The bull market in U.S. stocks, which started on March 9, 2009, gets little respect. Those who have been bullish, and right, are mocked as “perma-bulls,” while “perma-bears,” who have been repeatedly wrong, are quoted endlessly.

We don’t have enough fingers and toes to count the number of times a recession has been predicted. Brexit, Grexit, adjustable rate mortgages, student loans, the election of Donald Trump, tapering, rate hikes, a 3% ten-year Treasury yield, Hindenburg Omens, Death Crosses, and two fiscal cliffs are just a few of the seemingly endless list of things that were going to end the bull market. (And the pouting pundits of pessimism are never held accountable for erroneously spreading fear.)

One staple of the bearish argument, and the one we want to discuss today, is that corporate profits have grown faster than GDP. This, the bears have claimed for years, can’t last. The argument is that there will be a reversion to the mean, profit growth will slow sharply and an overvalued market will be exposed. A close cousin to this argument is that stock market capitalization has climbed above GDP, signaling over-valuation.

Both of these arguments make fundamental mistakes: first, about the relationship between GDP and profits; second, about the correct measurement of GDP.

The economy is a combination of the public sector and the private sector. Most people think direct government purchases of goods and services, which were 17.2% of GDP last quarter, represents the full impact of government on the economy. But total Federal, State and Local spending (which adds in entitlement spending, welfare, and government salaries), as well as the cost of complying with government regulations, raises the number to 45% of GDP. And because the private sector pays for every penny of government spending, resources directed by the government are significantly larger than just purchases.

There is little doubt that the growth rate of productivity in the private sector is much stronger than in the public sector. In fact, it is probably true that productivity growth in the public sector is negative – directly, and indirectly - through the burden of regulatory costs. If 55% of the economy (private spending) experiences strong productivity, but 45% of the economy (the public sector) experiences negative productivity, overall GDP and productivity statistics are dragged down.

In other words, secular stagnation is a figment of the average – government has grown too big and is a drain on the economy. Yes, private sector growth (and profits) can grow faster than GDP. It’s not a bubble, it only looks like a bubble when looking up from the hole government has created.

The second important point is that GDP is a flawed measure of economic activity. It tracks final sales, but not “total” economic activity. A new car may cost $42,000, but the total amount of economic activity to build and sell that car (the total of all the checks written between businesses and consumers) is significantly more than the final cost of the car. Much business-to-business activity is not captured directly in GDP.

Mark Skousen has pushed for years for the Bureau of Economic Analysis to publish “Gross Output (GO),” which includes all economic activity. And in Q4-2017 GO was $34.5 trillion, nearly double the $19.7 trillion reading for GDP.

If you really want to compare the market cap of U.S. corporations to the correct measure of economic output, it is much more logical to compare it to Gross Output, not GDP. By that measure the market cap of the U.S. stock market is still well below overall economic activity.

The real issue here is that investors should care little about GDP. No one buys shares of GDP. Investors buy shares of companies, and profits are proof that productivity is strong in the private sector. Government distorts the picture, showing both a secular stagnation and “bubble” that don’t really exist.