Written by **Bob Adelmann** on April 12, 2018

New Weekly Unemployment Claims Remain Below 300,000, Longest Streak Since 1967

Unemployment claims fell last week to just 233,000, far below the historical average, cementing into place the longest streak below 300,000 jobless claims since 1967. A proxy for layoffs, those claims reflect not only an increasing reluctance on the part of employers to let their workers go, but an increasing need for them to bring more workers on in the face of an economic tsunami that's just now starting to roll into the American economy.

This is just one of many indicators reflecting a growing economy, including an unemployment rate at 4.1 percent, the lowest level since 2000 (and expected to move much lower in the coming months) and employers adding to their payrolls for 90 straight months — the longest economic expansion in history.

Keynesian economists consider that consumers drive the economy, using their pay raises to drive spending on consumer goods and services. Common sense economics — aka Austrian School economics — claims that is putting the cart before the horse: It is capital investment that drives the economy, providing goods and services that consumers discover that they need and want and are willing to pay for.

The classic example is Apple's iPhone, which no one knew they couldn't live without until the company offered it for sale. Founded by Steve Jobs and two classmates in 1976, the company had zero revenues. Today the company has 123,000 employees and revenues approaching a quarter of a trillion dollars.

Thursday's jobless claims report from the Labor Department shouldn't surprise anyone: Private employers have been increasingly optimistic about their economic futures and are now making plans to reinvest their tax cut "windfalls" back into their businesses.

The latest report from Big Four accounting firm PricewaterhouseCoopers (PWC) confirms that optimism. Its Trendsetter Barometer, now in its 21st year, has served as a leading economic indicator on where the U.S. economy is headed over the next 12 months. The current reading reflects the polling of 300 chief executive officers and chief financial officers across the spectrum of privately held companies that average $372 million in annual revenues. PWC then is taking the temperature of entrepreneurs who manage more than $100 billion of private capital. Right now that temperature is rising, according to PWC partner Ken Esch:

> The optimism levels that we're seeing are very high.... [They are at levels] we haven't seen since the early 2000s. Our survey participants are very optimistic about the U.S. economy, and it is

translating into revenue growth for them.

Two out of every three of those polled are hiring, or planning to hire, new people, which Esch says is "a very high reading historically." The reason? Says Esch: "[Those CEOs and CFOs] are confident that the demand [for their products and services] is there, and that the concern is centered around their ability to attract and retain qualified workers."

A deeper look into PWC's survey reveals just what those entrepreneurs are planning to do with their tax cut "windfalls" (improperly named as the money was theirs to begin with; part of it is being returned to them thanks to the new tax reform law). They are not planning on using it to increase their own salaries or bonuses, or even to pay down company debt. Instead 56 percent of them are planning to raise the wages of their workers, while 41 percent of them are planning to hire new workers. More than one-third of them are going to be increasing the capital investment in their businesses, while 29 percent of them are going to be investing those funds in increased research and the development of new products.

In other words, instead of "hunkering down" in the expectation of tough times ahead by paying down company indebtedness, they, almost to a man, are deciding to invest in the future. With that new investment will come new products, new services, and the need for more people to work for them. Like those 123,000 people who now work for Apple (which didn't even exist 42 years ago), those new workers will then enjoy higher standards of living as a result. It's the "trickle up" effect: New capital investment leads to new products and services, which leads to greater consumer satisfaction, which leads to a higher standard of living. It's an endless circle that spirals upward. Thursday's report from the Labor Department is just one more reflection of that accelerating spiral of activity fueled by increased private capital investment.

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