

The Bears' Five Stages Of Grief

The economic bears have had it rough the past few years. They keep bashing the economy, but it keeps recovering. Watching them fight through the five stages of grief is educational. First there was denial, then anger (some are still in this stage), now it's bargaining.

The bears say, yes, the jobs numbers were good in February: nearly 300,000 private payrolls (with revisions) while the household survey showed 428,000. The unemployment rate stayed at 8.3% due to an increase in the labor force of 476,000. That gain undermined the bears' denial about the recent drop in the jobless rate, where they were saying it was all due to a shrinking labor force, with fewer people looking for jobs.

The bargaining has now begun and the bears are saying "job growth might be OK, and the labor force may be growing, but the jobs are inferior, low paying and of low quality." This is actually an *old* argument, the same one liberals used in the 1980s to denigrate the huge job creation in the Reagan expansion, calling them "McJobs."

It's true that temporary jobs, which make up only 2.2% of all private sector positions, have accounted for almost 13% of job growth in the past two years. But this is not unusual. Temp jobs are always more cyclical than the rest of the economy, falling more when the economy shrinks and rising faster when it recovers. At 2.2% of all private sector jobs, the share is still lower than the peak in 2000, as well as where it was in 2005-07.

It's true, as well, that health care jobs are expanding. But, in the past two years, health care jobs have held steady at just below 13% of all private-sector jobs. No increase in their share of the workforce. In other words, the growth in this sector mirrors job growth overall.

It's also true that jobs at bars and restaurants are growing faster than the rest of payrolls. But that's part of a long-term trend. In the past two years, 13.5% of all private payroll gains have been at bars and restaurants. But these same positions accounted for 15% of private payroll gains in 2003-07.

None of this is to say that that the job market could not be better, even much better. The expansion in the size of government over the past several years has resulted in slower job creation and slower wage growth than would otherwise be the case. The bigger the government, the smaller the private sector becomes and the less dynamic the economy. This undermines opportunity and interferes with free market growth. If you want to understand this, think jobs not created by the Keystone project, and the bankruptcy and job loss at Solyndra.

Shrinking the size of government over the next decade would accelerate payroll gains and raise living standards at a faster pace. But even these mistakes can't stop an amazingly resilient economy. The bears need to move toward acceptance. It could be better, but it ain't as bad as they think.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
3-12 / 1:00 pm	Treasury Budget - Feb	-\$229.0 Bil	-\$229.0 Bil		-\$27.4 Bil
3-13 / 7:30 am	Retail Sales - Feb	+1.1%	+2.1%		+0.4%
7:30 am	Retail Sales Ex-Auto - Feb	+0.7%	+1.5%		+0.7%
7:30 am	Business Inventories - Jan	+0.5%	+0.5%		+0.4%
3-14 / 7:30 am	Export Prices - Feb	+0.2%	+0.2%		+0.2%
7:30 am	Import Prices - Feb	+0.6%	+0.6%		+0.3%
3-15 / 7:30 am	PPI - Feb	+0.5%	+0.6%		+0.1%
7:30 am	"Core" PPI - Feb	+0.2%	+0.2%		+0.4%
7:30 am	Empire State Mfg Index - Mar	17.5	20.0		19.5
7:30 am	Initial Claims - Mar 10	355K	358K		362K
9:00 am	Philly Fed Survey - Mar	12.0	7.9		10.2
3-16 / 7:30 am	CPI - Feb	+0.4%	+0.4%		+0.2%
7:30 am	"Core" CPI - Feb	+0.2%	+0.2%		+0.2%
8:15 am	Industrial Production - Feb	+0.5%	+0.6%		0.0%
8:15 am	Capacity Utilization - Feb	78.8%	78.8%		78.5%
8:55 am	U. Mich. Consumer Sentiment	75.6	76.0		75.3