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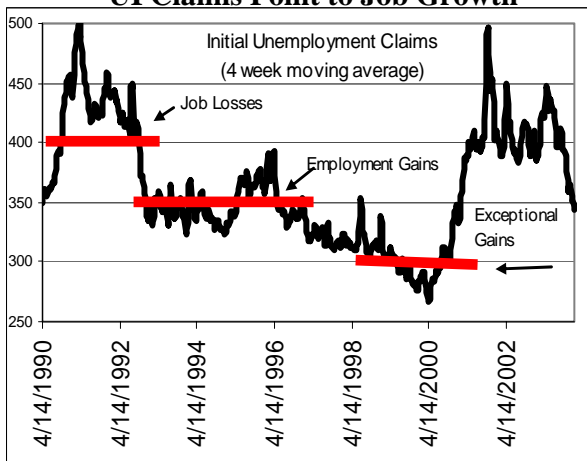
Jobs and Growth Tax Relief Reconciliation Act

ASA Employment Scorecard – 1/30/04

Employment Growth Is Set To Take Off

After an initial spurt of job creation at the end of 2003, anemic employment growth in December has led pundits to suggest the growth was a false alarm to rising employment growth. However, a perplexing situation has arisen because all the leading indicators of employment growth are pointing to significant job growth. Thus, two factors appear to be at play. First, the employment survey is not picking up all the new jobs being created and ASA expects to see revisions to previous employment reports in the coming months. Second, some lag time is occurring between the leading indicator data and the actual pace of job creation. This could be the case especially in light of businesses still being weighed by potential homeland and international security concerns. What is certain, however, is that job creation is set to explode in the coming months. The data below examines the employment indicators.

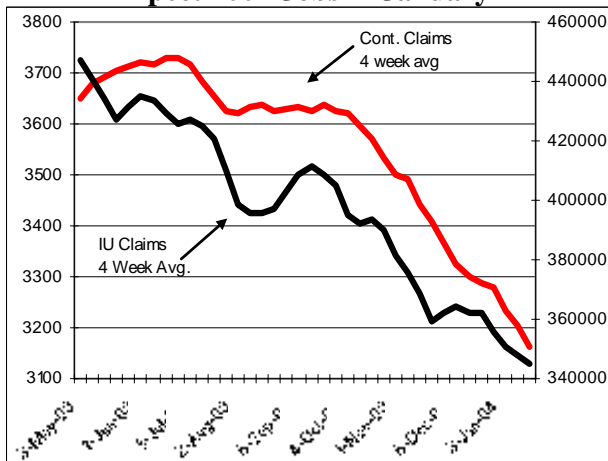
UI Claims Point to Job Growth



UI Claims Reach Historical Job Expansion Threshold

The most significant indicator of payroll employment is initial unemployment claims which have declined 23 percent since May of last year. The four week moving average has now fallen below the critical 400,000 mark for the 17th week in a row, thus indicating the hemorrhaging in the labor market is clearly over. More importantly, the downward trend of initial claims is now below the 350,000 mark for the third week in row, which historically points to sustained job creation. Moreover, the drop to 350,000 has taken place in the weeks between the December and January employment report and thus ASA is forecasting job growth to clearly outpace the dismal 1,000 new jobs created in December. Claims data shows the 4th quarter of 2003 was a transition period from job losses to slight job gains, while the 1st quarter will begin a period of solid, sustained increases.

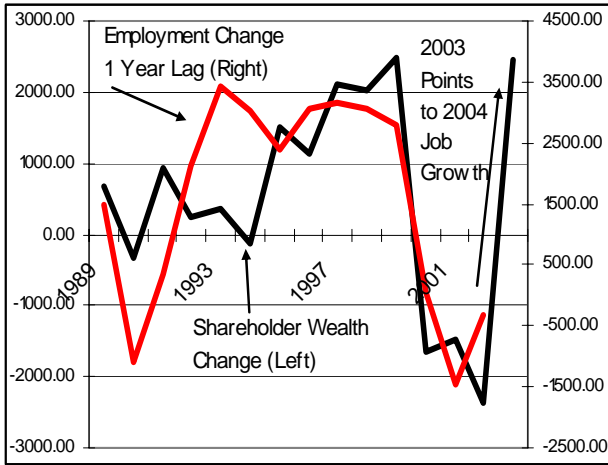
Expect 200k Jobs in January



Employment Recovery is Well Underway

The labor market recovery is well underway indicated by the substantial, sustained decline of both initial and continuing unemployment claims. Yesterday's claims report provided further indication of accelerating employment gains. Continuing claim drops indicate hiring has begun. In the weeks that the Bureau of Labor Statistics uses for the traditional employment survey continuing claims dropped by roughly 105,000 and initial claims fell by 15,000. This drop comes on top of another 100,000 last month which we believe was not picked up in the December employment report. The decline has been broad based across all regions of the country and the largest percentage drops have occurred in states with the highest unemployment rates. All told, the claims data indicates a large employment gain in January with more to follow in the months to come.

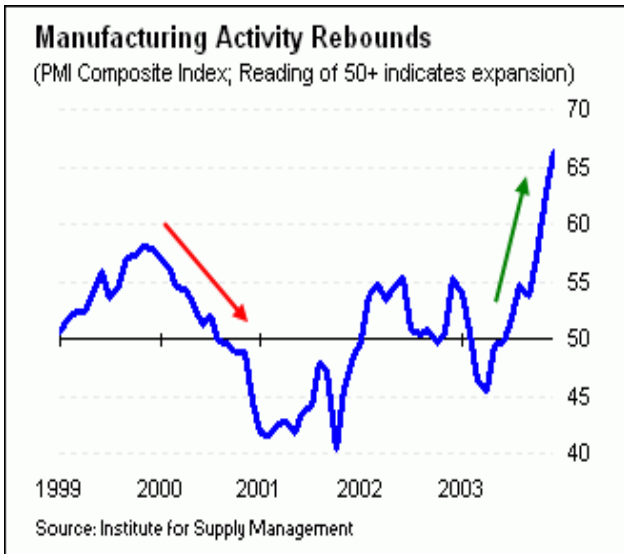
Wall Street Leads Main Street



Stock Market Is Leading Indicator of Employment

The stock market started the economic downturn in early 2000 and the stock market will lead the economic expansion going forward. In 2003, shareholder wealth increased \$2.46 trillion yet, employment declined. **Since 1979, every year the Wilshire 5000 Index increased in a year employment decreased the following year was followed with an increase in employment (see chart).** Conversely, of the seven years the Wilshire 5000 index declined, five of those years were followed with negative employment growth. Simply put, rising equity markets have increased the availability of financing for new investment. With low interest rates, 50% accelerated depreciation, corporate profits at record highs, balance sheets restored, and factory orders backed up, get set for an investment boom that will translate into significant employment growth in 2004.

Manufacturing Output Is Exploding

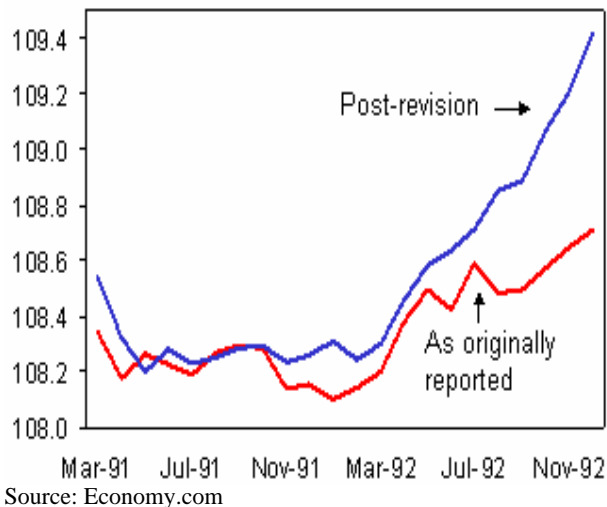


Manufacturing Jobs Ready to Break Open In 2004

Manufacturing has been the sore spot of employment, but that trend will reverse in the 2004. Since the tax cut was put into place, manufacturing activity has surged. Furthermore, the last two manufacturing surveys show an incredible increase in activity with readings above sixty for the first time since 1987. It is now apparent that the sustained increase in production is not a one time increase as a result of tax rebate checks, but rather a fundamental change in the economy as the tax cuts coupled with low interest rates reduced the cost of capital and thus has lowered the hurdle to new investment. With such rapid acceleration and orders backed up, business managers now have the confidence to start hiring. The survey data also shows that employment is positive in the manufacturing sector, but as of right now, the pick up in manufacturing employment has been in temporary work and is not classified as manufacturing. That will change in the months ahead as permanent work is established.

Source: Joint Economic Committee

Will History Repeat Itself? Total payroll employment, mil



Different Surveys Yield Different Results

Employment is measured in two ways which is yielding a difference of 3 million jobs since the end of the recession. The gap between the two surveys is now the largest it's ever been in the history of the two surveys. Small businesses are the first to hire out of a recession. The employment survey fails to capture small business hiring and the creation of new small businesses. In fact, coming out of the last recession, the employment survey completely underestimated employment and the subsequent revision more than doubled the amount of jobs being created in the economy (see chart). The data shows that a similar upward revision of employment data is on the horizon. The number of self-employed workers has increased by more than 500,000 small business income is up more than 10 percent annually. And small businesses received a tremendous lift from the accelerated income tax rate reductions and Section 179 expensing provisions of the tax cut.

Source: Economy.com