WORDS AND PHRASES, ECONOMICALLY DEFINED BY THE TEXAN IN THE WHITE HOUSE

If the economy of the US is growing, but not at a fast-enough pace, to paraphrase the words of US President George W. Bush of Tuesday, January 28, it must be news to many an international economist – because statistics, gathered from a number of sources, including US Government sources, would lead one to believe that the opposite is true: The US economy is not growing, at all.

In fact, it might be true to state that the US economy is regressing.

On Tuesday, January 28, the US President addressed the US Congress and delivered his State of the Union Speech, saying, inter alia:

> *'… We must have an economy that grows fast enough to employ every man and woman who seeks a job. After recession, terrorist attacks, corporate scandals and stock market declines, our economy is recovering – yet it is not growing fast enough, or strongly enough. With unemployment rising, our nation needs more small businesses to open, more companies to invest and expand, more employees to put up the sign that says, "Help Wanted".*
>
> *'Jobs are created when the economy grows; the economy grows when Americans have more money to spend and invest; and the best and fairest way to make sure Americans have that money is not to tax it away in the first place …'*

President George W. Bush, then, went on to reiterate his plan for the US economy, proposing, among other things:

1. Income tax reductions, proposed for the years 2004 and 2006, *'be made permanent and effective this year'*;
2. Reduce the marriage penalty, today;
3. Raise child credits to $US1,000, now;
4. Treat foreign investors in the same way that the US Government treats its homegrown investors in respect of taxation, etc; and,
5. Revoke taxation on dividends.

Within 48 hours of The State of the Union Speech, being delivered, The Conference Board announced that The Conference Board's Help-Wanted Advertising Index – a key barometer of America's job market – *'dipped one point in December. The Index now stands at 39, down from 40 in November. It was 47 one year ago.'*

Mr Ken Goldstein, The Conference Board's Economist, stated:

> *'The labor market was flat at the end of 2002. Initial claims for unemployment insurance changed little in December, and the volume of help-wanted advertising remains close to the levels that*

have persisted since October (2002). *Consumer confidence slumped, reflecting concerns about when the economy would strengthen enough to breathe some life into the labor market. This describes an economy in a "soft spot" and shows few signs of any developing momentum. It probably won't be until Spring before hiring gains momentum.'*

The Conference Board surveys help-wanted advertising volume in 51 major newspapers, across the country, every month.

Because advertising volume has proved to be sensitive to labour conditions, this measure provides a gauge of change in the local, regional and national supply of jobs.

The latest, seasonally adjusted results of The Conference Board's surveys are:

	December 2002	November 2002	October 2002	December 2001
National Index	39	40	40	47
Proportion of Labour Markets with Rising Want-Advertising Volume	47 percent	43 percent	25 percent	73 percent
Unemployment Rate	6.00 percent	6.00 percent	5.70 percent	5.80 percent

On the same day that President George W. Bush waved the US flag in Congress, The Conference Board, also, announced that The Conference Board's Consumer Confidence Index *'dipped nearly two points in January.'*

The Conference Board stated:

'The Index now stands at 79.0 (1985=100), down from 80.7 in December. The Expectations Index declined to 81.4 from 88.1. The Present Situation Index improved to 75.4 from 69.6.

'The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board by NFO WorldGroup, a member of The Interpublic Group of Companies.

'"Overall readings continue to reflect the country's lackluster economic activity," says Lynn Franco, Director of The Conference Board's Consumer Research Center. "Now, with the threat of war looming, consumers have grown increasingly cautious about the short-term outlook."

'Consumers' expectations for the next six months are less optimistic than at year-end. Those anticipating business conditions to sour over the next six months rose to 14.0 percent from 11.0 percent. Those anticipating an improvement in the economy declined to 17.7 percent from 21.1 percent.

'The employment outlook was also less favorable. Consumers expecting fewer jobs in the coming months edged up to 20.9 percent from 20.2 percent. Those anticipating more jobs declined to 14.3 percent to 15.4 percent. Those anticipating an increase in their incomes decreased to 18.4 percent from 19.6 percent in December…'.

So, it would appear that there is a little disparity between the Whitehouse's economists and those in the employ of The Conference Board.

All indicators, scanned by **TARGET** over the past few years, have suggested that the US economy is not growing very much – if at all.

The war, which appears to be inevitable, now, between the US/United Nations and Iraq, is guaranteed to drain money away from the US economy and, with less money, flowing into the coffers of the strongest nation in the world, while an unprecedented amount of cash flows out of the US Government's coffers in order to finance its fight against terrorists and perceived terrorists, it is a foregone conclusion that the economy of the US will soften, even further.

(Please see TARGET Intelligence Report, Volume V, Number 15, published on Wednesday, January 22, 2003: **WHERE WILL PRESIDENT GEORGE W. BUSH GO FOR HONEY ?**)

Day after day, one is told of this company and that company, culling establishment levels.

Last Thursday, Coca-Cola announced that it was sacking 1,000 of its workers.

Yesterday, it was announced that WorldCom would cut almost 10 percent of its total staff levels: That is about 5,000 workers.

The requirements of private enterprise are very different from the requirements of the White House because, while the President of the US may make any statement about the US economy, whether or not it is totally accurate, private enterprise has to pay the piper when it gets its sum wrong.

WorldCom paid the price for some of its former executives' skullduggery, last July, with the telecommunications company, being forced to seek the protection of the US Bankruptcy Court – after admitting a $US9-billion accounting scandal.

Many companies in the US have, already, written off the year 2003 as being a bust, with little chance of there being any upward momentum.

While the President of the US wants to pour money, back into the economy, businesses in the US are having a great deal of trouble in selling their goods and services, domestically and internationally.

The European Union (EU) is in financial trouble and Japan is, still, dragging its financial feet.
Japan is unlikely to be able to pull up its economic socks unless the US can turn the tide – and there would appear to be little chance of that taking place in the near or intermediate future.

-- E N D --

While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

Site Meter