Disappointing jobs report: 'Take with a note of caution,' says economist

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The U.S. economy gained far fewer jobs than expected in November, the Labor Department reported Friday. Payrolls increased by just 210,000, well under the expected 600,000.

But Scott Lincicome, a senior fellow at the Cato Institute, said to take the report "with a note of caution."

"The household survey shows a much better and improving labor market, including really important things like labor force participation, people actually getting back into the job market," said Lincicome to The National Desk's Jan Jeffcoat. "You just need to take a little time and wait for the revisions. And then of course, now we have to deal with omicron so it's a mixed bag."

The Senate passed a bill Thursday night to fund the government through mid-February, but rejected a separate measure to end vaccine mandates for private companies.

"The vaccine mandate is going to shut down our businesses in this country which is going to further disrupt [the economy,]" Sen. Steve Daines, R-Mont., told Fox Business Wednesday. "If there was a choice between shutting down the government for a couple of days versus shutting down businesses, better off to shut down the government."

Lincicome said that according to the Federal Reserve Board, the top concerns among businesses are keeping workers and vaccine mandate issues.

Even though these mandates tend to show pretty high compliance, about 95% or so. When you have a labor shortage that 5% matters a ton for keeping businesses open and operational," said Lincicome.

The other major issue to businesses, according to Lincicome, is "compliance and uncertainty."

"Right now the courts have stayed Biden's private sector mandate, but these deadlines are rapidly approaching," said Lincicome. "If you talk to small business owners they say that they can't afford to implement a compliance and testing regime and all of this, and then not have it happen. So they're just sitting on their hands waiting and none of that is really good for the economy."

The stock market has experienced wild swings since omicron was declared a variant of concern by the World Health Organization last week. As to how omicron could affect the economy, Lincicome said "it depends."

As the economy goes, as the virus goes," said Lincicome. "There is a chance that omicron could be good news if cases are very mild. But we just don't know yet."

Federal Reserve Chairman Jerome Powell said he would no longer be referring to current inflation woes as "transitory."

"I think it's probably a good time to retire that word and try to explain more clearly what we mean," said Powell to Congress on Tuesday.

According to Lincicome, stimulus spending has "certainly contributed" to inflation.

"It's inevitable that when you're cutting all those checks that people start getting back out into the market and spending that money, there's going to be a lot of dollars chasing a finite supply of goods, and that's even amped up more in the pandemic because people are buying more goods than services," said Lincicome. "The big question, and what we don't really know is, is this here, is this going to be a persistent problem going forward?"