Economics cuurent macroeconomic situation

The major concern right now is the status of employment in the country. Economists are at different ends on the current speech of Pres. Barack Obama and him boasting of the figures in employment for May. Total employment dwindled by 35, 000 while unemployment is seeing little progress at 9. 7% which can be attributed to the drop on the labor force. Employment-population ration is 58. 7% which is barely an improvement. Long-term unemployment is reaching 6. 8 million which composes the 45% of unemployed Americans under the category. The mean and median of unemployment gradually increased with the median at just over 23 weeks. These figures are significantly showing progress but by no means indicate that things are turning out for the best (Avent, 2010).

Unemployment and its direct correlation with inflation clearly show on these figures. This indicates that stimulus packages and the low interest rates provided by the government is showing its effects. Without these, businesses would not venture into accruing capital and entrenchment would ensue. More and more firms and departments are hiring temporary workers including census jobs which will show countercyclical effects. This suggests that confidence and optimism is slowly gaining momentum. It is a clear indication that more needs to be done before the country can truthfully say that it is out of the recession slump. Robert Reich (2010) suggests that only reason the economy is not in a double-dip recession is due to the boosts injected by the government. He further adds that 41, 000 new jobs provided in May which mostly consisted of temporary Census workers is not enough. At the minimum, 100, 000 new employments are needed every month to cope with the population growth. Apprehensions are now directed over what will happen once these are directly withdrawn from the economy.

Policy makers play an integral role in ensuring the health of the economy doesn’t flat line. The applied easy money policy tools which are apparent in the contingency efforts of the government to stabilize the economy are already in place. It becomes indispensable at the current situation but “ Effectively zero interest rates are creating distortions in capital markets. Monetary conditions need to be back to normal by the time economic slack disappears and inflationary pressures begin to reassert themselves” (Padoan, 2010). Government hand can only go so far before it reverts into prioritizing the need for other programs before money runs out and the Federal Reserve reverts to government spending for the government. Concurrently, expansionary fiscal policy tools which are geared towards the reduction of the recession gap must be closely monitored. With the current issue of the oil spill, a bleak projection of the economic woes of the country needs to be addressed accordingly. The moves of the government in stimulating the economy, no matter how expensive it sounds, have become necessary in these tough economic times. Congress along with the other offices of the state that deals with the overall financial sectors need to form congruence in their actions and recommendations in line with the most sound decisions that should be made. This is the challenge that will determine the future of the United States as a nation and its place as the world’s superpower.

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