A self-sustaining economic expansion

Consumer confidence is up, and the upcoming jobs report is expected to be the most positive in many months. But the housing picture is still mixed, so are we on the recovery expressway? Jeremy Hobson reports.

KAI RYSSDAL: The American economy is this grinding mish-mosh of parts. Nothing happens in it that doesn't affect something else. So I want you to bear that in mind as I run down where we are, economy-wise, at we approach the end of the first quarter of 2010.

Consumer confidence is up, and we have all been spending more the past few months. Housing is kinda eh, to be honest. A key index out today, the S&P/Case-Shiller price survey, showed prices are up, but the rate of increase is slowing. The rebound in the housing market is slowing, that is. And jobs. The labor market's been getting less bad for a number of months now. When the March unemployment report comes out Friday morning, a lot of people expect we will finally see some significant hiring.

So what happens next? Marketplace's Jeremy Hobson has that story from New York.

JEREMY HOBSON: Get ready for a new phrase to describe what we're experiencing. Here's Mark Zandi, the chief economist at Moody's Analytics.

MARK ZANDI: The economic recovery is making a transition to a self-sustaining economic expansion.

"A self-sustaining economic expansion." Sounds pretty good, but he says it's a long road back to the top.

ZANDI: We've lost 8.4 million jobs, the unemployment rate is close to 10 percent, people's net worth is much lower than it was. I mean, it's going to take a number of years to get back to where we were before we got into this mess.

Still, Zandi doesn't anticipate a double dip recession. Neither does Liz Ann Sonders, the chief investment strategist at Charles Schwab, but she has her own concerns.

LIZ ANN SONDERS: You still have to keep an eye on -- and I think a lot of investors and consumers are -- the fact that we really haven't solved the debt problem in this country. We've really just shifted it from individuals who are starting to pay down that debt to the public sector -- in other words, government debt.

Much of which is related to the problem that led us into this ditch, the housing market. Dana Saporta is a senior economist...
at Stone and McCarthy Research Associates. She says that one uplifting home price survey we had today is just that -- one uplifting survey.

**DANA SAPORTA:** Housing really still is a mixed picture. We have housing starts very low, home sales are remaining difficult and we have so many foreclosures still coming down the pike that we expect a lot of these fire-priced homes to come on the market and drive prices down further.

Now they say economics is the dismal science, but this is ridiculous. Why can't these economists just admit that things are looking good? I asked Ronald McNeil, the dean of the business school at the University of Illinois, Springfield.

**RONALD MCNEIL:** When you're in the money, you can make mistakes and get away with it. The degrees of freedom are greater. But when you're not quite in the money -- caution, care, all of that goes into the mix.

And McNeil says all he has to do is look at the Illinois State Capitol out his window to know we're not quite in the money yet.

In New York, I'm Jeremy Hobson for Marketplace.

**COMMENTS**

By Jim Sochacki
From Mt Solon, VA, 03/30/2010

Houses are still way overpriced and this is a major part of the problem. However, even with all the earthquakes, hurricanes and tsunamis we still do not want to consider changing our lifestyles to have a more balanced economy that is in harmony with our Earth. I am sure our materialism that causes us to drill in the Earth, bulldoze the mountains and build on our farmlands has nothing to do with these natural disasters.

Let's look at southwestern Illinois where our president resided. It is a toxic cesspool that was overbuilt with overpriced houses and factories. There was a huge poverty class and a very wealthy class (which our president was part of). We did not hear any discussion about making an economy that was better for the plants, animals and people of southern Illinois until the market crashed. We are not coming up with economic plans that are going to restore southern Illinois to the paradise it once was. Instead, we will continue to mine away other parts of the Earth so these people can still live in this sad condition.

We can have a vibrant economy that is in harmony with the Earth and live a healthy fun life. However, we have to make great changes and learn how to use plants and animals ethically to make the products we need. We can grow our food and clothing locally. Imagine how this would improve our environment, our quality of life and our general happiness.

If instead of using the failed policies of students educated in lavish USA universities that teach entitlement, we used our minds to learn to live more like the Indians of North and South America imagine what it would be like.

We have Psalm 111 and the words of Jesus in Matthew 6. If we lived by these policies we would be a lot happier and healthier.

By Al Berto
From Los Angeles, 03/30/2010

Ms. Saporta used the phrase "fire-priced homes"-- weren't the prices inflated far beyond fair value? A lot of people are still under the misconception that 2007 home prices were correctly priced.

By Robert Bub
From Plymouth, WI, 03/30/2010

"Why can't these economists just admit that things are looking good?"

It sounds to me that economists are now expressing the same kind of reluctance that they had a few years ago to saying that we were in a recession. Only now it's the reverse situation.

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