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The Unemployment Report

Michael Sean Winters | Feb. 4, 2011 Distinctly Catholic

The Unemployment Rate dropped unexpectedly to 9 percent last month, which is good news. But, the economy only added 36,000 new jobs, a disappointing figure except when you consider that the economy usually sheds jobs in January due to bad weather. This January, the weather was especially bad so it is possible that next month's figures could be decidedly more robust. At National Review, Bob Stein calls attention [1]to the uptick in the rate of civilian employment, which includes things like start-up businesses.

If today's drop in the unemployment rate is the start of a real turnaround in the economy, it is important to note that the new Congress has done precisely nothing so far to address the unemployment rate. This is important because as the economy improves, you can bet that House Republicans will be looking to take the credit. A more likely explanation of recent economic trends? First, the economy collapsed under the weight of Wall Street shenanigans and poor oversight. The TARP and the Obama Stimulus stopped the collapse, established an economic floor, and kept people from thinking the entire economy was going to hell in a handbasket. Consumers - and employers - remained wary. Even as their bottom lines improved, they held off on hiring, paid down debt, etc. Now, their financial situations looking brighter, interest rates at record lows, businesses are starting to expand. The key shift here is a psychological one, from fear to hope. People who deny the government's willingness to take bold action, like TARP and the Stimulus, was a part of that change in psychology are wrong. The key thing about the Stimulus was never any specific investment outcome. It was about convincing the markets that the government of the United States was not going to stand by and watch the whole thing collapse.

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[1] http://www.nationalreview.com/corner/258948/weather-factor-bob-stein