

Jobs Plunge 308,000

--The U.S. economy last month suffered its worst jobs drop since the aftermath of the Sept. 11 attacks, as worries about a war with Iraq led to widespread caution about hiring.--

BACKGROUND:

Statistics based on the household and establishment surveys, such as the one done by the Labor Department to determine the unemployment percentage, are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or sampling error, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true" population value.

For example, the confidence interval for the monthly change in total employment from the household survey is on the order of plus or minus 290,000. Suppose the estimate of total employment increases by 100,000 from one month to the next. The 90% confidence interval on the monthly change would range from -190,000 to 390,000 (100,000 +/- 290,000). These figures do not mean that the sample results are this inaccurate, but rather that there is about a 90% chance that the "true" change lies within this interval. Since this range includes values of less than zero, we could not say with complete confidence that employment had increased.

At an unemployment rate of around 4 %, the 90-percent confidence interval for the monthly change in unemployment is about +/- 270,000, and for the monthly change in the unemployment rate it is about +/- .19 percentage point.

STORY:

The U.S. economy last month suffered its worst jobs drop since the aftermath of the Sept. 11

attacks, as worries about a war with Iraq led to widespread caution about hiring. The Labor Department said on Friday payrolls outside the farm sector plunged 308,000 in February -- the biggest decline since a 327,000 drop in November 2001, just after the deadly airplane strikes on the World Trade Center.

The data sent the U.S. dollar spiraling to four-year lows against the euro. Stock prices initially slumped, only to recoup early losses on optimism Osama bin Laden was near capture. Treasury bonds traded mostly higher as some economists suggested the numbers boosted the likelihood of an interest rate cut by the U.S. Federal Reserve.

Payrolls had risen by 185,000 in January, a number that was revised up from the originally reported 143,000 gain. The unemployment rate rose to 5.8 % in February from 5.7 % in January.

Some of the big slide in payrolls may be due to the callup of U.S. military reserves because of the Iraq crisis coupled with harsh winter weather, a Labor Department official said. About 150,000 reservists have been called to active duty by mid-February in the Gulf buildup, a rise of a little more than 90,000 since mid-January, the Defense Department has said. When a reservist leaves a job for duty, it is reflected as a payroll loss unless they are replaced, said Nardone, chief of the division of the labor force statistics with the Labor Department's Bureau of Labor Statistics. The department could not gauge how many reservists had been employed, nor how many left jobs but were replaced.

The grim report came amid growing worry about the economy's health. Many economists think concerns about the impact of a potential war with Iraq, along with fears of possible new terrorist attacks, are a major factor in recent weak

IN THIS ISSUE:

- 4 Will the Show Go On?
- 5 BBall/RL Stevenson/Nike
- 6 Georgi Melenkov Succeeds Stalin
- 7 Piece of History: USSR (1922-1964)
- 8 Of The Week/ Order Information

growth. President Bush on Thursday said Washington would push the UN Security Council for a vote within days on a resolution backing action against Iraq, and said the United States was ready to go to war even if the resolution fails.

Worries about terror attacks also are weighing. The U.S. government on Feb. 7 raised the alert for a possible attack to the second-highest level, code orange. Although it lowered that a notch to yellow last week, lingering jitters appear to be dampening such industries as travel.

Earlier this week, Walt Disney Co. said the terror alert and war fears were hitting travel to the company's theme parks, leading it to freeze hiring in February.

Although the consensus forecast of economists had projected a slight rise in payrolls in February, several analysts had been revising their forecasts in recent days to anticipate a possible decline after a raft of downbeat signals, including a spike in applicants for jobless claims.

February's job losses were widely distributed across industries. Job losses in the retail sector were especially steep, with a fall of 92,000. Manufacturing jobs dropped 53,000 and construction jobs tumbled 48,000. In an unusual development at odds with signs of weakness elsewhere in the jobs report, average hourly earnings rose by 0.7 percent to \$15.08 after a 0.1 percent drop in January. However, the average workweek shrank to 34.1 hours from 34.3 hours in January.

BACKGROUND:

High unemployment leads to a poor economy. And President Bush's plan is to lead his nation into armed combat while cutting taxes. It represents a high-stakes gambit that has big implications not only for his presidency and international order but also for the economy. It's something that, quite simply, has never been tried in US history.

The risks are large. The undetermined costs of war in Iraq - coupled with new defense-related spending on Afghanistan, an antimissile

shield, and homeland security - would add greatly to federal spending.

Add \$2 trillion in across-the-board tax cuts, and it all raises a stark question: Can even the world's mightiest economy afford this? Some experts worry that, even if the short-run costs are manageable, surging budget deficits will eventually harm economic growth. If a war in Iraq goes badly, oil supplies could be disrupted and anti-American sentiment harden.

But the White House defends its moves by reversing the question and asking, can we afford *not* to? That is certainly Bush's argument on disarming Iraq - driven by security more than economics. A successful ouster of Saddam Hussein could open the door to a more stable Middle East, reducing the volatility of oil prices and boosting global business confidence. Tax cuts, meanwhile, could provide crucial short-term stimulus amid a stagnant job growth.

Pursuing large tax cuts and a war at once has no precedent in America, in part because the nation had no broad-based tax code before the 20th century. President Reagan showed comparable boldness, arguably, during his first term in the White House. In the early 1980s, he took what critics called a "riverboat gamble" on the economy, selling both a huge tax cut and a massive boost in defense spending.

President Bush's agenda of planned and proposed tax cuts totals more than \$2 trillion over a decade. Mr. Reagan figured "supply-side" economics - fueling economic growth by putting more money in taxpayer pockets - would prevent budget deficits from ballooning. So does Bush.

Robert Bixby, executive director of the Concord Coalition, doubts that extra growth from the Bush tax cuts will bring the budget back into balance. That would require a 4.3 percent growth rate in gross domestic product in the next five years, rather than the 3.3 percent projected by the administration, he estimates.

If the Bush plan doesn't work adequately, the deficit could grow to a politically embarrassing level. It could make both the budget

deficit and the international trade deficit harder to finance, weaken the dollar on foreign exchange markets, and maybe raise interest rates on consumers already stretched to keep up payments on their mortgages and car loans.

An Iraq war carries further risks: Even with a quick and relatively clean victory, the price of oil could rise above the \$41.15 a barrel level that it reached in October 1990 at the time of the Gulf War. And every penny-a-gallon increase in gasoline prices at the pump drains more than \$1 billion from the discretionary income of consumers. So, unforeseen oil problems could "push the global economy into recession."

Deficit spending, economists say, is not a problem unless it gets too large. In a sluggish economy, most economists would tolerate and even welcome modest deficits as useful stimulus. For now, the White House forecasts deficits that don't exceed 3 percent of GDP - including red ink of \$304 billion in 2003. But budget experts expect the deficit numbers to grow - maybe to \$500b a year. And economists are divided over whether tax cuts deliver long-term supply-side benefits.

Many Republicans, including moderates in Congress, are decidedly unhappy at the return of huge deficits after a brief span of large budget surpluses. Indeed, to critics, the risks of the Bush tax cuts are not as immediate as they are long run.

Will the Show Go On?

--Broadway musicians went on strike at midnight in a dispute with producers over the minimum size of orchestras, but the two sides are still negotiating.--

BACKGROUND:

On March 2, 2003 the agreement between Local 802, the musician's union, and the League of American Theatres and Producers covering Broadway's orchestras expired. Producers are threatening to further reduce and/or replace world-class orchestras - the 'heart of Broadway' - with prerecorded music.

From the earliest days of musical theatre, every Broadway house has contractually agreed to a minimum number of musicians. The minimums were mutually agreed on and evolved over the years largely based on the size of the theatre and standard musical theatre needs.

Over the last two decades, the evolution of Broadway has seen a wide variety of musical genres presented on stage with varying musical needs. In response to these changes, in 1993, Local 802 and the League reached agreement on language making those orchestra sizes flexible depending upon the musical needs of a show. A panel of prominent orchestrators, arrangers and musical directors now arbitrate any disputes over these artistic issues between the producers and musicians.

With the end of the contract, the Broadway producers now want to decide on the musical needs of a show themselves, not through arbitration. They want their creative teams to have more flexibility in determining how many musicians a show must hire instead of an "outdated minimum rule." Broadway producers complained at a news conference that many shows do not need the 26-musician orchestras required in the current contract, leaving them with "walkers," or hired musicians who sit on the sidelines collecting salary.

Local 802 says that this is an opportunity for the producers to replace many, if not most of the orchestra members with synthesized or digitally recorded musical sounds; saving the cost of these musicians' salaries and increasing the payoff to investors and theater owners.

Local 802 says that the producers ignore the fact that over the past ten years every single claim to artistic needs for a smaller orchestra has been resolved and many orchestras were reduced. Musicals have been presented with a wide variety of orchestra sizes and live Broadway has flourished. They say the decisions about the musical needs of a show are properly made by the composer, arranger, orchestrator and music director, often in consultation with the director and

choreographer. These are the people who should be involved in making these decisions and they have made clear to Local 802 that they are subject to producer pressure and depend upon the minimum orchestra requirements in the Local 802 contract. Without these minimums, they would not be able to create the musical theatre that has made Broadway so successful over the last decades.

STORY:

Will the show go on? Broadway musicians went on strike at midnight in a dispute with producers over the minimum size of orchestras, but the two sides were still negotiating. The union insists the fight to keep minimums — the number of musicians required for each show — is part of a larger battle to preserve live music on Broadway. The League of American Theatres and Producers see it in terms of artistic freedom, hiring only the musicians they say they need.

And as musicians became convinced the so-called virtual orchestras, computer-generated music brought in to replace them, wouldn't work well, they hardened their position on minimums and walked out Friday.

Originally producers proposed the number of musicians required for the large Broadway theaters be reduced to 7, a figure they later raised to 14 and most recently to 15. The minimums at those large theaters currently range from 24 to 26.

Eighteen musicals, from "Hairspray" to "The Producers" to "The Lion King," are dark through Sunday and possibly beyond, the first shutdown of shows in more than 25 years. Shutting down these 18 shows has cost about \$1.2 million per performance in terms of lost box-office revenue, or nearly \$5 million for all four performances this weekend.

Picketing took place again Saturday in front of theaters before what would have been matinee performances. Backstreet Boy Kevin Richardson stood with musicians in front of "Chicago," in which he plays shady lawyer Billy Flynn, while two stars of "The Producers," Brad Oscar and Gary Beach, were at the St. James Theatre with orchestra players from their show.

The strike boosted business for those productions, primarily plays, that are still open. The revival of "Cabaret," the one Broadway musical unaffected by the strike because it operates under a special contract, had 50 people in line Saturday morning when its box office opened. The show was expected to sell out throughout the weekend. "Frankie and Johnny in the Claire de Lune" sold 300 tickets between 7 p.m. and 8 p.m. Friday when word of the strike began to filter out. Business was also strong at "Take Me Out," the Richard Greenberg baseball drama.

The union has been aggressive in courting public opinion — producing audiences surveys saying that theatergoers don't want canned music (a term the producers hate), enlisting the support of Broadway composers such as Jerry Herman and John Kander, and having performers such as Patty Duke and Audra McDonald do radio commercials in support of the musicians. They were helped by the fact that actors disliked rehearsing with the virtual orchestras.

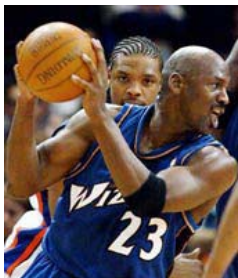
SIGNIFICANCE:

Broadway grosses have set new box office records in each year of the last decade, the one exception being 2001 when the impact of 9/11 was felt. However, by the summer of 2002, Broadway had bounced back and is now once again reporting record grosses. The profits of long running shows, particularly long running musicals, are measured in billions of dollars.

Many believe that audiences view Broadway Theatre as the pinnacle of this art form. Broadway is about quality: quality design, quality live performance, quality technical work and quality live music. New York is the destination for those who want to see the highest caliber of live musical theatre. Half of audiences are tourists who come to NYC just to attend the theatre. Studies have shown that Broadway generates \$4.4 billion in annual economic activity for the city. The question is: would they continue to come if there were fewer musicians per performance or even none at all?

SPORTS:

Jordan, Shaq, T-Mac on Fire



The NBA's three best performances on Sunday were turned in by stars of the past, present and future.

Overlooking the fact that his team lost, 40-year-old Michael Jordan's last appearance at

Madison Square Garden on Sunday was vintage MJ as Jordan nearly beat a rattled Knicks team all by himself. Also on Sunday, Shaquille O'Neal -- who turned 31 last week -- was his old dominating self, scoring 39 points in a Lakers win that cooled off the Sixers in a hurry. And one of the best young players in the league, 23-year-old Tracy McGrady, had 39 points in three quarters as the Magic drilled Denver.

WHO YOU NEED TO KNOW:

Robert Louis Stevenson

(1850-1894)



Robert Louis Stevenson was born in Edinburgh in 1850. The son of a prosperous civil engineer, he was expected to follow the family profession but finally was allowed to study law at Edinburgh University. In his early

twenties he became afflicted with a severe respiratory illness from which he was to suffer for the rest of his life; it was at this time that he was determined to become a professional writer.

At 26 years of age, Stevenson met Mrs. Fanny Osbourne, a married American art student who was studying in Paris. Fanny was 11 years older than Stevenson and had a son and a daughter. Stevenson fell in love with her, and in

1880, after Fanny's divorce, the two were married in Oakland, California.

Due to Stevenson's constant illness, which developed into tuberculosis, he traveled from place to place hoping to improve his health. The harsh nature of the Scottish climate forced him to spend long periods abroad looking for a place where he could live and work. Stevenson and his family finally settled on the Samoan island of Upolu in 1890. He bought a large estate and built a large house that he called "Vailima" (Five Rivers). There, he was loved by the native Samoans who called him "Tusitala" (teller of tales). On December 3, 1894, at the age of 44, Stevenson died of a stroke. The natives carried his body to the peak of Mount Vaea, where they buried him. His poem "Requiem" is inscribed on his gravestone as an epitaph.

Stevenson began his career by writing for the undergraduate Edinburgh University Magazine. He began publishing short stories and essays in the mid-1870's. His first and most famous novel is called, *Treasure Island*, and was published in 1883. Stevenson wrote many of his best books from a sickbed. Three of Stevenson's well known works include: *The Strange Case of Dr. Jekyll and Mr. Hyde*, *Kidnapped*, and *A Child's Garden of Verses*. When Stevenson died, he left two novels unfinished: *Weir of Hermiston* and *St. Ives* (*St. Ives* was finished by Sir Arthur Quiller-Couch). Stevenson's writings brought him great popularity during his lifetime.

ENTERTAINMENT:

Nike Is In Supreme Court

Do corporations have the right to defend themselves in the court of public opinion? That question is at the heart of the Nike v. Kasky case to be argued before the U.S. Supreme Court in April, and advertising lobby groups are worried that a gag order is about to be imposed on corporate speech.

Three advertising trade associations filed a "friend of the court" brief last Friday. In it, they argued that the Supreme Court should overturn a California Supreme Court ruling that public statements Nike made about its overseas labor practices constituted commercial speech and were therefore subject to claims of false and deceptive advertising. The Association of National Advertisers, the American Advertising Federation and the American Association of Advertising Agencies allege that the California ruling makes all companies vulnerable to such claims whenever they respond to issues of public debate.

Dan Jaffe, executive vice president at the ANA, said that if the California decision is upheld, it will completely transform how companies do business. "Everything a company says will be treated as an ad," Jaffe said.

At issue are statements Nike made in press releases in 1997 about conditions in its factories in Asia and a Nike print ad that said the sneaker company was doing a good job with overseas labor but could do better. Environmental activist Marc Kasky sued the Oregon-based company, arguing that the company's disclaimers about the working conditions of its overseas laborers constituted false advertising under California's consumer-protection laws.

Al Meyerhoff, who is representing Kasky through the law firm Milberg Weiss Bershad Hynes & Lerach in San Diego, says the case "raises the question of whether corporations can be held accountable about claims they make when those claims are used to sell products."

But Floyd Abrams, a New York lawyer specializing in First Amendment law, argues that the California decision threatens speech. "If Nike cannot defend itself in the court of public opinion without being subject to litigation, we will have less speech and less knowledge by the public."

Abrams said the threat is much broader than restraining corporate speech. Newspapers and broadcasters might not publish certain ads for fear of being sued themselves, he said.

THIS WEEK IN HISTORY:

March 7, 1953

Georgi Malenkov Succeeds Stalin

Just one day after the death of long-time Soviet dictator Joseph Stalin, Georgi Malenkov is named premier and first secretary of the Communist Party of the Soviet Union. Malenkov's tenure was extremely brief, and within a matter of weeks he was pushed aside by Nikita Khrushchev.

Malenkov was one of the few old-time Bolsheviks who had survived Stalin's bloody purges of the 1930s. A quiet figure, Malenkov was not taken seriously by many of his peers in the Soviet government, but under Stalin's watchful eye he proceeded up the Communist Party hierarchy throughout the 1930s and 1940s. By the late-1940s it was widely assumed that he would succeed Stalin. When Stalin died in March 1953, Malenkov took the position of premier and first secretary of the Communist Party. It appeared that he might have a reformist streak, as he called for cuts in military spending and eased up on political repression in the Soviet Union and the eastern bloc nations. These actions might have proved his undoing. In just two weeks, his main political opponent in the Communist Party, Nikita Khrushchev, had organized a coalition of political and military leaders against Malenkov.

In February 1955, this group voted Malenkov out as premier and a Khrushchev puppet, Nikolai Bulganin, took over. Malenkov seethed at this action and in 1957 joined in a plot to overthrow Khrushchev. When the attempt failed, he was expelled from the Communist Party. Instead of imprisonment, Malenkov faced the disgrace of serving as manager in a hydroelectric operation in Kazakhstan. He died in 1988.

Malenkov was a transition figure from the dictatorship of Joseph Stalin to the more moderate regime instituted by Nikita Khrushchev. In an ironic turn of affairs, Khrushchev eventually supported many of the Malenkov's reforms.

FEATURE:**A Piece of History:****Emergence of the
U.S.S.R. (1922-1964)**

The Union of Soviet Socialist Republics was established as a federation on Dec. 30, 1922 and the New Economic Policy started which installed the community (called soviets) as owners of land and property. The death of Lenin on Jan. 21, 1924, precipitated an intraparty struggle between Joseph Stalin, general secretary of the party, and Trotsky, who favored swifter socialization at home and fomentation of revolution abroad. Trotsky was dismissed as commissar of war in 1925 and banished from the Soviet Union in 1929. He was murdered in Mexico City on Aug. 21, 1940, by a political agent. Stalin further consolidated his power by a series of purges in the late 1930s, liquidating prominent party leaders and military officers. Stalin assumed the premiership May 6, 1941.

Soviet foreign policy, at first friendly toward Germany and antagonistic toward Britain and France and then, after Hitler's rise to power in 1933, becoming anti-Fascist and pro-League of Nations, took an abrupt turn on Aug. 24, 1939, with the signing of a nonaggression pact with Nazi Germany. The next month, Moscow joined in the German attack on Poland, seizing territory later incorporated into the Ukrainian and Belarussian S.S.R.'s. The war with Finland (1939-40) added territory to the Karelian S.S.R. set up March 31, 1940; the annexation of Bessarabia and Bukovina from Romania became part of the new Moldavian S.S.R. on Aug. 2, 1940; and the annexation of the Baltic republics of Estonia, Latvia, and Lithuania in June 1940 created the 14th, 15th, and 16th Soviet Republics. The illegal annexation of the Baltic republics was never recognized by the U.S. for the 51 years leading up to Soviet recognition of Estonia, Latvia, and Lithuania's independence on Sept. 6, 1991.

The Soviet-German collaboration ended abruptly with a lightning attack by Hitler on June

22, 1941, which seized 500,000 square miles of Russian territory before Soviet defenses, aided by U.S. and British arms, could halt it. The Soviet resurgence at Stalingrad marked the turning point in a long battle, ending in the final offensive of Jan. 1945. Then, after denouncing a 1941 nonaggression pact with Japan in April 1945, when Allied forces were nearing victory in the Pacific, the Soviet Union declared war on Japan on Aug. 8, 1945, and quickly occupied Manchuria, Karafuto, and the Kuril islands.

The U.S.S.R. built a cordon of Communist states running from Poland in the north to Albania and Bulgaria in the south, including East Germany, Czechoslovakia, Hungary, and Romania, composed of the territories Soviet troops occupied at the war's end. With its Eastern front solidified, the Soviet Union launched a political offensive against the non-Communist West, moving first to block the Western access to Berlin. The Western powers countered with an airlift, completed unification of West Germany, and organized the defense of Western Europe in the North Atlantic Treaty Organization (NATO). Stalin died on March 6, 1953, and was succeeded the next day by G. M. Malenkov as premier.

The new power in the Kremlin was Nikita S. Khrushchev, first secretary of the party. Khrushchev formalized the Eastern European system into a Council for Mutual Economic Assistance (Comecon) and a Warsaw Pact Treaty Organization as a counterweight to NATO. The Soviet Union exploded a hydrogen bomb in 1953, developed an intercontinental ballistic missile by 1957, sent the first satellite into space (Sputnik I) in 1957, and put Yuri Gagarin in the first orbital flight around the earth in 1961. Khrushchev's downfall stemmed from his decision to place Soviet nuclear missiles in Cuba and then, when challenged by the U.S., backing down and removing the weapons. He was also blamed for the break with China after 1963. Khrushchev was forced into retirement on Oct. 15, 1964, and was replaced by Leonid I. Brezhnev as first secretary of the party and Aleksei N. Kosygin as premier.

Quote of the Week:

The cruelest lies are often told in silence.

--[Robert Louis Stevenson](#)

Fact of the Week:

More than 50% of the people in the world have never made or received a telephone call.

Word of the Week:

cordón (kor'don) n. A line or series of military posts enclosing or guarding a place; a ribbon worn across the breast of knights of the first class of order

To order by **credit card**, please visit us at www.theweeklyreport.com/gift.htm

To order by **check**, please send

- Name and e-mail address
- Check for \$15.00 (*CA Residents: \$16.09*)
For a 3 month subscription

To: New Accounts; The Weekly Report;
19 Elda Drive; San Rafael, CA 94903

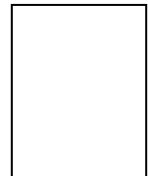
Thank You For Reading
And
Have a Great Week!

Please visit our web site at:

theweeklyreport.com

We will tell you
What You Need To Know!

The Weekly Report
19 Elda Drive
San Rafael, CA
94903



TO:

Empty rectangular box for recipient address.