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Recovery comes with stops, starts

Local economists encouraged by consistent growth.

By Jeremy P. Kelley
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This week's flood of conflicting financial data can make you wonder where the nation's economy is headed.

■ New claims for unemployment benefits hit a six-year low last month, according to Thursday's Labor Department report. But the accompanying job growth has been very slow, with total employment still below pre-recession numbers.

■ Corporate stocks have been soaring throughout 2013, but companies like Wal-Mart and Macy's said this week that they saw consumer spending slow down in the second quarter.

■ RealtyTrac cited a 6 percent increase in U.S. foreclosure starts between June and July. But that July number was still a whopping 38 percent lower than it was a year ago.

■ Computer networking giant Cisco said it earned \$2.2 billion during its second quarter, up 18 percent from the same time last year. But CEO John Chambers called the global economy "challenging and inconsistent" and announced 4,000 job cuts.

So which numbers matter, and where is the economy going? Local experts say it's stumbling along toward consistent growth.

"This is a slow, fitful re-

covery. It's not smooth or quick. There are stops and starts," said Miami University economics professor James Brock. "But as long as we go two steps forward for every one step back, we're getting better. And I think that covers what we're seeing going on."

Wright State economics professor Thomas Traynor agreed, saying that in a slow-growth environment, there usually will be a mix of positive and negative indicators. But he said more indicators are positive right now, and the long-term trends — which are largely positive since 2010 — are the most important to follow.

"(Last decade's recession) is not something we can just lightly get out of," Brock said. "It was a traumatic, devastating experience, and it's a long climb out."

There is data to show that climb continues. The three main stock market indexes have more than doubled since their March 2009 nadir, including a roughly 20 percent rise in 7½ months this year. Traynor said despite slow quarters for certain retailers, Census data shows that total retail spending continues to rise, both this summer, and over the past three years.

The national unemployment rate has improved from 10 percent in late 2009 to 7.4 percent today. Total nonfarm employment, which dropped by more than 8 million in 2008 and 2009, has risen every month since September 2010, according to the Bureau of Labor Sta-

tistics, regaining 6 million of those jobs.

"Initial unemployment claims ... have been falling steadily for several years," Traynor said. "This is good news since it indicates improvements in the labor markets and improving conditions for employers."

Sharon Wiley, operations manager for Graceworks Lutheran Services, which offers credit counseling locally, said Graceworks is seeing a slight decline in clients lately, and a clear decline from the worst of the recession.

But she agreed that the recovery in the job market is slow, and many are still struggling.

"More people are becoming employed, but they're underemployed," Wiley said. "They're not making the dollars they made before. That's the biggest difference."

David Wishart, an economics professor at Wittenberg University, said the shrinking size of the labor force is a real concern, because the nation won't produce as much. He said aggregate spending — by consumers, governments, businesses and foreign purchasers — has to go up for employment to increase.

Nationally, the number of Americans seeking unemployment benefits dropped 15,000 last week to a seasonally adjusted 320,000, the fewest since October 2007.

Brock acknowledged that despite gradually positive economic trends, many Americans seem hesitant to embrace the recovery.