

## **\*\*\* ECONOMY UPDATE \*\*\***

# **DEMOCRATIC RECOVERY EFFORTS ARE WORKING TO TURN ECONOMY AROUND**

The jobs report for March was the latest sign that that our economy is turning around and showing signs of improvement as a result of the Recovery Act and other actions taken by Democrats to get Americans back to work and build a sustainable economic recovery. Below are a few recent news stories highlighting the progress that has been made:

### **Washington Post: Bernanke Says Policymakers Prevented 'Cataclysm' Worse Than Great Depression** (4/09/10)

The world's economic policymakers successfully learned the lessons of the Great Depression, helping to avert a horrendous economic outcome from the 2008 financial crisis, Federal Reserve Chairman Ben S. Bernanke said Thursday.

...

Bernanke said that had he and other economic policymakers not moved so aggressively, the downturn could have been even worse than the Depression, when unemployment was 25 percent.

"In the current episode, in contrast to the 1930s, policymakers around the world worked assiduously to stabilize the financial system," he said. "As a result, although the economic consequences of the financial crisis have been painfully severe, the world was spared an even worse cataclysm that could have rivaled or surpassed the Great Depression."

### **BusinessWeek: Why the Obama Plan Is Working** (4/8/10)

The Standard & Poor's 500-stock index is up more than 74% from its recessionary low in March 2009. Corporate bonds have been rallying for a year. Commodity prices have surged. International currency markets have been bullish on the dollar for months, raising it by almost 10% since Nov. 25 against a basket of six major currencies. Housing prices have stabilized. Mortgage rates are low. "We've had a phenomenal run in asset classes across the board," says Dan Greenhaus, chief economic strategist for Miller Tabak + Co., an institutional trading firm in New York. "If Obama was a Republican, we would hear a never-ending drumbeat of news stories about markets voting in favor of the President."

...

"When you take it all together, the response was massive, unprecedented, and ultimately successful," says Mark Zandi, chief economist at Moody's Economy.com (MCO). Even Obama critics like Phil Swagel, assistant Treasury secretary for economic policy under George W. Bush, acknowledge that White House policies have been successful. "They could have done a better job" by spending more of the stimulus on corporate tax cuts to boost hiring and investment, says Swagel, now an economics professor at Georgetown University's McDonough School of Business. "But their economic policies, including the stimulus, have helped move the economy in the right direction."

While jobs have been slow to return, the country has experienced "an incredible productivity boom" that strengthens the economy for an expansion, says Greenhaus of Miller Tabak. Labor productivity, or worker output per hour, grew at a 6.9% annual pace in the fourth quarter, capping the biggest one-

year gain since 2002. Over the long run, productivity growth is what raises living standards. Corporate profits also have been rising, up 8% in the fourth quarter, putting businesses on a sounder financial foundation to invest and hire as customers return.

### **New York Times: Why So Glum? Numbers Point to a Recovery** (4/8/10)

The American economy appears to be in a cyclical recovery that is gaining strength. Firms have begun to hire and consumer spending seems to be accelerating.

...

The employment report for March, released a week ago, was a milestone that has been little noted. The household survey, from which the unemployment rate is calculated, showed a gain during the first quarter of this year of 1.1 million jobs, the best performance since the spring of 2005.

### **L.A. Times: Pent-Up Demand Explodes for Retailers in March** (4/09/10)

The nation's retailers had a blowout month in March as shoppers went on a spending spree that increased sales by a record 9.1%, providing the best monthly showing in at least a decade and offering bold new evidence that a strong economic recovery could be ahead.

...

Of the 28 retailers whose results were tallied by Thomson Reuters, 92% beat sales expectations. The group's 9.1% sales gain was significantly better than the 6.3% increase analysts had been expecting and marked the best month on record since the company began tracking data in 2000.