



# NEWS

## AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036  
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

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CONTACT: Jonathan Collegio  
John Santoliquido  
202-785-0266

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## Labor Market Rebounding As Jobless Claims Fall

*Jobless claims lowest in eight months, indicates job market recovery.*

WASHINGTON – The Labor Department (DOL) Thursday reported that new claims for unemployment compensation for the week ending October 4 fell to their lowest level in eight months, signaling that the economic recovery is falling into place on all fronts. This news comes on top of a DOL report indicating that the economy added 57,000 new jobs in September.

In the wake of this summer's tax relief, consumer spending and confidence have spiked and business spending and profits are rising, causing more and more firms to expand and consider adding new workers. Meanwhile, the financial markets have been on a tear, some reaching their highest levels in 20 months.

**“Cutting income, dividend, and capital gains tax rates, together with a generous money supply and low interest rates courtesy of the Fed, has been a dynamite combination for the economy,”** said taxpayer advocate Grover Norquist, President of Americans for Tax Reform. **“As a result of tax cuts that put more money in people’s pockets, consumer spending came around first and now the job market is following, which is always the way it happens during economic recoveries. Once businesses are satisfied that consumer confidence and spending are stable, as well as their profits, then they will begin hiring workers.”**

For the work-week ending Oct. 4, new applications for unemployment benefits fell by 23,000 to 382,000, the best performance since Feb. 8 and better than 395,000 mark forecasted by analysts. The four week moving average, which highlights trends in the job market, dropped by 11,500 last week to 393,500, also the best showing since Feb. 8. Economists agree that weekly jobless claims above 400,000 indicate a deteriorating job market, while a number below 400,000 signals a strengthening market.

The stock markets responded to the news Thursday with the Dow shooting up 87 points, or 0.9%, in early morning trading to a 16-month high of 9,718. The Nasdaq jumped 1.4% to a 19-month high, while the S&P rose 0.8% to a 16-month high.

**“The positive evidence on tax cuts continues coming in,”** said Norquist. **“Americans can take pride in this ongoing recovery because working hard and creating wealth and jobs makes this country work.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at [jcollegio@atr.org](mailto:jcollegio@atr.org).