



NEWS

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Businesses Confident Of Economic Recovery Add Jobs, Boost Inventories

Tax cuts boost consumer demand and business investment, spur job gains to replenish inventories.

WASHINGTON – On Monday, the Commerce Department reported a pickup in business inventories in September, while consumer spending and business sales also rose. Stockpiles of unsold goods increased for the first time in 6 months, indicating that businesses are confident of the economic recovery's staying power.

To keep pace with consumer demand and replenish their stocks, businesses added 125,000 new jobs in September and 126,000 more in October. Businesses are expected to continue hiring as they seek to keep shelves stocked ahead of the Christmas shopping season.

“As a result of cutting taxes, consumer spending and business sales have increased, causing businesses to hire new workers in order to keep shelves full,” said taxpayer advocate Grover Norquist, President of ATR in Washington D.C. **“Three straight months of job gains clearly indicate that businesses believe the economic recovery is here to stay. As further tax reductions come online in 2004, that belief will be amply justified.”**

Overall business inventories increased by 0.3% in September even as business sales rose by a substantial 0.6%, suggesting business output expansion. Overall industrial production rose by 0.5% in September with job gains as well as rising productivity contributing to that increase.

In September, wholesale and retail inventories rose by 0.4% and 1% respectively, though retail sales saw a slight dip of 0.3%. While factory inventories dropped by 0.4%, factory sales jumped by a solid 1.4%. Meanwhile, the stock-to-sale ratio – a measure of how long it will take to deplete stocks at the current sales pace – remained at a record low of 1.36% for the third straight month.

“Though inventories are increasing, they are still quite low which means companies will continue to hire more workers to build them up in advance of the Christmas shopping season,” continued Norquist. **“With more tax cuts on the way next year to spur consumer spending and business investment, further job gains will be another feather in the economic recovery cap.”**

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.