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THE CHANGES IN CONSUMER SPENDING PATTERN OF US ECONOMY OVER THE YEARS

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ABSTRACT

Consumer spending is a major driving force of short-term economic growth in the United States. The expenditure on goods and services by individuals is referred to as consumer spending. It is often known as personal consumption expenditure (PCE).

Personal Consumption Expenditure comprises approximately 66.67% of GDP and thus is a critical feature of short-run economic growth.

Consumer spending is a major economic constant that varies from month to month and year to year. However, when interpreted over time, adjusting price levels and emerging opportunities induce significant alterations in consumer spending.

Consumer spending dipped to its lowest point post World War II. Responding to the decrease in earnings, capital, and access to credit, households reduced spending, reduced existing debt, and expanded their savings. This study will also look at how spending patterns changed during the recessions of 1991 and 2008.

It addresses the country's socioeconomic, sociopolitical, and economic trends that affect consumers.

The emphasis is not on behavior. The focus is on broad trends which influence behavior, such as technology, inflation, and so on. The goal is to examine the data on inflows and outflows so as to determine the impact on consumers' economic situation, as well as the repercussions of that change. Other variables including savings rate, interest rate, living standards rate, tax rates, and their relationship to earnings are also investigated over a four-decade period.

KEYWORDS: *Consumer behavior, Per Capita Expenditure, Global crisis, Demographic factors. Inflation.*