American economy

The American economy is a free enterprise system that has emerged from the labors of millions of American workers; from the wants that tens of millions of consumers have expressed in the marketplace; from the efforts of thousands of private business people; and from the activities of government officials at all levels who have undertaken the tasks that individual Americans cannot do.

The nation's income and productivity have risen enormously over the past 70 years. In this period, the money for personal consumption tripled in real purchasing power. The gross national product per capita quadrupled, reflecting growth in worker productivity.

Together, all sectors of the American economy produce almost $4,000 million dollars worth of goods and services annually, and each year they turn out almost $ 190,000 million more. The consumption of these goods and services is spread widely. Most Americans consider themselves members of the middle economic class, and relatively few are extremely wealthy or extremely poor. According to U.S. Census Bureau figures, 9.6 percent of all American families make more than $50,000 a year, and 7.7 percent of all American families have incomes less than $10,000; the median annual income for all American families is about $28,906.

Americans live in a variety of housing that includes single detached homes (62 percent) with a median cost of $112,500. They also live in apartments, town-houses and mobile homes. Three-fourths of all married couples own their own homes. The size of all dwelling units has increased in living space. The median number of rooms occupied in each dwelling unit has increased from 4.9 rooms per unit in 1960 to 5.2 rooms today, despite the shrinking family size. About 3.6 percent of all Americans live in public (government-supplied or subsidized) housing.

The government plays an important role in the economy, as is the case in all countries. From the founding of the Republic, the U.S. federal government has strongly supported the development of transportation. It financed the first major canal system and later subsidized the railroads and the airlines. It has developed river valleys and built dams and power stations. It has extended electricity and scientific advice to farmers, and assures them a minimum price for their basic crops. It checks the purity of food and drugs, insures bank deposits and guarantees loans.

America's individual 50 states have been most active in building roads and in the field of education. Each year the states spend some $33.31 million on schools and provide a free public education for 29.1 million primary-school pupils and 11.4 million youth in secondary schools. (In addition, 8.3 million youths attend private primary and secondary schools.) Approximately 60 percent of the students who graduate from secondary schools attend colleges and universities, 77.2 percent of which are supported by public funds. The U.S. leads the world in the percentage of the population that receives a higher education. Total enrollment in schools of higher learning is 13.4 million.

Despite the fact that the United States government supports many segments of the nation's economy, economists estimate that the public sector accounts for only one-fifth of American economic activity, with the remainder in private hands. In agriculture, for example, farmers benefit from public education, roads, rural electrification and support prices, but their land is private property to work pretty much as they desire. More than 86.7 percent of America's 208.8 million farms are owned by the people who operate them; the rest are owned by business corporations. With increasingly improved farm machinery, seed and fertilizers, more food is produced each year, although the number of farmers decrease annually. There were 15,669,000 people living on farms in 1960; by 1989 that total had decreased to 4,801,000. Farm output has increased dramatically: just 50 years ago a farmer fed 10 persons; today the average farmer feeds 75. America exports some 440.9 thousand million worth of farm products each year. The United States produces as much as half the world's soybeans and corn for grain, and from 10 to 25 percent of its cotton wheat, tobacco and vegetable oil.

The bulk of America's wealth is produced by private industries and businesses—ranging from giants like General Motors, which sells $96,371 million worth of cars and trucks each year—to thousands of small, independent entrepreneurs. In 1987, nearly 233,710 small businesses were started in the U.S. Yet by one count, some 75 percent of American products currently face foreign competition within markets in the United States. America has traditionally supported free trade. In 1989, the U.S. exported $360,465 thousand million in goods and imported $475,329 thousand million.

In 1990, 119.55 million Americans were in the labor force, representing 63.0 percent of the population over the age of 16. The labor force has grown especially rapidly since 1955 as a result of the increased number of working women. Women now constitute more than half of America's total work force. The entry of the "baby boom" generation into the job market has also increased the work force. Part-time employment has increased as well—only about 55 percent of all workers have full-rime, full-year jobs—the rest either work part-time, part-year or both. The average American work week was 41 hours in 1989.

American industries have become increasingly more service-oriented. Of 12.6 million new jobs created since 1982, almost 85 percent have been in service industries. Careers in technical, business and health-related fields have particularly experienced employee growth in recent years. Approximately 27 million Americans are employed in selling. Another 19.2 million work in manufacturing and 17.5 million work for federal, state and local governments.

Recently, unemployment in the United States was calculated at about seven percent. The government provides short-term unemployment compensation (from 20 to 39 weeks depending upon economic conditions) to replace wages lost between jobs. About 80 per cent of all wage and salary earners are covered by unemployment insurance. In addition, both the government and private industry provide job training to help unemployed and disadvantaged Americans.