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Resilient America

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Despite fierce tropical storms that briefly shut down several large local economies in the third quarter, the U.S. beat expectations with solid economic growth in July through September. It's still too early to declare that Trumponomics has succeeded in allowing American business to rise to a higher level of performance. But it's not too early to laud the resilience of U.S. workers and employers. The government's Friday GDP report shows that the latter group is investing more, which should lead to higher wages for the former. The Journal reports:

The U.S. economy posted its best six-month stretch of growth in three years, rebounding quickly from two hurricanes and showing momentum heading into the year's final months.

Gross domestic product—the broadest measure of goods and services made in the U.S.—expanded at a 3% annual rate in the third quarter, the Commerce Department said Friday. Output grew at a 3.1% rate in the second quarter.

Beyond that nice headline number, the details are also encouraging. Government spending fell at a 0.1% rate. Meanwhile the part of the economy that innovates and enriches showed a solid increase in its spending. The Journal notes:

Businesses continued to step up investment spending. Nonresidential fixed investment grew at a 3.9% rate in the third quarter following two quarters of even stronger growth. Companies have boosted outlays on equipment in particular, a development that could ultimately boost productivity growth, profits, and, in turn, workers' wages.

Ever since Election Night last November we've been seeing measurements of rising confidence among business owners. Now they are not just telling pollsters how confident they are. They are also acting on that confidence by spending their money on new plant and equipment to create more and better products.

Speaking of confidence, there's more news out today suggesting that another group is feeling like opening their wallets:

A measure of U.S. consumer sentiment hit its highest level since 2004 this month, but consumers' expectations for short-term inflation dipped...

The University of Michigan said Friday that its final October reading of consumer sentiment was 100.7, up from 95.1 in September.

America needs to crank out at least one more consecutive robust quarter of growth before anyone can make a case that the U.S. is starting to break out of the slow-growth new normal of the Obama years. But Pantheon's Ian Shepherdson is already calling a solid end of the year:

Growth will be about 3% in [the fourth quarter], too. That means payroll growth will rebound strongly, and the unemployment rate will keep falling; a sub-4% rate is just a matter of months away.

Let's not get ahead of ourselves. The incomparable George Selgin adds some healthy perspective:

It's all lovely, isn't it. It's better to have a positive GDP surprise than a negative one. There is yet some concern about what's driving it, whether it represents a lasting uptick in demand, as opposed to just supply factors. It remains to be seen…whether the [growth] is sustainable. It's nothing to be unhappy about and something to maybe be happy about.

Fair enough. This column will refrain from declaring a trend. But how can one not be happy on a beautiful autumn Friday to learn that Americans are lately spending less on government and more on durable goods? The U.S. found a way to thrive despite the destruction caused by powerful storms. Americans are also managing to ignore many of the figurative storms that are kicking up daily in the nation's media. It's all lovely, isn't it?