think that the problems we face are uniquely difficult. Much has been written about the economy and, if you accept certain assumptions from what you read, you might think that we are in the midst of a global depression. Yet, it is important to put the current economy in perspective. We might even try reviewing and analyzing some objective data.

Last quarter, GDP fell at a rate of 0.5%, which means that the total value of goods and services produced in the US fell by a half of one percentage point last quarter over the previous quarter . For the first two quarters of this year, GDP grew by 0.9% and 2.8%, indicating that economic growth is relatively flat this year, but that it is not falling off a cliff. This isn't the first time GDP has fallen and it won't be the last. A decrease in GDP after almost 6 years of increases is not positive, but almost predictable. No economy grows indefinitely and consistently; there are always temporary lapses. In fact, if you consider the media coverage of the economy over the past year and the consequent way people have been scared, it is remarkable that anyone is buying anything.

Some would say that we cannot only look at GDP, so let's look at other factors. Interest rates remain at historically low levels . This means that if you want to borrow money, you can borrow money inexpensively as a business or as a person. Loan volume in the country, according to the FDIC and contrary to what you read about the credit crisis, actually increased last quarter compared to the same quarter last year. Someone is getting loans and they are not paying excessive interest rates for them.

How about employment? According to the Bureau of Labor Statistics, unemployment sits at 6.7%. At this time last year, unemployment was 4.7%. The decrease in employment is not favorable, but historically an unemployment rate of 6.7% is not close to devastating. The 50-year historical rate of unemployment is 5.97%

the unemployment rate was 24.9%. During that same time period, GDP was falling dramatically, which created a devastating impact on the country. Americans have good hearts and empathize (as they should) with those who are unemployed, yet it would be easy to go too far in our assumptions on how the working population is currently affected in aggregate. If 6% of the people are unemployed, approximately 94% of the people are working. We should always shoot for full employment, but why would we view our efforts as poor when we don't quite make that mark? A good student might try to get straight A's, but getting an occasional "B" or "C" won't end the world.

Look at personal income today. Personal income is income received by individuals from all sources, including employers and the government. Personal income rose last quarter compared to a year ago according to the Bureau of Economic Analysis. Compared to five years ago, personal income has risen by 32.1% . Even considering that inflation was 18.13% over this period, people are generally making more money than they used to. This is another one of those statistics that can easily get bent to fit a story. You often hear things like "personal income fell last month by 23%", but writers tend to leave larger and more important statistics out. In this case, wouldn't you be more interested in trends over a quarter or a year? Using isolated statistics to fit your view is something that has become accepted and rarely challenged.

Next, there is inflation. The inflation rate measures the strength of the dollar you hold today as compared to a year ago. The inflation rate is currently 3.66%. Over the past 50 years, the inflation rate has averaged about 4.2% . Inflation remains well within control. Yet, would you be surprised to read a story next month citing an X% jump in inflation over the last day, month? I wouldn't be. (Ironically, the one thing about the economy that is alarming from a historical standpoint is our national debt, which gets some but not enough media coverage.

We now owe $10.6 trillion and have become a debtor nation over the past several

is no doubt that the economy has slowed, but slowness does not equal death.

It is true that the financial markets are a mess (and the depreciation of the value of equities is both scary and bad), but analysts typically go too far in ascribing the fall of the financial markets with the fall of a whole economy. The markets are an important component of the economy, but the markets are not the totality of the economy. No one can say whether conditions will worsen in the future. However, we have learned that the United States economy has been tremendously resilient over the past 200 years and will probably remain so, as long as the structural philosophies that it has been built upon are left intact. Americans are hard-working and innovative people and the country will be just fine.

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