need to operate more efficiently, and competitiveness needs to be strengthened. This will require a range of reforms. So, I would like to focus my remarks on four broad topics that I believe deserve attention: After the global financial crisis, it became clear that we were witnessing a slowdown in productivity growth across a range of countries. This was unusual both in terms of the extent of the decline, and because it occurred across advanced, emerging market, and low-income countries. This is shown in the next slide. What makes this slowdown more puzzling is that it comes at a time of significant innovation and technological change. As I speak, I see many of you are on your tablets and smartphones. This is an area of innovation that perhaps has received more attention than any other. Some may argue that it increases productivity; some may argue the opposite. Certainly, it has made our lives more interesting. Without a doubt, the globally integrated production system that has grown up to supply our gadgets is quite remarkable. It is not only the IT sector that has advanced. Think of oil and gas. Technological progress in this industry has been remarkable. The cost of producing energy has fallen sharply. This has transformed the energy matrix in several countries including here in the United States. And yet, this industry also is facing extraordinary competition from the rapid growth of renewable energy resources. Think also of the rapid transformation of the retail industry, where stores and shopping malls are being rapidly replaced by websites. Whatever the industry, innovation has reshaped labor and product markets. However, this disruptive change has taken place without an apparent increase in productivity. This is very different from previous periods of rapid innovation and technological change. There are competing explanations for this tension, and research has yet to identify the most empirically relevant factors. There are various candidates: Some argue there is a measurement error; that the data does not capture large parts of the new economy. There is some evidence that this may explain that the level of GDP and productivity are underestimated. However, the evidence so far does not point to an explanation for the decline in the growth of productivity. There is also an argument about mismeasurement because of the impact of transfer pricing and other factors associated with globalization. Others point to an increasing share of economic activity not included in GDP. This would be non-market activities that were never intended to be part of GDP: This goes beyond mismeasurement. A third explanation could be that much of the innovation we have witnessed is doing little to make the pie bigger through more productive means of production. Rather, that innovation could be intensifying a trend of redistribution of the growth dividends away from labor and toward capital. The bottom line may be little overall improvement in productivity. One, or all, of these explanations could contribute to the decline in productivity. But there is no consensus on the relative impact. This brings me to my next topic: We have seen this trend, to different degrees, in both Europe and in the United States. This connects back to the productivity issue. The point here is that is has become more difficult to raise living standards in several advanced economies. In inflation-adjusted terms, more than one half of U. There are also distributional forces at work. In this slide, the left-hand chart shows the declining share of households in the U. This group has experienced a persistent and pronounced decline. This is shown in the right-hand chart, where the share of the U. It is no wonder that some economists speak of a hollowing out of the middle class in the advanced economies. Recent IMF research on the United States suggests that a significant component of income polarization can be linked to technological change. And it is specifically related to the automation and off-shoring of semi-skilled tasks. In many cases, these were the jobs that provided middle-class incomes. We have also found that the growing concentration of income and wealth has reduced aggregate consumptionâ€"by about 3 and a half percent over the past 15 years. This represents an important headwind to aggregate demand. I know all of us are aware of the social and political ramifications that have accompanied these shifts in the level and distribution of household income. We are seeing increased dissatisfaction among electorates and a sharp swing of sentiment against globalization. That said, there are policies that can help address the problem of income inequality. Our purpose in making these recommendations is to address the severe social impact of income polarization. We all need to provide the opportunities that enable people to take advantage of innovation and entrepreneurship. Low inflation and low levels of wage growth. The third topic I want to highlight is the generally low level of global inflation and wage growth, especially in the advanced economies. In Japan, headline and core inflation are close to zero. And here in the U. Core and headline inflation are both now at 1. Linked to this subdued inflation is the relatively low level of nominal wage growth. In our assessment, the United States, Germany, and Japan are now close to full employment. But even as labor markets have strengthened, there does not seem to be a strong push for nominal wages to rise â€" as can be seen from this chart. There certainly is little evidence of wage pressure. Important structural forces are contributing to this low wage growth. Again, one is the decline in productivity growth. We also are witnessing reduced labor market dynamism. One example of declining labor dynamism is that job-to-job moves have declined by about 40 percent since the late s.

Chapter 4 : Global Economic Challenges and Opportunities

The United States in a changing world economy: the case for an integrated domestic and international commercial policy: a staff report of the Committee on Energy and Commerce, U.S. House of Representatives.

Chamber of Commerce, September 19, As prepared for delivery Good afternoon. I would like to thank the Chamber and, in particular, Tom Donohue, for hosting me today. This is an exquisite venue. The beautiful flags and the delicately carved seals of the 50 U. We have something similar at the IMF, where flags represent our member countries. This is a poignant symbol of the responsibility each institution has to its members and to the people they represent. Both our institutions have an objectiveâ€”and a responsibilityâ€”to serve society through a set of shared values: So I value this opportunity to engage with the world of business. You have your finger on the pulse of the real economy. To a great extent, it is through your efforts that growth and jobs are created. It might surprise you to learn that American opportunity and enterprise have been a big part of my life. In fact, most of my career has been in the private sector. I came to know well the issues faced by the companies that we worked with both in the United States and around the world, and later on as Chairman of the Firm, the issues of a leader in a competitive service industry going global. It is the interplay between the global economy and the U. In a world of increasing economic interconnections, the challenges facing the United Statesâ€”and all of usâ€”are greater; but so too are the opportunities. The question is how we can best come togetherâ€—business leaders, labor groups, policymakers and othersâ€—to find the solutions that we need to secure a lasting, balanced, and widely shared recovery. In that context, I would like to focus on three issues: One, the current state of the global economy; Two, the role of the United States economy in our interconnected world; and Three, why the IMF matters for the global economy and for the United States. Petersburgâ€—where I know that the Chamber was represented as well. So, let me begin there. Instead, countries had constructive discussions. G20 members recognized the need to ensure that exit from this exceptional monetary support, when it comes, should be orderly and clearly communicated. There was also a clear recognition that the emerging market economies, for their part, need to address their domestic challenges to manage any spillovers effectively. I also had the opportunity in St. Petersburg to meet with business and labor leadersâ€—the B20 and L Their consecutive presentations at a joint meeting with heads of state underlined the importance of business, labor and government working together to secure sustainable and inclusive growth. The Summit took place in the context of a challengingâ€—and changingâ€—global economic environment. The IMF will release its updated forecasts in a few weeks. For now, let me say that while we are seeing some signs of recovery, global growth remains subdued. However, the story is more complex than that. More and more economies are moving at different speeds. We also know that the fruits of growth are far from being shared widelyâ€—this is true for the U. Certainly, the advanced economies are in a better place than they were six months ago. We see that with growth picking up here in the United Statesâ€—a point I will come back to a bit later. For the first time in a long time, the Euro Area is also beginning to grow, although there is still much to be done. Emerging market countries are the other side of the story. In large part, they helped keep the global economy afloat during the crisis. Now, while still dynamic, their momentum is slowing. For some, this may be a shift toward more balanced and sustainable growth. For others, it reflects the need to address imbalances that have made them more vulnerable to the recent market turbulence. We all talk about global interconnections and spillovers. I certainly came to appreciate this as Trade Secretary for France. What has struck me most since coming to the IMF is their size and significance. And trade has grown in importance for global production. There has also been the rapid acceleration of financial integration. By the time of the crisis, global capital flows were more than triple their level in We all have a large stake in these interconnections. What happens elsewhere in the worldâ€—be it the success of recovery in Europe or the continued smooth functioning of supply chains in Asiaâ€—matters increasingly for the United States. The converse is also true. What happens here matters increasingly for the global economy. The recovery gaining strength here is good news for Americaâ€—and good news for the world. Even so, it should accelerate significantly next year, by about one percentage point. Indeed, the fundamentals of the U. Households are in better shapeâ€—they have lowered their debt and benefited from the recovery in house prices and the strong performance of the stock market. The housing sector is looking brighter, with ample potential for construction activity to pick up further. The private sector is yet again proving to be the primary engine of growth and job creationâ€”and the main reason for weak growth this year is the very large ongoing fiscal adjustment, a theme I will return to shortly. Job creation is the key ingredient of any economic recovery, domestic or global. The unemployment rate has declined to 7. So the issue of jobs remains paramount. I know that it is very much on your minds here at the Chamber too. Businessâ€”including the people in this roomâ€”have a key role to play. At the same time, policymakers also have an important responsibility to help shape the environment in which businesses and citizens can thriveâ€”and jobs can be created. So what should U. Here are a few points from our most recent assessment of the U. First, fix public finances. This includes addressing entitlement spending and higher revenues. In addition, the ongoing political uncertainty over the budget and the debt ceiling does not help. It is essential to resolve thisâ€”and the earlier the betterâ€—for confidence, for markets, and for the real economy. Second, appropriately calibrated monetary policy, our advice is that exit from unconventional monetary policies should be gradual, linked to progress in the recovery and employment, and that it should be clearly communicated and in a dialogue. Third, finish reforming the financial sector. There has been progress on this agendaâ€” for example, the new capital and liquidity requirements for banks under Basle IIIâ€—but the system is still not safe enough. Policymakers need to turn their attention to the outstanding danger zones, especially derivatives and shadow banking. The ultimate goal is clear: Financial sector reform, of course, is not the sole responsibility of the United States. It needs to be tackled in many countries and regions, ideally in a coordinated and consistent way to ensure the healthy function of the entire global financial system. I am thinking here for instance of the resolution of international financial institutions. This brings me back to the point of global connections. The United States plays a unique role in the global economy. I am thinking, for instance, of global tradeâ€—of which the U. I know that you recognize the potential of an even bigger market. These interconnections have great benefits for the United States. But they are not without risksâ€—two-way risksâ€—and we saw some of these play out during this crisis. We all remember, five years ago, how the collapse of one U. As those tensions traveled across the Atlantic, for example, they exposed tensions in Europe. And yet, despite the risks, I know that you are also deeply aware of how much can be gained from engaging with the rest of the world. President Taft, who helped establish the Chamber, captured this when he said: We have something else in common. In much the same way, the IMF was born from the ashes of the Great Depression and World War Two, and grounded in the principle of good global citizenship: In fact, the first country to draw on IMF assistance was my home country, France. A couple of decades later, the IMF helped the newly independent countries during decolonization. In between, the IMF has helped its members to overcome economic crisesâ€—in Latin America in the s, Asia in the s and, most recently, in the Eurozone. These actions might seem far removed from what happens in your business or in your economy, but they have very real implications. Our policy advice, for exampleâ€—including in core areas like exchange rates or external imbalancesâ€—has helped to prevent or to ease the hardship of crises around the world. That, in turn, has helped reduce the possible negative fallout for the U. And as the needs of our member countries have changed over time, so too the IMF has refined, repurposed and restocked its toolkit. We also introduced more flexible types of support that act as insurance for crisis prevention and have helped countries like Colombia, Mexico, and Poland. Above all, the IMF has given much greater emphasis to global interconnections in its analysisâ€—in particular, economic spillovers between countries, and also the critically important financial sector. To be effective into the future, we must continue to evolve and anticipate what lies ahead. In this context, the IMF is currently working toward a set of governance reforms that will strengthen further our capacity to prevent and resolve crises; and at the same time, will help broaden our representation to better reflect the changing dynamics of the global economy.

Chapter 5 : Catalog Record: The United States in the changing world economy | Hathi Trust Digital Library

The U.S. Role in a Changing World helps students identify global issues, assess national priorities, and decide for themselves the role the United States should play in the world. Readings Part I examines several pressing issues facing the United States and the world today: the economy, human health and the environment, international relations.

Louis Johnston and Samuel H. Preparedness Agencies To oversee this growth, President Roosevelt created a number of preparedness agencies beginning in , including the Office for Emergency Management and its key sub-organization, the National Defense Advisory Commission; the Office of Production Management; and the Supply Priorities Allocation Board. None of these organizations was particularly successful at generating or controlling mobilization because all included two competing parties. On one hand, private-sector executives and managers had joined the federal mobilization bureaucracy but continued to emphasize corporate priorities such as profits and positioning in the marketplace. War Production Board In January , as part of another effort to mesh civilian and military needs, President Roosevelt established a new mobilization agency, the War Production Board, and placed it under the direction of Donald Nelson, a former Sears Roebuck executive. Nelson understood immediately that the staggeringly complex problem of administering the war economy could be reduced to one key issue: Though neither Nelson nor other high-ranking civilians ever fully resolved this issue, Nelson did realize several key economic goals. He thereby also established a precedent for planning war production so as to meet most military and some civilian needs. The CMP obtained throughout the war, and helped curtail conflict among the military services and between them and civilian agencies over the growing but still scarce supplies of those three key metals. Office of War Mobilization By late it was clear that Nelson and the WPB were unable to fully control the growing war economy and especially to wrangle with the Army and Navy over the necessity of continued civilian production. Beneath the highest-level agencies like the WPB and the OWM, a vast array of other federal organizations administered everything from labor the War Manpower Commission to merchant shipbuilding the Maritime Commission and from prices the Office of Price Administration to food the War Food Administration. Taxation However, these agencies were often quite successful in achieving their respective, narrower aims. Beginning in , the government extended the income tax to virtually all Americans and began collecting the tax via the now-familiar method of continuous withholdings from paychecks rather than lump-sum payments after the fact. The number of Americans required to pay federal taxes rose from 4 million in to 43 million in Over that same period, federal tax revenue grew from about 8 percent of GDP to more than 20 percent. The average income tax rate peaked in at Though the bonds returned only 2. Bonds served as a way for citizens to make an economic contribution to the war effort, but because interest on them accumulated slower than consumer prices rose, they could not completely preserve income which could not be readily spent during the war. Price Controls and the Standard of Living Fiscal and financial matters were also addressed by other federal agencies. Between April and June , the period of the most stringent federal controls on inflation, the annual rate of inflation was just 3. With wages rising about 65 percent over the course of the war, this limited success in cutting the rate of inflation meant that many American civilians enjoyed a stable or even improving quality of life during the war Kennedy, Improvement in the standard of living was not ubiquitous, however. In some regions, such as rural areas in the Deep South, living standards stagnated or even declined, and according to some economists, the national living standard barely stayed level or even declined Higgs, Labor Unions Labor unions and their members benefited especially. By , approximately The War Economy at High Water Despite the almost-continual crises of the civilian war agencies, the American economy expanded at an unprecedented and unduplicated rate between and The gross national product of the U. War-related production skyrocketed from just two percent of GNP to 40 percent in Milward, As Table 2 shows, output in many American manufacturing sectors increased spectacularly from to , the height of war production in many industries.

Chapter 6 : History of the United States (â€“) - Wikipedia

The third major change that has occurred in the world economy is the emergence of the "symbol" economyâ€”capital movements, exchange rates and credit flowsâ€”as the flywheel of the world economy, in place of the "real" economyâ€—the flow of goods and services.

United States Economy Overview Economic Overview of the United States Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the U. Moreover, according to the IMF, the U. Even though the services sector is the main engine of the economy, the U. However, large amounts of arable land, advanced farming technology and generous government subsidies make the U. The country has access to abundant natural resources and a sophisticated physical infrastructure. It also has a large, well-educated and productive workforce. Moreover, the physical and human capital is fully leveraged in a free-market and business-oriented environment. The government and the people of the United States both contribute to this unique economic environment. The government provides political stability, a functional legal system, and a regulatory structure that allow the economy to flourish. The general population, including a diversity of immigrants, brings a solid work ethic, as well as a sense of entrepreneurship and risk taking to the mix. Economic growth in the United States is constantly being driven forward by ongoing innovation, research and development as well as capital investment. A mix of factors, including low interest rates, widespread mortgage lending, excessive risk taking in the financial sector, high consumer indebtedness and lax government regulation, led to a major recession that began in The housing market and several major banks collapsed and the U. It also introduced a stimulus package worth USD billion to be spent across the following 10 years to boost the economy. The economy has been recovering slowly yet unevenly since the depths of the recession in The economy has received further support through expansionary monetary policies. While the labor market has recovered significantly and employment has returned to pre-crisis levels, there is still widespread debate regarding the health of the U. In addition, even though the worst effects of the recession are now fading, the economy still faces a variety of significant challenges going forward. Deteriorating infrastructure, wage stagnation, rising income inequality, elevated pension and medical costs, as well as large current account and government budget deficits, are all issues facing the US economy. This period was marked by a surge in economic activity and productivity, a growing and more prosperous middle class, and the rise of the baby boomer generation. From the late s to the early s, U. By the s, the structural change in the economy away from industry and manufacturing to services was in full force. However, after several decades of unprecedented growth, the economy began to show signs of slowing and a series of events, including the collapse of the Bretton Woods system, the oil crisis and increased global competition, precipitated important economic changes. The s gave rise to Reaganomics, a series of economic policies promoted by President Ronald Reagan. The main objectives were reduced government spending and regulation, as well as lower taxes and a tighter money supply. In a broader sense, Reaganomics marked a turn toward free-market supply-side economics and away from the Keynsian-inspired economics that had been favored since the Great Depression. Increasing global integration and the rise of new technology, including the adoption of productivity-enhancing IT in the workplace and the surge of high-tech companies, helped fuel an economic boom in the s. The period between and marked the longest sustained expansion in U. S economic history, and powered a steep rise in employment, income and consumer demand. Moreover, the strong growth and low unemployment during this time were particularly remarkable because the government budget was reigned in simultaneously and actually achieved a surplus for four years between and The fiscal improvement was made possible in part by tax increases introduced by President Bill Clinton, but also thanks to the booming economy and surging stock market. However, the overvaluation of dot-com stocks eventually became apparent and the bubble burst in The first years of the s saw a sharp drop in economy activity following the dot-com burst. The terrorist attacks on September 11, , and several corporate scandals put a further damper on economic activity and business confidence. The Federal Reserve the Fed , under Alan Greenspan, stepped in to counteract the struggling economy by introducing low interest rates. This move would later be considered a major factor in causing the massive housing market bubble that burst and precipitated the Great Recession that began in Overall, the current account deficit implies that the value of the goods and services being purchased from abroad by the United States exceeds the value of the goods and services being sold to foreigners. The deficit has since narrowed due in part to increased domestic oil production. The current account deficit is mirrored by a capital account surplus. The net amount of capital inflows received in the United States from abroad makes it possible to finance the current account deficit. Foreigners continue to invest in U. The main trading partners of the U. Canada is the main destination for U. The United States currently has more than a dozen free trade agreements in place. Exports from the United States Although the United States has lost some of its competitive edge in recent decades, material goods still represent two thirds of its total exports. The United States mainly exports high-value capital goods and manufactured products, including industrial machinery, airplanes, motor vehicles and chemicals. In , the U. This includes financial and professional business services as well as other knowledge-intensive services. Travel, transportation and tourism services are also a major export. Services represent about one third of total exports. Cellphones, pharmaceuticals, toys, household equipment, textiles, apparel, televisions, and footwear are the main types of consumer goods imported to the United States. On the fiscal side, government stimulus spending and tax cuts prevented further deterioration of the economy. On the monetary side, the Federal Reserve has tackled economic weakness with both traditional and unconventional policies. The United States is typically regarded as the home of free-market economic policies. Following the recession, the government stepped up its oversight in the financial sector. The Dodd-Frank act, passed in , represents the most comprehensive reform of financial markets regulation since the Great Depression. The only time when the government managed to balance a budget in recent history was between and , when the strong economy resulted in higher-than-usual tax revenues. The fiscal deficit reached the highest point since in at 9. The largest portion of government spending is mandated by existing laws, with a large amount of funds allocated to entitlement programs such as Social Security and Medicaid. The remainder is referred to as discretionary spending, and is determined by the annual federal budget. About half of the discretionary budget is spent on the military and defense, with the other half spent on government programs and public services. The stimulus package introduced by the Obama administration in included USD billion in tax cuts and incentives. Less than two years later, Obama announced an extension to the tax cuts that had been introduced during the Bush administration at a cost of more than USD billion over two years. The federal funds rate, the main interest rate managed by the Fed, is the rate which deposit banks charge each other to trade funds overnight in order to maintain reserve balance requirements. The federal funds rate is one of the most important in the U. During the years since the recession hit, the Fed has been very active.. Interest rates were initially supposed to be kept low only until the unemployment rate dropped to 6. However, this specific forward guidance was revamped in March when the Fed announced that any future decisions to hike interest rates no longer depended on previously-established quantitative thresholds, but rather on the assessment of a broad range of more qualitative information. This policy involves the purchase of vast sums of financial assets in an attempt to increase the money supply and hold down long-term interest rates. Almost two thirds of currency reserves held throughout the world are in U. Sample Report Get a sample report showing all the data and analysis covered in our Regional, Country and Commodities reports.

Chapter 7 : Economy of the United States - Wikipedia

The United States' economic freedom score is , making its economy the 18th freest in the Index. Its overall score has increased by point, with a significant improvement in financial.

Problems playing these files? The s were marked by street protests, demonstrations, rioting, civil unrest, [22] antiwar protests, and a cultural revolution. Martin Luther King Jr. Activism brought about successful political change when there was an aggrieved group, such as African Americans or feminists or homosexuals , who felt the sting of bad policy over time, and who conducted long-range campaigns of protest together with media campaigns to change public opinion along with campaigns in the courts to change policy. Kennedy in helped change the political mood of the country. The new President, Lyndon B. In addition, the Voting Rights Act of had an immediate impact on federal, state and local elections. Within months of its passage on August 6, , one quarter of a million new black voters had been registered, one third by federal examiners. Within four years, voter registration in the South had more than doubled. In , Tennessee had a Most famously, the Johnson campaign ran a commercial entitled the " Daisy Girl" ad , which featured a little girl picking petals from a daisy in a field, counting the petals, which then segues into a launch countdown and a nuclear explosion. Johnson soundly defeated Goldwater in the general election, winning It looked for a new leader and found one in Ronald Reagan , elected governor of California in and reelected in He ran against President Ford for the GOP nomination, and narrowly lost, but the stage was set for Reagan in War on Poverty and Great Society Two main goals of the Great Society social reforms were the elimination of poverty and racial injustice. New major spending programs that addressed education, medical care, urban problems, and transportation were launched during this period. Roosevelt in the s, but differed sharply in types of programs enacted. The largest and most enduring federal assistance programs, launched in , were Medicare , which pays for many of the medical costs of the elderly, and Medicaid , which aids the impoverished. The OEO reflected a fragile consensus among policymakers that the best way to deal with poverty was not simply to raise the incomes of the poor but to help them better themselves through education, job training, and community development. Central to its mission was the idea of " community action ", the participation of the poor in framing and administering the programs designed to help them. Counterculture of the s and Timeline of s counterculture As the s progressed, increasing numbers of young people began to revolt against the social norms and conservatism from the s and early s as well as the escalation of the Vietnam War and Cold War. A social revolution swept through the country to create a more liberated society. As the Civil Rights Movement progressed, feminism and environmentalism movements soon grew in the midst of a sexual revolution with its distinctive protest forms, from long hair to rock music. The hippie culture, which emphasized peace, love and freedom, was introduced to the mainstream. In , the Summer of Love , an event in San Francisco where thousands of young people loosely and freely united for a new social experience, helped introduce much of the world to the culture. In addition, the increased use of psychedelic drugs , such as LSD and marijuana , also became central to the movement. Music of the time also played a large role with the introduction of folk rock and later acid rock and psychedelia which became the voice of the generation. The Counterculture Revolution was exemplified in with the historic Woodstock Festival. Kennedy pushed for ways in which NASA could catch up, [31] famously urging action for a manned mission to the Moon: Having lost the race to the Moon, the Soviets shifted their attention to orbital space stations , launching the first Salyut 1 in This joint mission was the last manned space flight for the U. The Space Race sparked unprecedented increases in spending on education and pure research, which accelerated scientific advancements and led to beneficial spin-off technologies. Vietnam War and Role of the United States in the Vietnam War The Containment policy meant fighting communist expansion where ever it occurred, and the Communists aimed where the American allies were weakest. In August Johnson secured almost unanimous support in Congress for the Gulf of Tonkin Resolution , which gave the president very broad discretion to use military force as he saw fit. Republicans, such as California Governor Ronald Reagan , demanded victory or withdrawal, while on the left strident demands for immediate withdrawal escalated. Starting in , the antiwar movement began. Some opposed the war on moral grounds, rooting for the peasant Vietnamese against the modernizing capitalistic Americans. Opposition was centered among the black activists of the civil rights movement, and college students at elite universities. Polls showed that most Americans favored carrying out the war to a victorious conclusion, although conversely, few were willing to carry out mass mobilization and expansion of the draft in the pursuit of victory. The Vietnam draft did have numerous flaws in it, especially its high reliance on lower middle class Americans while exempting college students, celebrities, athletes, and sons of Congressmen, although contrary to the claims of antiwar activists, most draftees were not impoverished white and black youths who had no other job opportunity. The average Vietnam draftee was white and from a lower middle class, blue collar background. Only a tiny handful of Ivy League graduates numbered among the 58, US servicemen killed or wounded in the eight years between and George Wallace pulled off the majority of Southern whites, for a century the core of the Solid South in the Democratic Party. With Robert Kennedy hesitant about joining the contest, Minnesota Senator Eugene McCarthy , jumped in on an antiwar platform, building a coalition of intellectuals and college students. McCarthy was not nationally known, but came close to Johnson in the critical primary in New Hampshire, thanks to thousands of students who took off their counter-culture garb and went "clean for Gene" to campaign for him door-to-door. Johnson no longer commanded majority support in his party, so he took the initiative and dropped out of the race, promising to begin peace talks with the enemy. Vice President Hubert Humphrey was too late to enter the primaries, but he did assemble strong support from traditional factions in the Democratic Party. The greatest outburst of rioting in national history came in April following the assassination of Martin Luther King, Jr. The Democratic national convention in Chicago was in a continuous uproar, with police confronting antiwar demonstrators in the streets and parks, and the bitter divisions of the Democratic Party revealing themselves inside the arena. Humphrey, with a coalition of state organizations, city bosses such as Mayor Richard Daley, and labor unions, won the nomination and ran against Republican Richard Nixon and independent George Wallace in the general election. Nixon appealed to what he claimed was the "silent majority" of moderate Americans who disliked the "hippie" counterculture. Nixon also promised "peace with honor" in ending the Vietnam War. He proposed the Nixon Doctrine to establish the strategy to turn over the fighting of the war to the Vietnamese, which he called "Vietnamization. The profound splits in the Democratic Party lasted for decades. The proposed Equal Rights Amendment to the Constitution, passed by Congress in and favored by about seventy percent of the American public, failed to be ratified in , with only three more states needed to make it law. In addition, the feminist movement remained dominated by relatively affluent white women. It failed to attract many African-American females, who tended to be of the opinion that they were victims of their race rather than their gender and that many of the feminists came from comfortable middle-class backgrounds who had seldom experienced serious hardship in their lives. The failure of the ERA notwithstanding, many federal laws e. Wade in that women have a constitutional right to choose an abortion, and that cannot be nullified by state laws. Feminists celebrated the decisions but Catholics, who had opposed abortion since the s, formed a coalition with Evangelical Protestants to try to reverse the decision. The Republican party began taking anti-abortion positions as the Democrats announced in favor of choice that is, allowing women the right to choose an abortion. The issue has been a contentious one ever since. Some people advocated dropping all laws against sex between consenting adults, including prostitution , and LGBT people began the struggle for gay liberation. A series of court rulings in the s had struck down most anti-pornography laws, and under pressure from homosexual activist groups, the American Psychiatric Association removed homosexuality from its list of mental disorders in In , the Hays Code , a censorship guideline imposed on the motion picture industry since the s, was lifted and replaced by a new film content rating system , and by the s, there was a surge in sexually-explicit movies and social commentary coming from Hollywood. Notable X-rated films that were widely screened in the early s provoking much public controversy, and in some states, legal prosecution include Deep Throat , The Devil in Miss Jones , and Last Tango in Paris , starring Marlon Brando , whose performance was nominated for an Academy Award. A new wave of raunchier adult magazines such as Hustler and Penthouse arrived, making Playboy seem dull and old-fashioned. Due in large part to the dramatic reduction in the risk of unwanted pregnancy engendered by the introduction of the Pill in , not to mention the legalization of contraception nationwide by the Supreme Court decision in Griswold v. Connecticut in , along with the steadily increasing acceptance of abortion and delayed marriages for career-minded young women influenced by second-wave feminism , or the chic rejection of the responsibilities of marriage altogether in favor of living together without raising a family, U. Birthrates hit an all-time low during the post-OPEC recession in the mids. As the decade drew to a close, however, there was a growing disgust among many conservative Americans over the excesses of the sexual revolution and liberalism, which would culminate in a revival of conservatism during the next decade, and a backlash against the incipient gay rights movement. He maintained the high taxes and strong economic regulations of the New Deal era and he intervened aggressively in the economy. In August , he took the nation off the gold standard of the Bretton Woods system and imposed for a while price and wage controls Nixon Shock. During his final year in office, Nixon also proposed a national health care system. Nixon promoted "Vietnamization," whereby the military of South Vietnam would be greatly enhanced so that U. The combat troops were gone by and Nixon could announce a peace treaty Paris Peace Accords in January His promises to Saigon that he would intervene if North Vietnam attacked were validated in , but became worthless when he resigned in August In May , the antiwar effort escalated into violence, as National Guard troops shot at student demonstrators in the Kent State shootings. In , Nixon announced the end of mandatory military service which had been in effect since the Korean War, and the final American citizen to be conscripted received his draft notice in June The president also secured the passage of the 26th Amendment , lowering the minimum age of voting from 21 to The Nixon Administration seized on student demonstrations to mobilize a conservative majority consisting of middle-class suburbanites and working-class whites critical of radical extremists. Economics also played a role in this mobilization. A poll taken by Newsweek in found that a plurality of middle Americans believed that blacks had a better chance of getting adequate schooling, a decent home, and a good job. Most of these middle Americans were blue-collar workers, white-collar employees, school teachers, and lower-echelon bureaucrats. Although not poor, according to William H. Chafe they suffered from many of the tensions of marginal prosperity, such as indebtness, inflation, and the fear of losing what they had worked so hard to attain. Struggling to get by, many middle Americans viewed antipoverty expenditures and black demands as representing a threat to their own well-being. If feminists, blacks, antiwar demonstrators, and advocates for the poor attacked the status quo with uncompromising vehemence, millions of other Americans rallied around the flag and made clear their intent to uphold the lifestyle and values to which they had devoted their lives. Significantly, pollsters Richard Scammon and Ben Watterburg pointed out, the protesters still represented only a small minority of the country. At the same time, Nixon became a lightning rod for much public hostility regarding the war in Vietnam. The morality of conflict continued to be an issue, and incidents such as the My Lai Massacre further eroded support for the war and increased efforts of Vietnamization. However he did manage to secure large-scale funding for South Vietnam, much of which was wasted. However, Watergate resulted in significant Democrat gains in the midterm elections and when the new 94th Congress convened the following January, it immediately voted to terminate all aid to South Vietnam in addition to passing a bill forbidding all further US military intervention in Southeast Asia. President Ford was against this, but as Congress had a veto-proof majority, he was forced to accept. Later nearly one million Vietnamese managed to flee to the U. The impact on the U. Nixon and his next two successors Ford and Carter had dropped the containment policy and were not willing to intervene anywhere. The result was a major expansion of the money supply, resting largely on government deficits, which pushed prices rapidly upward. After , the U.

Chapter 8 : The Choices Program | The U.S. Role in a Changing World - The Choices Program

The statement that best describes the United States' changing role in the world during the twentieth century was racedaydvl.com became a military superpower in the world but lacked a strong economy. The reason for the non strong economy was due to the Great Depression, and financial crisis of the 's.

The share of international transactions in our national economy has more than tripled. It now exceeds 30 percent of total output. We are more dependent on external economic developments than the European Union as a group or Japan, the other large high-income parts of the world, which have traditionally been regarded as much more engaged in global competition than the United States. Almost half the revenues of the top companies based in the United States derive from their international operations. About half of publicly held US government debt is owned by foreign investors. Foreign capital finances much of the domestic investment required to maintain decent economic growth. The United States has thus joined the world, in two critical senses. We are highly dependent on global developments for our own prosperity and stability. And we are now much more like other countries, for virtually all of whom such international engagement has been a given throughout their histories. The United States has gained enormously from this globalization. Additional benefits accrue from the financial globalization that has accompanied increased trade flows. The trade gains occur through three distinct channels. Increased imports hold down prices and thus help limit inflation and provide a greater variety of attractive products to consumers and industrial users. Increased exports enable us to do more of what we do best and enhance wages by 15 to 20 percent for workers in those industries. Increased international competition stimulates productivity improvement in our own economy and thus helps provide the foundation for higher incomes. Like any dynamic economic change, globalization generates costs as well as benefits. About half a million workers of a total labor force of million lose jobs annually, most for temporary periods, as a result of increased imports. Some have to accept lower paying jobs for the longer run, suffering lifetime earnings losses. Hence the United States has on balance gained enormously from our integration with the world economy. Substantial additional benefits, perhaps expanding the present totals by another 50 percent half a trillion dollars annually , are available from further opening of global markets. As already noted, however, this means that we have become heavily dependent on external developments for our own prosperity and stability. Unfortunately, we have failed to recognize that dependence and have behaved in ways that exacerbate our vulnerability. We have run large trade deficits for 30 years. The ongoing debate about our national debt and deficits must therefore proceed with a wary eye on the fact that much of it is owed to investors in other countries, some of the largest of which are institutions owned by governments e. We have let down our guard in a number of ways. Our primary and secondary education system is no longer qualifying our people to succeed in a highly competitive global economy. Our infrastructure is falling behind world-class standards and, in many cases, is literally crumbling. Our governmental support for technological innovation, which has been critically important for some of the most important advances of the past half century, is lagging. Our tax system encourages footloose multinational firms, based both here and abroad, to invest in countries other than the United States and rewards consumption including of energy and pollutants instead of saving. We have let the exchange rate of the dollar, by far the single most important determinant of our international competitiveness in the short run, remain substantially overvalued for prolonged periods. The problems created for the United States by our increasing external dependence and the failures of our national policies to enable us to compete effectively are compounded by the sharp decline in our ability to influence let alone dictate the outcomes of international economic policy events and negotiations. Our share of global output has dropped from 50 percent at the end of the Second World War to 20 percent today. Our share of world trade is even less; both China and Germany export more than we, though their overall economies are much smaller. China alone could become a dominant global economic player over the next decade or two. Hence the United States is caught in a classic scissors dilemma. On the one hand, our dependence on the world economy has risen enormously and will continue to do so. On the other hand, our ability to determine global economic conditions has declined sharply. The dilemma is sharply exacerbated by the inadequacies of our own policies in response to these profound historical trends. What do they mean for our efforts to restore decent growth and create enough jobs to cut unemployment to acceptable levels? What are their implications for our strategies to rein in our national debt and deficits? To answer these questions, we must first recognize that the world economy of the 21st century is very different than the world economy of the 20th century. The locus of globalized economic power and vitality has shifted drastically. Virtually all of the rich industrialized countries that have been the past drivers of the world economyâ€"the United States itself, Western Europe, and Japanâ€"are struggling. Virtually all of the emerging market economiesâ€"especially China but also India, the rest of Asia, Latin America, and even Africa and the Middle East prior to its recent disruptionsâ€"are booming. We live in a bifurcated rather than synchronized world economy. China and India regard themselves as re-emerging economies since they dominated world output for a long while until at least some time into the 18th century. Our chief traditional foreign partners, which are still the largest parts of the global economy outside the United States, are doing worse than we are. Europe succeeded brilliantly in creating the euro, the first currency to rival the dollar in almost a century, over a decade ago. But its Economic and Monetary Union, as the project was formally called, was an unstable halfway house from its inception. The monetary side was complete with a common currency and area-wide European Central Bank. But there was no economic union: The euro area was able to finesse this glaring discrepancy for a decade, abetted by the global boom of But the financial crisis and succeeding Great Recession of laid bare its problems and, as a result, posed both an existential threat to European integration itself and major risks to the entire world economy. The crisis, of course, hit the weakest components of the euro area hardest: The rich and successful European economies, most notably by far, Germany, had to bail them out on an ad hoc basis because of the lack of fiscal transfer mechanisms and, for the medium to longer run, high labor mobility like we have in the United States. The lenders, of course, seek to extract commitments from the borrowers that they will get their houses in order, mainly by trimming huge budget deficits and reforming unstable banking systems, which inevitably leads to sharp tensions both between the countries and within them as German taxpayers are "asked to pay Greek pensioners" and poor Greek workers are "asked to accept 20 percent pay cuts to satisfy rich Germans". Europe has taken a number of far-reaching steps to remedy its structural shortcomings and resolve its problems. It is moving toward an inevitable fiscal union and creating a de facto European Monetary Fund to rescue and discipline the weak performers of the day, which will increasingly replicate the characteristics of the true economic union of the United States. I believe that a much stronger Europe and euro will emerge from the crisis. Getting there, however, will almost certainly require more debt restructuring which the media and the ratings agencies will call "defaults" and condemn Europe to very modest growth for a while as even its stronger economies tighten their belts to restore stability. The United States, and the world economy as a whole, will not get much help from Europe for at least a few more years. Japan, which remains the second largest national economy with exchange rates calculated at market levels , is even worse. The country inspired both worldwide admiration and fear as a result of its unprecedented economic growth and surge in international competitiveness through the s, which brought it to per capita income levels above the United States. But Japan imploded in the early s. Its financial bubble burst and, exacerbated by several huge policy mistakes, ushered in two lost decades of stagnation and indeed deflationâ€"the only example of such performance since the Great Depression of the sâ€"from which it has not yet recovered. It faces the worst demographic profile of any country in the world, aging so rapidly that it will have barely one worker per retiree by the middle of this century. So the United States and world economies will not get much help from Japan either, and we indeed now fear its weakness much more than we ever feared its strength. Fortunately, as already noted, most of the emerging market economies are booming. These developing countries now account for half the world economy using purchasing power parity exchange rates. They have provided three quarters of all global growth over the past decade. They are growing three times as fast as the traditional leaders: Hence their global share is rising substantially every year and will reach at least two- thirds over the next decade. They, especially China, will play increasingly decisive world economic roles. Moreover, their superior performance is likely to accelerate in the period ahead. They experienced some declines in growth during the recent Great Recession but their lead over the rich countries actually grew, indicating their ability to decouple from the West to a substantial extent. Their fiscal positions are much stronger than ours: Projections to show their debt-to-GDP ratios will rise to only 50 percent, well within the danger thresholds of 60 to percent, while the rich countries as a group are currently on totally unsustainable trajectories toward percent. Having suffered their own debt crises in previous decades, the emerging markets thoroughly reformed their banking systems and totally avoided the financial meltdown experienced by almost all rich countries over the past few years. South-South trade and investment among these countries is exploding, further enabling them to avoid negative spillovers from the lagging rich nations. Eight of these countries have now joined the "trillion dollar club" with national economic output exceeding that level: Perhaps most dramatic of all, the still poor South is largely financing the rich North. But numerous other emerging markets have also piled up massive levels of foreign currency, much of which they then lend back to us: The world of finance has turned topsy-turvy on the back of the role reversal in global growth. These emerging and developing countries are in fact now growing so rapidly, despite the continuing sluggishness of the three rich economic zones, that their immediate policy priorities are virtually opposite to ours. We desperately seek ways to accelerate growth and create employment while our excessive deficits and debt force us to pursue restrictive policies instead. By sharp contrast, they increasingly need to restrain their expansions to prevent excessive inflation and the risk of new financial bubblesâ€”but enjoy strong fiscal and monetary positions that will enable them to again step on the accelerators if need be. In fact, a third risk to the current global economic outlookâ€”in addition to the debt and deficit overhangs in the United States and Europeâ€”is that these emerging markets will step on the brakes too hard to remain drivers of world growth. China, by far the most important of the group, has been tightening its monetary policy for over a year and is sharply curtailing credit to its soaring property sector. India is unusual among developing countries in that it faces large budget deficits, and its efforts to trim them could pare its rapid growth. I believe that most of these countries will be able to dial back their expansions without throwing themselves into recession, or even moderating their booms very sharply, but their newly dominant positions require us to watch them as closely as we have traditionally watched our allies and main partners across the North Atlantic and North Pacific. This is particularly true because, as we will shortly see, some of their growth derives from policies that adversely affect our own interests and dampen our growth prospects. The institutional implications of these fundamental changes in international economic power positions have already been recognized to an important extent. The steering committee of the World Trade Organization WTO , and thus the multilateral trading system, has been expanded to include Brazil, China, and India, as well as traditional leaders: America, Europe, Japan, and Australia with Canada pushed aside. The International Monetary Fund IMF has twice though still inadequately raised the quotas and thus voting power of the emerging countries. Most importantly, the traditional G-7â€”comprised solely of high-income industrialized countriesâ€”has been supplanted by the G, half of which are developing countries, as the chief global steering committee. Within that broader construct, the United States and China are evolving into an informal and de facto G-2, modestly institutionalized in their bilateral Strategic and Economic Dialogue, because very little global economic progress can now be made unless these two superpowers can at least agree to disagree. The United States faces a genuine dilemma fashioning an effective response to its current economic woes. On the one hand, growth is sluggish and unemployment is unacceptably high.

Chapter 9 : How did the United States change after WWII? | eNotes

The United States plays a unique role in the global economy. I am thinking, for instance, of global tradeâ€”of which the U.S. accounts for 11 percent. The U.S. also represents 20 percent of global manufacturing value-added.

Not only had it endured two world wars and a global depression in the first half of the 20th century, but it had surmounted challenges ranging from a year Cold War with the Soviet Union to extended bouts of sharp inflation, high unemployment, and enormous government budget deficits in the second half of the century. The nation finally enjoyed a period of economic calm in the s: As in earlier periods, however, the United States had been undergoing profound economic change at the beginning of the 21st century. A wave of technological innovations in computing, telecommunications, and the biological sciences were profoundly affecting how Americans work and play. At the same time, the collapse of communism in the Soviet Union and Eastern Europe, the growing economic strength of Western Europe, the emergence of powerful economies in Asia, expanding economic opportunities in Latin America and Africa, and the increased global integration of business and finance posed new opportunities as well as risks. All of these changes were leading Americans to re-examine everything from how they organize their workplaces to the role of government. Perhaps as a result, many workers, while content with their current status, looked to the future with uncertainty. The economy also faced some continuing long-term challenges. Although many Americans had achieved economic security and some had accumulated great wealth, significant numbers -- especially unmarried mothers and their children -- continued to live in poverty. Disparities in wealth, while not as great as in some other countries, were larger than in many. Environmental quality remained a major concern. Substantial numbers of Americans lacked health insurance. And global economic integration had brought some dislocation along with many advantages. In particular, traditional manufacturing industries had suffered setbacks, and the nation had a large and seemingly irreversible deficit in its trade with other countries. Throughout the continuing upheaval, the nation has adhered to some bedrock principles in its approach to economic affairs. First, and most important, the United States remains a "market economy. In a free market system, Americans believe, prices are most likely to reflect the true value of things, and thus can best guide the economy to produce what is most needed. Besides believing that free markets promote economic efficiency, Americans see them as a way of promoting their political values as well -- especially, their commitment to individual freedom and political pluralism and their opposition to undue concentrations of power. Indeed, government leaders showed a renewed commitment to market forces in the s, s, and s by dismantling regulations that had sheltered airlines, railroads, trucking companies, banks, telephone monopolies, and even electric utilities from market competition. And they pressed vigorously for other countries to reform their economies to operate more on market principles too. The American belief in "free enterprise" has not precluded a major role for government, however. Americans at times have looked to government to break up or regulate companies that appeared to be developing so much power that they could defy market forces. They have relied on government to address matters the private economy overlooks, from education to protecting the environment. And despite their advocacy of market principles, they have used government at times to nurture new industries, and at times even to protect American companies from competition. As the sometimes inconsistent approach to regulation demonstrates, Americans often disagree about the appropriate role of government in the economy. In general, government grew larger and intervened more aggressively in the economy from the s until the s. But economic hardships in the s and s left Americans skeptical about the ability of government to address many social and economic issues. Major social programs -- including Social Security and Medicare, which, respectively, provide retirement income and health insurance for the elderly -- survived this period of reconsideration. But the growth of the federal government slowed in the s. The pragmatism and flexibility of Americans has resulted in an unusually dynamic economy. Change -- whether produced by growing affluence, technological innovation, or growing trade with other nations has been a constant in American economic history. As a result, the once agrarian country is far more urban -- and suburban -- today than it was , or even 50, years ago. Services have become increasingly important relative to traditional manufacturing. In some industries, mass production has given way to more specialized production that emphasizes product diversity and customization. Large corporations have merged, split up, and reorganized in numerous ways. Employers are becoming less paternalistic, and employees are expected to be more self-reliant. This book examines how the American economy works, and explores how it evolved. It begins by providing a broad overview in chapters 1 and 2 and a description of the historical development of the modern American economy in chapter 3. Next, chapter 4 discusses different forms of business enterprise, from small businesses to the modern corporation. Chapter 5 explains the role of the stock market and other financial markets in the economy. The two subsequent sections describe the role of government in the economy -- chapter 6 by explaining the many ways government shapes and regulates free enterprise, and chapter 7 by looking at how the government seeks to manage the overall pace of economic activity in order to achieve price stability, growth, and low unemployment. Chapter 8 examines the agricultural sector and the evolution of American farm policy. Chapter 9 looks at the changing role of labor in the American economy. Finally, chapter 10 describes the development of current American policies concerning trade and international economic affairs. As these chapters should make clear, the American commitment to free markets endured at the dawn of the 21st century, even as its economy remained a work in progress.