

From the desk of Chief Economist Beth Ann Bovino

Happy Birthday, America! A 'grand experiment' in resilience

As the United States nears its 250th birthday, there are many things I'm proud of. The ingenuity of the American people led to innovations like the automobile and the airplane – transformations that still move people and goods around the world every day. The U.S. also led in transporting ideas across cyberspace, and today it appears to have a front-row seat in the AI initiative as well.

That ingenuity and independence is also, I believe, at the heart of the 'grand experiment' at the birth of this nation. The "American experiment" was a bold bet made 250 years ago that regular citizens – not kings, dukes or aristocracy – could govern themselves.

Of course, there are still plenty of economic challenges this 'new' country faces today: the post-pandemic jump in prices, together with a tariff war and the war with Iran, has weakened household purchasing power and is on the minds of many Americans as they enter this summer's vacation season.

"Last week, my team lowered the risk of recession to 25% from 30% – another small reason to celebrate the country's resilience 250 years in."

-

Beth Ann Bovino, chief economist, U.S. Bank

But, even now, the U.S. has managed to meet many challenges and evolve, albeit slowly, into a nation that is more democratic and more representative of its citizens. The 15th Amendment in 1870 prevented states from denying the right to vote on grounds of "race, color, or previous condition of servitude," and the 19th Amendment guaranteed women the right to vote. Still, decades passed before discriminatory laws such as the poll tax or literacy tests were abolished.

I was reminded of the U.S.'s slow process toward democracy when I recently met an older woman at the Harvard Club in Manhattan. She reflected on how she "had to enter the club using the back door, because women weren't allowed to use the front door." The 'back door' entrance, called the "Ladies Annex," disappeared only after the club allowed women to be admitted as full members 53 years ago (the proposal failed in 1972). Progress, yes – but apparently not always through the front door.

And yet, the U.S. has a stubborn habit of absorbing shocks, arguing loudly about them then muddling through better than expected. U.S. ingenuity has learned to confront shocks, with the U.S. economic expansion quick to recover today. Last week, my team lowered the risk of recession to 25% from 30% – another small reason to celebrate the country's resilience 250 years in. Which brings us back to the quote that still captures the 'grand experiment' best: "Americans will always do the right thing, once they have exhausted all other possibilities."

Disclosures

The views expressed in this commentary represent the opinion of the author and do not necessarily reflect the official policy or position of U.S. Bank. The views are intended for informational use only and are not exhaustive or conclusive. The views are subject to change at any time based on economic or other conditions and are current as of the date indicated on the materials. It is not intended to be a forecast of future events or guarantee of future results. It is not intended to provide specific advice. It is issued without regard to any particular objective or the financial situation of any particular individual. It is not to be construed as an offering of securities or recommendation to invest. It is not for use as a primary basis of investment decisions. It is not to be construed to meet the needs of any particular investor. It is not a representation or solicitation or offer for the purchase or sale of any particular product or service. Investors should consult with their investment professional for advice concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. U.S. Bank is not affiliated or associated with any organizations mentioned. U.S. Bank and its representatives do not provide tax or legal advice. Each individual's tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

