



Indiana Manufacturers Association
Indiana's Leading Voice for Industry

MEDIA RELEASE

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For immediate release August 2002

It's the Stock Market, Stupid!

By: Patrick J. Kiely, President, Indiana Manufacturers Association

Indianapolis— With the contentious Special Session complete, it's time to refocus for the months ahead.

Despite Wall Street, the underlying economy is in a recovery phase. Manufacturing indicators have been up for the past five months, the consumer is still hanging in there, and interest rates and inflation remain low. That's usually the kind of news that moves equity markets.

The downside – national security and numerous corporate accounting scandals. Both of these have rocked our basic foundation. They represent massive institutional failure. The federal government devours our earnings with promises to take care of our problems. We are supposed to believe that the FBI, CIA and NSA will keep us safe, and that the SEC will make sure we can invest with some trust in the numbers. How many now still believe this?

The danger we now face is a political attack on most of the business community that plays the game straight. That attack is in progress, and the Democrats in Congress are using it to gain control of the U. S. House of Representatives and keep the U.S. Senate.

The debt and equity markets are extremely important to the growth of the economy. The "wealth factor" is real; and although it is not as important as money supply and earnings, it is a major factor. I would argue that the Clinton campaign theme, "It's the economy, stupid," has now been replaced with, "It's the stock market, stupid." Sixty-percent of U.S. households now have money in the stock market. It's no longer just Wall Street, it's Main Street.

Major damage has been done, and it may take years to heal the wounds. Politicians will tell their constituents it was all caused by business. In times like these, associations have the most value. Only by speaking with a unified and informed voice can we defeat the interests who will use these times for self-centered political gain.