

Jack Welch provides an important lesson in corporate management to those who don't understand what makes an economy grow. Growth comes from businesses that are constantly striving to make themselves more competitive in a global marketplace.

As the article points out, many in the media believe a story isn't complete unless there is some bad news. Sometimes I think if the modern media had existed in biblical times, it would have written, "Moses laid down the Ten Commandments today, Five of which were immediately denounced by civil rights and environmental activists."

Jack Welch's article makes for instructive reading about why our economy just posted one of its strongest performances in recent memory.

THE 'BUT' ECONOMY
(By Jack Welch)

Guess what? There is an economic recovery under way, but you never would have known it last week when earnings reports came out. Even though many companies from battered sectors—including some companies left for dead just two or three years ago—recorded positive results, their successes were almost universally reported with the word "BUT" prominently featured. The stories in the papers and on TV went something like this:

Sales were up—but analysts warned that cost cutting explained most of the gains.

Earnings were up—but the mood of optimism was tempered by concerns about global competitiveness.

Cash flow was up—but the company still faces harsh tests in coming months.

Now, I am not claiming that the economy is fixed. It's not. And there are, obviously, challenges ahead if a full recovery is going to occur. It's undeniable, however, that most companies are posting significantly improved results. Not only can millions of hard-working people celebrate—they should. They've earned the right. That's why we can't rain all over the their efforts—their motivation and innovative spirit and can-do attitudes. Those good feelings, as any economist will tell you, are key drivers of company productivity and consumer confidence. The fact is a recovery will be a lot harder if we keep saying "but" about damn good news.

Two particularly glaring "but" stories from last week come to mind—Xerox and Lucent.

Xerox has been through the ringer. It's had accounting difficulties. It's paid millions of dollars in fines. It has experienced market-share erosion from product misses and non-competitive costs, and its employees and shareholders have suffered. Two grueling years later, however, Anne Mulcahy and her team appear to be turning the ship around. The company reported that its earnings grew 18% in the third quarter. From the reporting on it, though, you would have thought the company was still taking on water. The good results, it was reported, mainly came from cost cutting. Of course they did! While innovation is the lifeblood of business, cost competitiveness is a given if you want to win in the global economy.

Lucent is an even more dramatic case. For the first time since March 2000—that's 10 quarters—the company actually posted a profit, thanks to the persistence and creativity of Pat Russo, her top team, and tens of thousands of employees. It was time for a party. But Lucent's turnaround was spray-painted with "but" this and "but" that. The company's good results were subjected to the usual harangue about telecom industry spending and attributed mainly to cost-cutting. Oh no—not that again.

The good news out of other sectors got much the same treatment. Time Warner, which has angered its shareholders for a couple of years now, reported increased revenues and operating income in the third quarter. That news was pretty much lost in commentaries about the continuing saga of the company's Internet activities. Meanwhile, Citicorp and a slew of other banking industry giants were showing sensational results. What did you hear? Reserve provisions for bad loans were down. This "but" could have actually been cast as "because." For instance, "Earnings were sensational because, among other factors, reserve provisions are down as a result of improved risk management and a stronger economy."

Of course, you have to wonder—why all the grumpiness? Why has every cloud got a dingy gray lining? There are probably many reasons but two come right to my mind.

Go back to 1999, the last year that positive results were routinely reported. There was no "but" economy grouching then. And that's exactly the problem. The media (and pretty much everyone else) believed that trees did indeed grow to the sky. Very few asked, "How solid are these results? How long can they last? Will these markets grow forever?"

When the bubble burst, a lot of people got burned—and not just shareholders. Many people in the media had hyped companies that flamed out because they were based on unrealistic business models or turned out to be rotten to the core. They felt burned too. Today, when the media reports good news, it feels safer to stick "but" in every sentence.

The other reason is political. Back in the days of Clinton-bashing, the ideological divide in the country seemed like it couldn't get wider. Well, it has. Bush-hating has pushed it to new levels. Never before have Democrats and Republicans been more vitriolic in their disdain for each other; it feels like war. And frankly, what would be worse for the Democrats right now than an economic recovery? That's an awful big battle to lose as the election approaches.

Now, I'm not suggesting "irrational exuberance" again. First of all, it's not warranted (yet) and giddiness about the economy didn't really help last time. And I'm also not asking that people forget what happened during the boom. Some companies and executives absolutely earned the right to get nothing but disrespect and doubt.

If we are ever to get competitive again, though, we can't indiscriminately put a negative spin on what is legitimately good news. We live in a global economy; India and China get stronger and better every single day. To have a fighting chance, companies need to get every employee, with every idea in their heads and every morsel of energy in their bodies, into the game.

The facts are, companies are not bricks and mortar, but people, with blood and sweat and tears. People are the reason for the recent recovery, and people are the reason it will continue—if it does. That's why we need to tell the people who have earned it not "but," but "Bravo."

EXPRESSING GRATITUDE TO MEMBERS OF U.S. ARMED FORCES DEPLOYED IN OPERATION RESTORE HOPE IN SOMALIA IN 1993

SPEECH OF

HON. RAHM EMANUEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 2003

Mr. EMANUEL. Madam Speaker, I am proud to rise in strong support of H. Con. Res.

291, expressing gratitude to the members of the United States Armed Forces who demonstrated valor and dedication to the cause of freedom and humanitarian relief during Operation Restore Hope.

This year marks the tenth anniversary of the battle of Mogadishu, and I am very pleased to join with my colleagues in recognizing the courageous actions of the Army's Special Forces, the soldiers of the 10th Mountain Division, and members of the Armed Forces who were deployed to capture the terrorist warlord Mohammed Farah Aidid. Today we remember and honor the sixteen special operations personnel assigned to Task Force Ranger who were killed, and the sacrifices of another eighty-three troops who were wounded during one of the most intense firefighters in modern history.

We cannot forget the sacrifices of these soldiers, sailors, airmen and Marines. Their service should be recognized as a significant contribution to the war against terrorism and oppression. This resolution is important not only because it commemorates their enduring contributions on behalf of the people of Somalia, but also because of its symbolism that continues today in the fight against oppression and terror on the streets of Baghdad, Kabul and other hostile areas where we try to make people's lives better.

Madam Speaker, my thoughts and prayers go out to the families and friends of those who lost a loved one or were wounded in the battle of Mogadishu. I urge my colleagues to join me in expressing our appreciation to all those who volunteer to defend our Nation's freedom and to remember the sacrifices of all those who served.

RECOGNIZING THE HOLY CROSS ARMENIAN APOSTOLIC CATHEDRAL

HON. HILDA L. SOLIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 30, 2003

Ms. SOLIS. Mr. Speaker, I stand before you today to recognize one of the most historically rich institutions in the United States. On November 1, 2003, the Holy Cross Armenian Apostolic Cathedral of Montebello, California will be celebrating its eighty years of service to the Los Angeles Armenian American community under the auspices of their Prelate, His Eminence Archbishop Moushegh Mardirossian.

This historic occasion for the Holy Cross Cathedral is a culmination of leadership, dedication, commitment, and community work. Since its erection in 1922, Holy Cross is the second oldest Armenian Cathedral in the state of California and the oldest in Los Angeles County. For eighty years, Holy Cross has touched the lives of millions of churchgoers and other religious individuals looking for spiritual fulfillment. In addition, it has given positive direction to Armenian children and adolescents through their exceptional Mesrobian school system.

Additionally, Holy Cross's leadership has paved the way for other Armenian Apostolic churches throughout Southern California. Inspired by Holy Cross, over seven churches and congregations have been established. I am happy to note that all of them serve their congregations, youth, community, and country with all their love and energy.