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A C C E S S

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In The Eyes of the Beholder

The principal mark of genius is not perfection but originality, the opening of new frontiers.
- Arthur Koestler

It seems these days that politicians are more carnival barkers than statesmen. In some respects you can't blame them. With the average American's attention span a little longer than a gnat's shin bone, it is hard to convey any meaningful information if it takes longer to explain than a 10 second sound bite will allow. Unfortunately when it comes to economics, things aren't always so simple.

I wrote in my November newsletter about the "jobless recovery". By now you may have heard about job growth in the month of March – an impressive 308,000 net new jobs were created. What you may not have heard about was the recalculation done by the U.S. Bureau of Labor Statistics for the first quarter of 2004. According to the revised numbers, our economy generated more than 500,000 net new jobs since January.

What about the 2 million jobs that have been lost since 2000 according to the U.S. Bureau of Labor Statistics? Another story that has curiously missed the headlines is that, according to the U.S. Bureau of Labor Statistics, the U.S. economy has added 18 million more jobs since the last recession of the 1990's (even *after* losing 2 million). In 1993, Labor Secretary Robert Reich proclaimed that the "jobless recovery" was over. The unemployment rate was 6.4%. Today this rate stands at 5.7 %.

Did everyone forget the tech meltdown of four years ago? How about all the companies that vaporized during that period? These companies employed many workers, and when these companies imploded, so did their work force. It is actually a testament to the resiliency of our economy that it was able to absorb as many of these workers as it did in the midst of an economic downturn.

Yes, but what about all of the manufacturing jobs headed overseas? As I commented in November, once your product or service becomes a commodity, the low cost producer wins. The key to success is innovation; not just in product design, but in production as well. The April issue of FORBES chronicled GE's medical equipment plant in Waukesha, Wisconsin. This plant has not had a layoff in the past five years. It would be easy to credit this with the fact that they build highly specialized machines, but this does not begin to tell the whole story. They have maintained their competitive edge by creative thinking. They have partnered with the local technical college to train workers for the specialized tasks they will be expected to perform. They have located plants near suppliers to cut down delivery time. They have looked at worker ergonomics to reduce lost time to injury and have installed radio signaled ID tags on inventory so it can be located and tracked through the production cycle. The end result of these changes – worker productivity is up 25% since 2001. This cost savings has helped them maintain their competitive footing.

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Politicians are quick to take credit, or place blame for the state of the economy. The reality is that our economy succeeds *despite* what goes on in Washington.

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