THE American economy is on track to break the record set in the 1960's of 8 years and 10 months of uninterrupted growth without a recession. So before the real celebrations begin early next year, it's only fair to ask the question: What will bring the good times to an end?

You can be sure something will. For while there is no end in sight for the current expansion, which began in March 1991, and there is plenty of evidence that the American economy has entered a new era of higher productivity growth than in the 1970's and 80's, that does not mean the business cycle is dead.

"The mix of growth and inflation looks pretty good to us," said Kim Schoenholtz, chief economist at Salomon Smith Barney, the investment banking arm of Citigroup.

Indeed, Mr. Schoenholtz and his team at Salomon Smith Barney are convinced that the economy has plenty of life in it still. They are probably right. "But if you want to find reasons to worry," he says, "you can round up the usual suspects."

Ah, the usual suspects. The words made me think not so much of Claude Rains's great line near the end of "Casablanca," as of the 1995 movie that used the phrase as its title and made Kevin Spacey a star. And the echoes from that film are even more apt: Just as Keyser Soze, the hero-villain in "The Usual Suspects," walks away from the mayhem with a fortune, so too the American economy is likely to emerge relatively unscathed from the next downturn, whenever it comes.

Here's why: There are several clear sources of tension within the economy today. Household debt has risen to record levels, just as it did before nearly every previous recession. The current account deficit -- which requires Americans to sell off assets to pay for all the extra imports we buy -- has soared well past its old peak. Oil prices are on the upswing. And the stock market, by almost any measure, is overvalued, stirring fears that a sharp fall on Wall Street could prompt many affluent Americans, no longer so flush with their winnings, to tighten their belts.

But consider the suspects one by one.

As a rule, Americans have never stopped spending on their own merely because their debts reached what seemed like excessive levels. Yes, real consumer spending cannot continue growing at its breathless pace of over 5 percent a year. But even when consumers do take a much-needed breather, a slowdown in spending would almost certainly not be enough to bring the expansion to a halt. It is only after a recession hits and job losses rise that Americans tend to begin repairing their personal balance sheets.

The one recession sometimes attributed to a spontaneous drop in consumer spending -- the 1990-91 downturn that coincided with the buildup and fighting of the gulf war -- is more logically blamed on the sudden shock of higher oil prices on top of the Federal Reserve's earlier efforts, at the end of the 1980's, to reverse a buildup of inflation.

Speaking of oil prices, they played a starring role in the recession of 1973-74 (Arab oil embargo), the extended downturn at the beginning of the 1980's (Iranian revolution) and at the time of the gulf war. But each time oil prices took off, they also prompted or helped perpetuate a broader wage-price spiral, forcing the Fed to react by sharply raising interest rates to control inflation. There is no sign in the markets that the latest jump in oil prices, to around $27 a barrel, will have a similarly broad effect.

And even if higher oil prices, combined perhaps with a drop in the value of the dollar from worries over the big deficits with America's trading
partners, caused a flurry of inflation fears, the Fed could probably dampen them with only a modest further tightening of the monetary spigot.

Of the handful of usual suspects, then, only one, a stock market collapse, probably can spread enough fear to cause a recession by itself. That's clearly worth worrying about -- but remember October 1987 (or October 1998, for that matter) vs. October 1929. The Fed does.

Policy makers have a clear script to follow in response to panic on Wall Street: flood the markets with cash and bring interest rates down quickly. That may create problems later on, but such moves would certainly limit any damage to the real economy from the financial turmoil.

So for all these other worries, the real risk to the economy remains the traditional bad guy: price inflation driven by wage gains well in excess of productivity improvements. "The danger," says Robert DiClemente, who watches the American economy for Salomon Smith Barney, "is that success breeds excess."

Inflation, like Franco, is still dead. But just as in "The Usual Suspects," the least likely suspect could turn out to be the murderer in the end.

"Keaton once said, 'I don't believe in God, but I'm afraid of him,' " Kevin Spacey's character, Verbal Kint, tells the agents investigating the crime. "Well, I believe in God, and the only thing that scares me is Keyser Soze."

The only thing that should scare us these days is the threat of inflation. Allowed to escape, inflation could kill our remarkably healthy economy just as it is beginning to help those long left out of America's rising prosperity. Fortunately, the villain -- at least for now -- is safely locked away. [http://www.nytimes.com]