

Factory orders skyrocketing; jobs still down

BY MARTIN CRUTSINGER
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WASHINGTON — Big-ticket orders to factories shot up almost 11 percent last year, the best performance in a decade and a promising sign for beleaguered manufacturers who have lost 2.9 million jobs since mid-2000.

But the rebound in orders, while translating into higher profits for manufacturing companies, was not spurring much rehiring of laid-off workers. Businesses are boosting production with smaller work forces, analysts say.

The 10.9 percent rise in orders for all of 2004 was helped by a 0.6 percent gain in December, which followed an even bigger 1.8 percent November increase, as the year ended on a strong note.

"Manufacturing came back later in this expansion than it normally does. But last year, it looks like it finally came back," said David Wyss, chief economist at Standard & Poor's in New York.

The annual increase in orders was the biggest since an 11.8 percent jump

in 1994 in the midst of the booming economy of the 1990s. In this decade, manufacturing has fallen on hard times, suffering a plunge of 10.6 percent in orders in the recession year of 2001 and a further 1.9 percent setback in 2002. Orders rose a modest 3 percent in 2003, not enough to recoup the losses of the previous two years.

The strong manufacturing gain was not enough to bolster spirits on Wall Street, where investors worried about rising oil prices and the upcoming elections in Iraq. The Dow

Jones industrial average fell 31.19 points to close at 10,467.40.

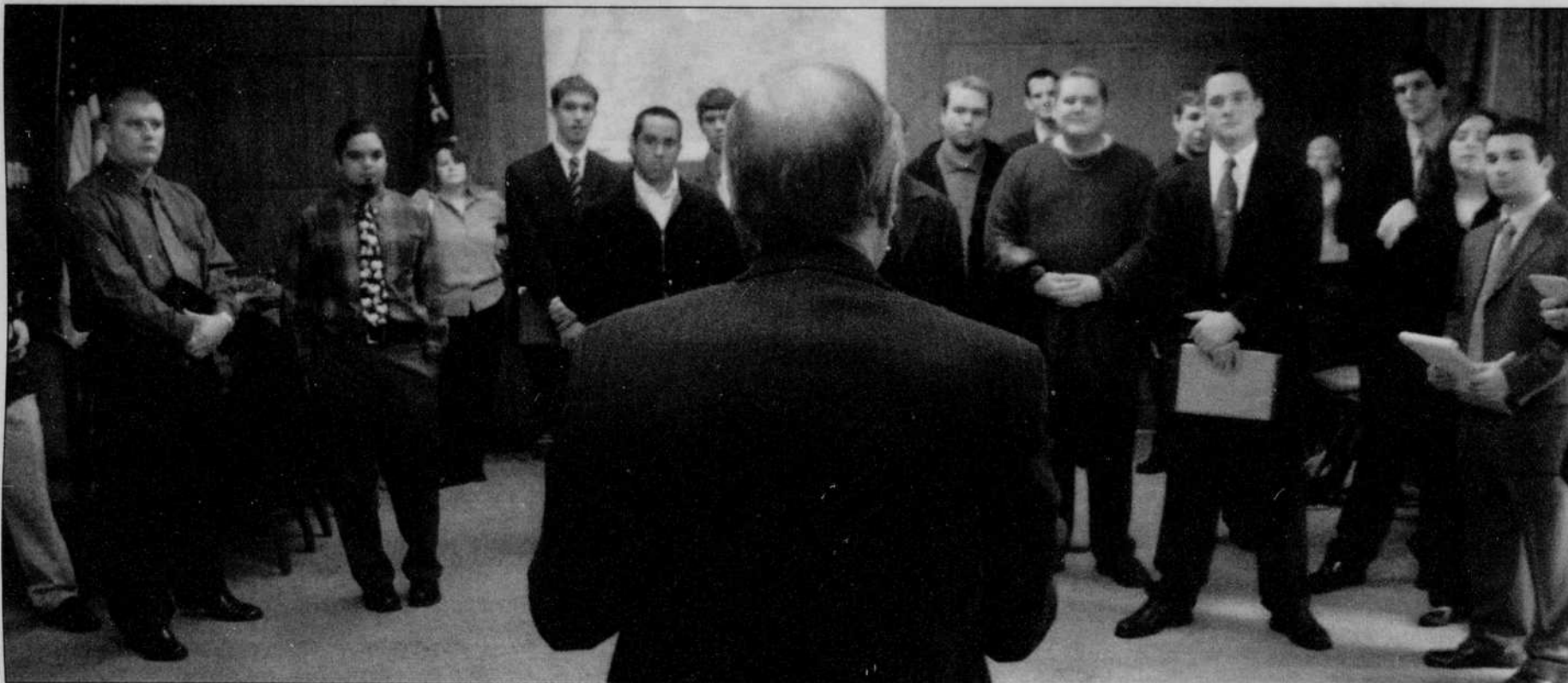
In other economic news, the Labor Department said 325,000 newly unemployed Americans filed claims for jobless benefits last week, an increase of 7,000. Claims in the previous week had fallen by the largest amount in more than three years.

Analysts were encouraged by the strong 2004 factory orders. It is this part of the economy that is expected to provide momentum for economic growth this year.

"A continued resurgence in business capital spending is critical for the manufacturing recovery in 2005," said David Huether, chief economist for the National Association of Manufacturers.

But economists cautioned that the rebound in orders probably will not translate into a surge in hiring. Manufacturing employment's most recent peak occurred in July 2000. Since that time, 2.9 million manufacturing jobs — one in six — have disappeared as U.S. companies have been battered by

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Gov. Ted Kulongoski invited about 20 Oregon Student Association representatives to a question-and-answer session in his office before the Thursday rally.

TIM BOBOSKY | PHOTOGRAPHER

Kulongoski: Governor's past gives him sympathy for low-income students

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have been given the opportunity by someone else to get where you're at," Kulongoski said to the crowd. "I believe that education is the great equalizer in our society. This is how people, regardless of race or ethnicity or sexual orientation or any other issue — if you give people the opportunity to have an education, they can contribute to this state and to our future and be an active partner in our society. This is where opportunity starts, by investing in education."

Kulongoski spoke of his own humble beginnings and the opportunity granted to him by the GI Bill to go to college.

"I grew up in an orphanage,"

Kulongoski said. He mentioned the time he spent serving in the Marine Corps, working in a steel mill and as a bartender, where he met his wife, who talked him into going to college.

"I had the opportunity, and I did end up going to college and on to law school on the GI Bill," he said. "Somebody gave me a chance. That's what this is all about. Giving you the opportunity to have the same chance that I had."

"I am committed to this, not for politics or for any other reason other than it is best for Oregon," the governor added. "This state has a very sad track record in investing in post-secondary education, and it has to change."

Petkun, who helped lead the event, was pleased that the

governor was taking an interest in higher education.

"I think anytime you have the opportunity to talk to the governor about the issues that are important to you, you're in a good place," said Petkun in an interview. "We're just so happy to have the governor's ear on our issues, and I think he's making the right decision by making an investment."

"The governor's recognition of this dilemma and his willingness to work toward a solution make it possible for many low-income students who would be unable to obtain college enrollment to do so," LCC Student Body President and OSA Vice Chairman Tony McCown said at the rally. McCown is a recipient of the Opportunity Grant.

McCown said in an interview that it was difficult for him to get the Opportunity Grant because he had been working full time before going to school, but didn't want to do so while attending college.

McCown's wife, Theya, attends the University.

"The fact that it's 55 percent of poverty level (to qualify for the grant) means that a family of two would have to make a maximum of \$10,000 per year in order to qualify," he said. "Last year was really hard on the two of us because we had both decided to go back to school full time, but we weren't receiving the grant money."

Kulongoski emphasized the importance of higher education on the state's future.

"We're trying to provide people with skills to compete in a global economy," Kulongoski said during the question-and-answer session. "If you see what China, India, Japan and other countries are putting into post-secondary education, ... we're going to get left."

"It is clear as to what's going on in the world. Our success as a state rests upon us in this building giving you the opportunity to build the future for Oregon," he said to the students at the rally. "One of these days, if anybody tries to (take the grant money away), you come back in force with all your friends."

"If this building takes it away from you, shame on all of us."

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