

AMERICAN PUBLIC MEDIA

AMERICAN PUBLIC MEDIA PROGRAMS ▾

Contact About Local Air Times Newsletters Support Us Mobile RSS

Our Shows: **Marketplace Morning Report** **Marketplace** **Marketplace Money**

Go

Tuesday, March 30, 2010

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.



A pedestrian carries a shopping bag as he walks through the Union Square shopping district in San Francisco, Calif. (Justin Sullivan/Getty Images)

TEXT OF STORY

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 SONDEERS: 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.