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Good & Bad Economic News

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Distinctly Catholic

The good economic news is that the deficit reduction plan proposed by former Republican Sen. Alan Simpson and former White House chief-of-staff under Bill Clinton, Erskine Bowles failed to garner the 14 votes necessary to send it to Congress.

All three House Republicans voted against the plan, which shows how unserious they are about achieving real deficit reduction. But the plan was flawed, appropriately characterized as policy only Wall Street could love, heavy on middle class cuts and doing nothing to address the growing income inequality that besets America, and does so uniquely.

Other Western industrialized economies have nothing like the income disparities we find in the U.S.

The bad economic news was the unemployment rate, which jumped to 9.8 percent. Worse, while the rate can fluctuate and even go higher if more people start looking for work, the economy added only 39,000 new jobs, instead of the 150,000 economists had predicted. This came despite the headlines last month that Third Quarter Corporate Profits reached record highs.

But there is the pathetic incoming GOP House majority calling for more tax breaks because they believe that will stimulate job growth. Hello? If companies that are already recording record profits are not hiring, why would a tax cut entice them to do so?

The problem is demand, and the way to increase demand is to stimulate the economy. Unfortunately, "stimulus" became a bad word in 2009 thanks to right-wong propaganda, robbing the government of the one effective tool for getting the job recovery going in the right direction. That won't keep the Republicans from blaming the higher unemployment rate on Obama, but the real problem is that the GOP continues to worship the false god of supply-side, voodoo economics.

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