

Celebrating Workers

Labor Day was celebrated around the country yesterday and, as usual, when doing so there were speeches extolling the virtues of hard work and workers' contributions to America, as well as assertions about why the living standards of American workers have risen so much in the past few generations.

In turn, that often meant extolling the supposed virtue of government action and regulation, like government-enforced rights to collective bargaining, laws that set minimum wages and maximum hours, as well as rules about working conditions. In this worldview the key to helping workers is for them to vote for politicians who will, through government action, improve their lives.

By contrast, we think that when it comes to lifting workers' material standard of living, that government action should take a backseat (maybe even barely a seat at all) compared to free-market capitalism.

Worker compensation depends on the ability of employers at businesses of every size, ultimately led by an entrepreneur, to convert worker time and effort into more goods and services. In turn, that depends on new technology, which makes workers more efficient. Education matters, too, although we know of many successful entrepreneurs who dropped out of college. Well-managed companies make workers more productive; meanwhile some stalwart companies of decades past are focusing on things other than productivity and these companies and their workers will suffer losses.

In other words, rather than celebrating labor unions and government, Labor Day should be used to celebrate free-market capitalism.

It also should mean being on the lookout for obstacles to the free market, including growth in the size of government as measured by both government spending and regulation.

That said, there is something almost quintessentially American about Labor Day, as opposed to the celebrations of May Day in other places around the world. While claiming to celebrate workers, May Day is really about celebrating some intellectuals' conception of workers as a "class," or a block of voters or protestors who enable these intellectuals to seize authoritarian power in the name of those workers. This is not great for workers.

We say "almost" American because a Labor Day holiday rather than May Day is also celebrated in Canada, Australia, New Zealand, and Japan, some of the most prosperous places in the world. May Day is celebrated in some western European countries where, while living standards have not stagnated as much as in more socialist countries, growth and prosperity are starting to fall behind.

The bottom line is that prosperity for workers and entrepreneurs requires free exchange between these groups. They need each other and do better when they can interact outside the supervision of rent-seeking intellectuals and politicians who think they know better.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
9-3 / 9:00 am	ISM Index – Aug	47.5	47.5	47.2	46.8
9:00 am	Construction Spending – Jul	+0.1%	+0.1%	-0.3%	-0.3%
9-4 / 7:30 am	Int'l Trade Balance – Jul	-\$79.0 Bil	-\$78.9 Bil		-\$73.1 Bil
9:00 am	Factory Orders – Jul	+4.7%	+5.2%		-3.3%
afternoon	Total Car/Truck Sales – Aug	15.4 Mil	15.3 Mil		15.8 Mil
afternoon	Domestic Car/Truck Sales – Aug	11.8 Mil	11.7 Mil		12.1 Mil
9-5 / 7:30 am	Initial Claims – Aug 28	230K	232K		231K
9:00 am	ISM Non Mfg Index – Aug	51.1	51.1		51.4
9-6 / 7:30 am	Non-Farm Payrolls – Aug	165K	180K		114K
7:30 am	Private Payrolls – Aug	140K	160K		97K
7:30 am	Manufacturing Payrolls – Aug	-2K	-2K		1K
7:30 am	Unemployment Rate – Aug	4.2%	4.3%		4.3%
7:30 am	Average Hourly Earnings – Aug	+0.3%	+0.3%		+0.2%
7:30 am	Average Weekly Hours – Aug	34.3	34.3		34.2

Consensus forecasts come from Bloomberg. This report was prepared by First Trust Advisors L.P. and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors that are beyond the control of the Funds, FT Portfolios Canada Co. and its affiliates, and First Trust Advisors L.P. and which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on a fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise. This information does not constitute a solicitation or an offer to buy or sell any security. Commissions, management fees and expenses all may be associated with ETF investments. Read the prospectus before investing. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.