

Measuring Economic Policy Uncertainty

Guide for Human Audit of Newspaper-Based Index of Economic Policy Uncertainty

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Overview

This document provides a guide to the human audit used to refine and evaluate the newspaper-based index of economic policy uncertainty in “Measuring Economic Policy Uncertainty” by Baker, Bloom and Davis. We use this guide as part of the auditor training process and as a reference tool.



Methodology

Frequently Asked Questions

Example Articles

Methodology Overview:1985-2012 period

1. Download articles from Dallas MH, Miami Herald, NY Times, LA Times, and SF Chronicle that pass our Economic Uncertainty filter: (economic OR economy) AND (uncertain OR uncertainty).
 - These articles comprise the audit universes, one per paper, from which we draw our audit samples.
2. Draw an audit sample for each newspaper.
 - Randomly sample from audit universe by month
 - Same sample size in each month
3. Assign sample subsets to auditors
 - Each auditor reviews articles from all three papers
 - Assign 1/5th of sampled articles to multiple auditors.
4. Review and code sampled articles
 - Auditor reviews articles in a randomized order

Methodology Overview:1900+ period

1. Retrieve articles from selected newspapers that pass our Economic Uncertainty filter: (economic OR economy OR industry OR industrial OR business OR commerce) AND (uncertain OR uncertainty).
 - These articles comprise the audit universes, one per paper, from which we draw our audit samples.
2. Draw an audit sample for each newspaper.
 - Randomly sample from audit universe in each year
 - Same sample size in each month
3. Assign sample subsets to auditors
 - Each auditor reviews articles from multiple papers
 - Assign 1/5th of sampled articles to multiple auditors.
4. Review and code sampled articles
 - Auditor reviews articles in a randomized order

Methodology: Sample Design and Assignment

1. Employ a two-stage sample design for each newspaper:
First, select months to sample. Second, randomly sample articles (without replacement) in the month.
 - In practice, we randomly sample a fixed number of articles per month per paper.
 - This two-stage design insulates the sample from changes over time in newspaper size, number of articles, and level of economic uncertainty.
2. Assign samples to auditors, with roughly $1/5^{\text{th}}$ of articles assigned to 2 or more auditors.
3. Randomize the order in which a given auditor reviews and codes assigned articles
 - Ensures that auditor “learning” does not bias an assessment of differences across papers or over time.

Methodology: Auditing the Sampled Articles (1)

Overview

1. Is the article about economic uncertainty, even if only to a limited extent?
2. If yes to 1, is the article about policy-related aspects of economic uncertainty, even if only to a limited extent?
 - The article need not contain extensive remarks about policy-related aspects of economic uncertainty, nor be mainly about economic policy uncertainty to be coded EPU=1.
 - However, if the article discusses economic uncertainty in one part and policy in another part but never discusses policy in connection to economic uncertainty, then do not code it as about economic policy uncertainty.

Methodology: Auditing the Sampled Articles (2): Coding Economic Policy Uncertainty (EPU=1)

Code an article as EPU=1 if it discusses policy-related aspects of economic uncertainty, even briefly.

Grounds for EPU=1 include remarks about:

- Uncertainty over who makes or will make policy decisions that have economic consequences
- Current and past uncertainty over what economic policy actions will be undertaken
- Uncertainty regarding the economic effects of policy actions
 - past, present and future
- Economic uncertainty induced by policy inaction.
- Economic uncertainty related to policy developments motivated by non-economic considerations – e.g., national security concerns

Methodology: Auditing the Sampled Articles (3)

3. If yes to 2, identify the policy category (checking all that apply):

- Monetary policy Fiscal policy Taxes
- Labor regulations Legal Policy Competition Policy
- Government spending Health care programs and regulations
- National security and terrorism Trade Policy
- Energy & environmental regulation, natural resources and commodities
- Entitlement programs, social safety net, welfare programs
- Financial regulation (including banking and equity markets)
- Political conflict and leadership changes
- Sovereign debt, exchange rate policy, foreign reserves
- Other policy matters (specify)

4. Code other aspects of policy uncertainty treated in the article: nature of policy uncertainty (is it about who, actions, or effects?), whether it is mainly about a decrease in uncertainty, and whether it discusses policy concerns in the home country (e.g., USA for the US EPU index) or foreign countries.

Methodology

Frequently Asked Questions

Example articles

FAQs – Some common issues

1. Are remarks about the accuracy of economic statistics grounds for EU=1?

Yes. If the remarks about accuracy are presented as an aspect of an uncertain economic outlook. Example: *“Although preliminary data point to an economic rebound, employers remain reluctant to hire because of doubts about the accuracy of the reports.”*

No. If the remarks about accuracy are unrelated to uncertainty in the economic outlook. Example: *“Market participants ignored the economic report, because it is based on a survey of uncertain reliability.”*

FAQs

2. Can an article be about economic policy uncertainty but not economic uncertainty (EPU=1 and EU=0)?

No. Economic policy uncertainty is a subset of economic uncertainty.

FAQs

3. If an article is mainly about other topics but briefly mentions economic policy uncertainty, should it be coded as EPU=1?

Yes. As an example, consider an article about New York fashion week that ends with this sentence: “*Demand for new clothing is uncertain because several states may implement large hikes in their sales tax rates.*” The article should be coded as EU=1 and EPU=1.

FAQs

4. If an article mentions economic policy uncertainty only in the past, should it be coded as EPU=1?

Yes. Any mention of EPU – past, present or future – should be coded as EPU=1. Likewise, any mention of economic uncertainty, should be coded as EU=1.

Example: *“Some economists claim that uncertainties due to government industrial policy in the 1930s prolonged and deepened the Great Depression.”*

FAQs

5. If an article mentions economic policy uncertainty abroad or economic uncertainty related to the policies of foreign governments, should it be coded as EPU=1?

Yes. Any mention of policy-related economic uncertainty warrants EPU=1, regardless of whether the policy, the effects or the economic uncertainty pertains to the home country or to one or more foreign countries.

FAQs

6. Must a passage contain “economy”, “economic” or similar word such as “finance” to warrant EPU=1?

No. A passage can discuss policy-related economic uncertainty without actually containing “economic” or similar words.

Example: *“The outlook for the H1B visa program remains highly uncertain. As a result, some high-tech firms fear that shortages of qualified workers will cramp their expansion plans.”*

This passage does not contain “economy” or similar words, but it clearly pertains to the economic effects of an uncertain policy outlook. Hence, it should be coded as EPU=1.

Another example: *“Uncertainty about U.S. military actions in Iraq are placing upward pressure on oil prices.”* Likewise, this passage clearly pertains to the economic effects of uncertain U.S. policy actions. Hence, it should be coded as EPU=1.

FAQs

7. Must the human auditor code an article as EU=1 or EPU=1 for the same reasons as the automated criteria?

No. The human auditor should code the article independently of how it is coded by the automated criteria.

Consider an article that contains these two passages:

- *“The government responded to intense economic uncertainty by cutting tax rates.”*
- *“It remains unclear whether the government will implement new incentives for small business hiring”.*

FAQs

7. Must the human auditor code an article as EU=1 or EPU=1 for the same reasons as the automated criteria?

(Continued)

The first passage triggers an EPU=1 value by our automated criteria, because it contains “economic uncertainty” and “tax”. The first passage does not provide grounds for EPU=1 by the human auditor, because it contains no reference to economic policy uncertainty. A policy response to economic uncertainty does not, by itself, satisfy the EPU=1 criteria. (Note: This example was developed when “tax” belonged to our “Policy” term set. Based on the audit work and term set optimization analysis, we dropped “tax” from the final “Policy” term set.)

The second passage does not trigger EPU=1 by our automated criteria, but it warrants EPU=1 by the human auditor, because it clearly invokes uncertainty about whether the government will implement new incentives for small business hiring.

FAQs

8. If an article contains “economic”, “uncertainty” and “tax” in the same sentence, must it be coded as EPU=1?

No. This FAQ is a special case of the previous FAQ, and the same principles apply.

Example: “*When our economic correspondent asked Senator X about the new tax reform proposal, he declined to answer because he was uncertain about the details of the plan.*” This sentence triggers EPU=1 by the automated criteria, but it does not provide grounds for the human auditor to assign EPU=1. (Note: This example was developed when “tax” belonged to our “Policy” term set. Based on the audit work and term set optimization analysis, we dropped “tax” from the final “Policy” term set.)

FAQs

9. Does any mention of a new, different or proposed economic policy in an article warrant $EPU=1$?

No. To warrant $EPU=1$ the article must state, imply or suggest (a) uncertainty about what economic policy will be adopted, (b) whether or when it will be adopted, or (c) uncertainty about its economic effects.

For example, the following passage does not by itself provide sufficient grounds for $EPU=1$: *“The President proposed a new budget that would increase government spending by 4 percent.”*

Suppose the same article continues as follows: *“Congressional leaders vow to oppose the president’s budget and fight for slower spending growth. Informed observers think they could derail the President’s budget plan.”* Taken together, the two passages imply uncertainty about future government spending, warranting $EPU=1$.¹⁹

FAQs

10. If an article discusses both economic uncertainty and government policy, should it necessarily be coded EPU=1?

No. An article that discusses both economic uncertainty and government policy may or may not indicate that the two are related in some way. If the article states, implies or suggests that economic uncertainty is affected by government policy actions, inaction, choices or consequences, then code it as EPU=1. If the article does not state, imply or suggest a relationship between economic uncertainty and government policy, then code as EPU=0.

For example, consider an article on consumer spending. Suppose the article says (a) a recent tax cut boosted consumer spending, and (b) an uncertain economic outlook restrained spending. If the article characterizes (a) and (b) as two unrelated influences on consumer spending, code as EPU=0. If the article indicates a connection between (a) and (b), e.g., that the tax cut affected the uncertainty of the economic outlook, then code as EPU=1.

FAQs

11. If an article discusses a policy response to economic uncertainty (EU), should it necessarily be coded as EPU=1?

No. Not unless the article points to a role for policy as an influence on or a source of economic uncertainty. For example: *“In response to growing economic uncertainty the government will cut tax rates by 10%.”* This statement is not sufficient to warrant EPU=1.

However, if the article mentions policy as a source of EU or suggests that policy or its economic effects are uncertain, code as EPU=1.

- Suppose the next sentence in the same article reads: *“One concern is that the tax cut will add to economic uncertainty by expanding the government deficit.”*
- Alternatively, suppose the first sentence reads *“In response to growing economic uncertainty, the government is considering whether to cut tax rates.”*

In both cases the article should be coded as EPU=1.

FAQs

12. Are remarks about uncertain tax revenues grounds for EPU=1?

Yes. If the article attributes uncertainty about tax revenues partly or entirely to uncertainty about policy choices. For example, consider an article that contains this passage: “The looming political fight over whether to extend the Bush-era tax cuts makes it extremely difficult to forecast federal income tax collections in 2011.”

No. If the article attributes uncertainty about tax revenues entirely to uncertainty about economic conditions (and it does not attribute the uncertain economic conditions to policy factors). As an example, consider an article that contains this passage: “The uncertain outlook for the local economy makes it highly uncertain as to whether the city will meet its tax revenue targets.” Of course, the same article may contain other passages that warrant an EPU=1 coding.

FAQs

13. Are remarks about policy uncertainty related to military actions or other national security matters grounds for EPU=1?

Yes. If the remarks refer to economic ramifications of the uncertainty related to military actions or other national security matters. For example, the following passage warrants EPU=1: “*Uncertainty about prospects for war in Iraq has encouraged a build-up of petroleum inventories and pushed oil prices higher.*”

No. If the remarks do not refer to economic ramifications. For example, the following passage is **not** sufficient grounds for EPU=1: “*The outlook for a peace treaty to end the war remains highly uncertain.*”

FAQs

14. Do discussions of uncertainties related to judicial decisions or other legal proceedings warrant $EPU=1$?

No. If the article merely remarks that a court case or other legal matter is yet unresolved, but it does not mention economic ramifications. In this situation, code as $EU=0$ and $EPU=0$.

No. If the discussion about economic uncertainties turns on the court's resolution of a purely factual dispute, e.g., whether a court will find that a company polluted a river and must pay damages. In this situation, code as $EU=1$ but $EPU=0$.

Yes. If the discussion invokes economic uncertainties related to whether and how the law applies. For example, an article that discusses whether government antitrust actions against Microsoft will lead to a break up of the company and a restructuring of the software industry warrants $EPU=1$. Likewise, an article about whether the U.S. Supreme Court will find the individual mandate provision of the Affordable Care Act to be unconstitutional warrants $EPU=1$.

FAQs

15. How should I code the *Down* field?

For EPU=1: Set *Down*=1, if passages in the article about policy-related aspects of economic uncertainty mainly discuss actual or prospective declines in uncertainty. Otherwise, set *Down*=0.

For EPU=0: Set *Down*=1, if passages in the article about economic uncertainty mainly discuss actual or prospective declines in uncertainty. Otherwise, set *Down*=0.

Note: We interpret “prospective declines in uncertainty” to include developments or policy actions that lower prospects for a future increase in economic uncertainty (for EPU=0) or economic policy uncertainty (for EPU=1).

FAQs

16. How should I code the *Who*, *Actions* and *Effects* fields?

For EPU=1 (and based on passages that discuss economic policy uncertainty):

Who: If the article discusses uncertainty about the outcome of elections or other contests for political power (who will prevail), set *Who*=1. Otherwise, set *Who*=0.

Actions: If the article discusses uncertainty about what actions will be taken by political leaders or government officials (what they will do, or when), set *Actions*=1. Otherwise, set *Actions*=0.

Effects: If the article discusses uncertainty about the effects of past, present or future policy decisions or government actions, or if the article attributes economic effects to a change in policy-related uncertainty, set *Effects*=1. Otherwise, set *Effects*=0.

FAQs

16. How should I code the *Who*, *Actions* and *Effects* fields?
(continued)

Notes: *Who*, *Actions* and *Effects* are not mutually exclusive. For example, an article that discusses uncertainty about who will win the next U.S. presidential election, uncertainty about what economic policy decisions or actions the winner will undertake after the election, and uncertainty about the potential economic consequences of the policy decisions or actions is coded as 1 for all three variables.

FAQs

17. How should I code the *Mention Foreign* field?

Answer: If passages in the article about policy-related aspects of economic uncertainty (for EPU = 1) or about economic uncertainty (for EPU = 0) mention developments, concerns or consequences related to foreign actors or their actions, set *MentionForeign*=1. Otherwise, set *MentionForeign*=0.

In a separate field, list the foreign countries and/or regions and foreign authorities (e.g., European Central Bank) that the article mentions in connection with uncertainty.

FAQs

18. How should I code the *Mainly Foreign* field?

Answer: If passages in the article about policy-related aspects of economic uncertainty (for EPU = 1) or about economic uncertainty (for EPU = 0) mainly discuss developments, concerns or consequences related to foreign actors or their actions, set *MainlyForeign*=1. Otherwise, set *MainlyForeign*=0.

Note: *MainlyForeign* involves a stricter test than *MentionForeign*. If *MainlyForeign*=1 for a given article, then *MentionForeign*=1 as well.

FAQs

19. How should I use the policy_term field?

Answer: If you code an article as EPU=1, use the policy_term field to record the main policy terms that the article uses in its remarks about policy-related aspects of economic policy uncertainty. For example, if the article discusses uncertainty about new clean air regulations, enter "clean air regulations" in the policy_term field and choose "i. Energy & environmental regulation, natural resources and commodities" from the drop-down menu in the category_code field. Enter as many terms in the policy_term field as needed to cover the main aspects of policy-related aspects of economic uncertainty discussed in the article.

In other words, use the category_code field to code the EPU category according to a structured list. Use the policy_term field to code the EPU category as described in the article itself.

FAQs

20. How should I use the p_terms field?

Answer: Use this field only when you select "p. Other policy matters that do not fit into categories a-o" in the category_code field. In that case, use the p_terms field to enter a summary description of the type of policy-related economic uncertainty discussed in the article. Your entry in the p_terms field may be the same as your entry in the policy_term field in this case.

FAQs

21. How should I code the “Coding Confidence” field?

Answer: Code this field with a value of 1, 2, or 3 based on how easy it is for you to code the EU and EPU fields:

- Set to 3 when you are highly confident that your EU and EPU codings are correct, and they are easy to determine.
- Set to 2 when the article requires extra care to determine your EU and EPU codings, but you are fairly confident that they are correct.
- Set to 1 for "hard calls":
 - Articles that require extraordinary care to correctly code the EU or EPU fields
 - Articles for which reasonable persons could reach different judgments about the correct EU or EPU codings, even when reading the article with extraordinary care.

Methodology

Frequently Asked Questions

Example articles

Example articles

The following slides contain several types of examples from newspaper articles:

True positives: Correctly computer coded as EPU=1.

False positives: Incorrectly computer coded as EPU=1, when a human reading reveals the article is not about economic policy uncertainty (Type I error).

False negatives: Incorrectly computer coded as EPU=0, when a human reading reveals the article is indeed about economic policy uncertainty (Type II error).

Hard calls: A variety of articles that illustrate “hard calls,” which we use to help our auditors calibrate their coding.

True Positive 1

Agriculture Secretary Says Wartime Budget Leaves \$171 Billion Farm Bill in Doubt

By ELIZABETH BECKER

Published: September 27, 2001

WASHINGTON, Sept. 26— Agriculture Secretary Ann M. Veneman said today that the Bush administration was uncertain whether there was enough money to finance the \$171 billion House farm bill, raising the possibility that farm subsidies might be the first

"The budget is uncertain," Ms. Veneman said at a hearing of the Senate Agriculture Committee. "I can't tell you where the budget is going to go with regard to anything."

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made clear that, regardless of budget factors, the administration did not intend to support continued rising subsidies for farmers, which it said distorted the farm economy. Today, she promised farmers that the administration would not leave them without a safety net.

The ranking senators on the committee were less circumspect in their criticism of the House farm bill, which is scheduled for a full vote next week.

Senator Richard G. Lugar of Indiana, the senior Republican on the committee, said it was irresponsible to even consider such a bill, which he said spent too much money on big grain and cotton farmers, undermined the American trade position and spent too much money in a time of war.

"It is inconceivable that the farm bill is going to be on the floor next week in the middle of a war," Mr. Lugar said, and he ridiculed the argument that \$20 billion a year in grain and

Code as EPU = 1, because the article discusses uncertainty surrounding the federal budget and particular factors related to agricultural subsidies.

True Positive 2

ATHENS — In the year since [Greece](#) received its first financial bailout, many things have changed. The country has reduced its budget deficit by 5 percent of gross domestic product. Workers have been hit by wage freezes and pension cuts, [prompting a growing popular outcry](#). The state has revealed for the first time how many people it employs, and tax collectors can now cross-reference swimming pool ownership with declared income to help determine wealth and [cut down on rampant tax dodging](#).

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Debt Rising in Europe

Related

[Greece Replaces Finance Minister \(June 18, 2011\)](#)

[Merkel Changes Stance on Aid to Greece \(June 18, 2011\)](#)

ROOM FOR DEBATE

Who's Going to Pay for Greece?

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But some things are harder to change. Asked if the state had the means, let alone the will, to properly collect taxes, Froso Stavraki, the head of the collectors' union, took a long drag from a cigarette. "Huge efforts have been made," she said in an interview in a cafe here last week. "But no, I don't think people are afraid of us."

A year ago, Prime Minister George Papandreou hammered out a \$155 billion loan agreement with the European Union, European Central Bank and the International Monetary Fund. In return, Athens pledged a range of structural reforms: cracking down on tax evasion, raising the retirement age to 63 and a half from 61 and a half, limiting early retirement and opening the so-called closed professions whose guilds grant limited

Now, as he comes back to Greece's foreign creditors asking for the next \$16.8 billion installment of aid — predicated on persuading Greeks to accept more tax hikes, wage cuts and the privatization of more than \$71 billion in state assets before 2015 — doubts have emerged about the government's ability to implement and enforce the measures it has already passed.

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Code as EPU = 1, because the article discusses uncertainty as to whether the Greek government will be able to implement and enforce austerity measures already passed.

True Positive 3

Executive Dip In Confidence

Manufacturing businesses' confidence slipped in April for the second consecutive month, partly because of uncertainty about the Clinton Administration's plans, Cahners Economics Inc. said today.

period for the industrial sector, rather than a reversal," Cahners said after surveying about 400 business executives. Its findings cover businesses in four areas sensitive to economic cycles, computers, construction, consumer goods and general manufacturing.

The Cahners business confidence index, which had risen for four straight months until March, fell to 66.3 in April from 67.8 in March and 68.9 in February.

Only 59 percent of the executives surveyed said business conditions were good or excellent, down from 62 percent in March. The portion of executives who expected improvement slipped to 71 percent in April from 79 percent in March.

The survey found that business executives want deficit reduction to be the top priority for the Administration, with 55 percent saying that should be the case. Twenty-nine percent of the executives said job creation through an economic revitalization program should be Government's top priority.

Code as EPU = 1, because the article attributes the decline in business confidence partly to uncertainty about economic plans and policies of the Clinton Administration.

True Positive 4

SHULTZ GETS A RIVERBOAT INTRODUCTION TO CHINA

By DAVID K. SHIPLER, Special to the New York Times
Published: March 02, 1987

American analysts are divided in their assessments of the implications of the crackdown for the economic liberalization that has been instituted. Some accept the official Chinese line that the changes will not be rolled back. Others say they believe the ascendancy of ideological hard-liners in the Chinese hierarchy signals a slowdown in the process of economic change, and possibly a retreat in the longer term.

Mr. Shultz is anxious to get a reading on this, especially since American business executives who are contemplating Chinese invitations to invest in joint enterprises have expressed uncertainty about the country's future course.

In a toast at tonight's banquet, Mr. Shultz endorsed China's economic liberalization by quoting a 1984 speech by Prime Minister Zhao, who "said that the key to progress 'lies in our efforts to emancipate our thinking in a bold way, to carry out reform with determination, to make new inventions with courage.' "

Mr. Shultz went on to declare: "Our political values differ profoundly. But greater openness has resulted in broader mutual understanding and respect. It is important that we remain open to

As if to reassure his guest, Foreign Minister Wu declared: "Our present policy of reinvigorating the domestic economy and opening to the outside world has proved to be effective and correct in the course of practice, and has enjoyed immense popular support. We shall implement this policy even better and in an all-round way."

Code as EPU = 1
because the article
refers to uncertainty
over the pace of
China's economic
liberalization policy.

True Positive 5

CURRENCY MARKETS; Dollar Posts a Broad Drop; Uncertainty on Rates Cited


Published: March 11, 1994

The dollar fell sharply against the German mark and other currencies yesterday amid mounting worries about the Clinton Administration's role in the Whitewater affair.

Adding to the pressures on the dollar was the growing view in the currency markets that the Federal Reserve was unlikely to act soon to push up interest rates further.

In late New York trading, the dollar tumbled to 116.79 marks, from 117.07 marks on Wednesday. It also fell to 105.30 Japanese yen from 105.80 yen.

The dollar first came under attack in Asian trading overnight, and it was besieged by selling throughout the New York trading session. It tumbled on rumors that a Washington-based economic consulting firm was circulating damaging information about the Whitewater real estate affair. The talk rippled through financial markets, pushing bond prices sharply lower and

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Code as EPU = 1, because the article attributes the decline in business confidence partly to uncertainty about inaction by the Fed.

False Positive 1, continued on next slide

New-Home Sales Jumped 8.6% in January

By ROBERT D. HERSHEY Jr
Published: March 05, 1997

The Government reported today that sales of new homes had risen 8.6 percent in January, but private analysts reacted with caution, suggesting that several factors might have skewed the figures.

In a second report, the Conference Board said that its index of leading indicators, designed to predict turns in the economy, climbed three-tenths of 1 percent in January, its biggest advance since May.

If the report on home sales is accurate, it would imply a renewed boom in housing -- a marked contrast to the prediction of Alan Greenspan, the chairman of the Federal Reserve, who told Congress last week that home building this year was unlikely to repeat its buoyant 1996 performance.

But private analysts, most of whom had expected a modest decline, were skeptical of the figures, released jointly by the Commerce and Housing and Urban Development Departments.

"We think it's probably too good to be true," said David F. Seiders, chief economist for the National Association of Home Builders. Everett M. Ehrlich, Under Secretary of Commerce for Economic Affairs, defended the agency even as he acknowledged that special factors had played a significant role.

Code as EPU = 0, because the article does not mention uncertainty about policy or policy effects. The automated filter codes the article as EPU=1, because it contains an incidental mention of the "Federal Reserve" chairman.

False Positive 1, continued

"The magnitude and direction are correct," Mr. Ehrlich insisted.

Two factors were responsible for the private analysts' skepticism about the housing report.

They contended that the seasonal adjustment process had been thrown out of kilter by the January 1996 blizzard and the exceptionally cold weather of January 1995.

Abnormally low sales in those two months may have resulted in an exaggerated increase this year, said Stuart G. Hoffman, chief economist at PNC Bank in Pittsburgh.

In addition, they pointed to a footnote in the Government's release disclosing that its data

Mr. Ehrlich said he was uncertain whether the upward bias would prove a one-time phenomenon or would show a permanently higher level of sales.

The long-term result would depend on whether the new process was merely capturing data faster or was picking up data that had previously been missed.

Compounding the uncertainty is the fact that the home sales figures always have a huge margin of error, plus or minus 11 percentage points. This means that the actual result for January, now reported at an annual rate of 870,000, may have ranged anywhere from 20 percent higher than in December to 2 percent lower than in December.

False Positive 2

Full of Doubts, U.S. Shoppers Cut Spending

By LOUIS UCHITELLE, ANDREW MARTIN and STEPHANIE ROSENBLUM
Published: October 5, 2008

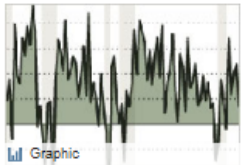
Cowed by the [financial crisis](#), American consumers are pulling back on their spending, all but guaranteeing that the economic situation will get worse before it gets better.


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Joshua Lott for The New York Times
"We're not selling S.U.V.'s and trucks at all. We saw it coming," said Raul Trejo. He is a mechanic at Lattof Chevrolet, a dealership in suburban Chicago which is set to close.

Multimedia



 Graphic
[Closing Their Wallets](#)

Back Story with The Times's Louis Uchitelle



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Oklahoma, said he had stopped eating at restaurants on the road, buying groceries instead.

financial outlook is uncertain: 401(k) accounts are dwindling, loans are hard to get and house prices continue to fall.

In response to the falling value of their homes and high gasoline prices, Americans have become more frugal all year. But in recent weeks, as the financial crisis reverberated from Wall Street to Washington, consumers appear to have cut back sharply. Even with the government beginning a giant bailout of the financial system, their confidence may have been too shaken for them to resume their free-spending ways any time soon.

Recent figures from companies, and interviews across the country, show that automobile sales are plummeting, airline traffic is dropping, restaurant chains are struggling to fill tables, customers are sparse in stores.


When the final tally is in, consumer spending for the quarter just ended will almost certainly shrink, the first quarterly decline in nearly two decades. Many economists, who began the third quarter expecting modest growth, now believe the cutbacks are so severe that the overall economy did not expand either, and they warn that a consumer-led recession could be more severe than the relatively mild one earlier this decade.

"The last few days have devastated the American consumer," said Walter Loeb, president of Loeb Associates, a consultancy, who said he worried that the constant drumbeat of negative news about the economy was becoming a self-fulfilling prophecy. "They all feel poor."

For some Americans, the pain is already acute: jobs disappeared at a faster clip in September. For many others, day-to-day finances are fine for now, but the

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Consumers are cutting back on air travel, whether for business or pleasure. Passenger volume is dwindling even faster than airlines can sideline planes and cut poorly performing routes. At [American Airlines](#), domestic passengers flew 11.7 percent fewer miles in September, while the airline cut 9.4 percent of domestic seats.

The consumer slowdown in recent weeks comes after spending drops in July and August, when tax rebates came to an end. The financial shocks on Wall Street accelerated the decline, along with limits on consumer credit imposed by some banks.

consumers have become quite concerned that the recession, which they think is already under way, will last longer than they anticipated and will be deeper," said Richard Curtin, director of the Reuters-[University of Michigan](#) Surveys of Consumers, describing the most recent poll. "They see their worst fears coming true."

False Positive 3

CREDIT MARKETS; Little Change in Treasury Prices

By KENNETH N. GILPIN
Published: February 14, 1991

Lethargy continued to rule in the credit markets yesterday, as prices of Treasury securities were little changed in light trading. But some market participants said certain investors were getting edgy.

Despite yesterday's weak retail sales report for January and a big downward revision in December's retailing figures, "some institutional accounts are concerned about the rise in the stock market and are starting to reassess their view on the economy," said John P. Costas, director of taxable fixed income at the First Boston Corporation.

Bond yields have fallen sharply over the last few months as evidence of the current recession has mounted. The recent rise in stock prices, however, has caused some to wonder how long the current economic downturn will last. A short, shallow recession followed by a return to economic growth -- a development the stock market currently seems to anticipate -- could possibly rekindle inflation fears and cause interest rates to rise. *Uncertain Message*

Mr. Costas said the uncertainty about the stock market's message had prompted some positions in long-term bonds to be liquidated.

Special note: This article was coded EPU=1 under our original filter for policy-related terms but not under our current filter.

Code as EPU = 0, because the article does not mention any aspects of uncertainty over policy or its effects, only uncertainty as to the implications of recent market moves. It mentions 'tax' in regards to tax-exempt bonds, so is coded as EPU = 1 by the automated search.

False Positive 4

Retail Sales Were Slow In February

By The Associated Press
Published: March 04, 1988

Sales were unexpectedly slow in February, the nation's largest retailers reported yesterday, producing some concern that the year-old bout of sluggishness in the retail sector is continuing.

"The results do not bode well for the economy," said Fred Wintzer, a retail industry analyst for Alex Brown & Sons Inc. in Baltimore.

Jeffrey B. Edelman, an analyst with Drexel Burnham Lambert Inc. in New York, agreed. "It's definitely indicative of a further slowing in the consumer sector," he said.

All market segments, from discount chains to the higher-priced department stores,

Experts fear that cautious spending could have a ripple effect throughout the economy, although increased exports is expected to pick up much of the slack. Consumer spending is the largest component of the gross national product, and when spending is sluggish, retailers order less merchandise. Manufacturers, in turn, lower production and may lay off workers. Those employees then decrease their spending.

Consumers have been spending slowly for about a year, and the analysts predicted that the trend would continue, despite an expected increase in sales before Easter.

"After that, we would expect to see a return to slowing or sluggish trends at least for the next few months," Mr. Edelman said.

David Wyss, an economist with Data Resources Inc., a forecasting firm in Lexington, Mass., said that consumers would probably increase their savings this year to hedge against economic uncertainty.

collapse last October also exacerbated worries about the economy, he said.

'Disappointing' Results

Code as EPU = 0, because the article does not mention uncertainty over policy or its effects. The automated filter codes the article as EPU=1, because it speaks about both consumer "spending" and "economic uncertainty".

Special note: This article was coded EPU=1 under our original filter for policy-related terms but not under our current filter.

False Negative 1

The negotiators will also be discussing where to establish the headquarters of the Free Trade Area of the Americas, a prize that Miami is pursuing with at least a half-dozen other cities from the Western Hemisphere, including Atlanta and Panama City. Economists have estimated that establishing the headquarters would create 15,000 jobs for white-collar professionals including diplomats, lawyers and accountants, in the host city.

"That kind of throughput of new professionals would generate phenomenal demand for financial services in Miami," said Thomas P. Noonan, president of the Florida International Bankers Association and chief executive of BAC Florida Bank, an institution with strong ties to several Central American banks.

Still, the formation of an Americas-wide trade agreement remains uncertain, mired in protracted disagreements, mainly between the United States and Brazil, over tariffs on agricultural products, like oranges and sugar, and differences on barriers to investment in areas including financial services and software licensing.

Miami, meanwhile, is struggling to rebuild its international banking industry, now in the fifth year of a slump. Since 1998, the number of foreign banks with agencies in Miami has dwindled to 36 from 42, while the number of representative offices has fallen to 15 from 20. Total assets held in foreign banks in Miami have declined to \$14.5 billion from \$20 billion five years ago, said David N. Devick, a financial control analyst at Florida's Office of Financial Regulation in Tallahassee. Loans at the Miami branches of foreign banks declined about 20 percent, to \$3.8 billion from \$4.7 billion, in the 12 months ended June 30.

Code as EPU = 1, because the article mentions uncertainty over the formation of a free trade area. The automated search incorrectly codes the article as EPU = 0, because it contains none of the terms in the "policy" part of our search filter.

False Negative 2

U.S. Companies Quietly Returning to South Africa

By BILL KELLER
Published: March 19, 1993

The advertisement spread across two pages of a Johannesburg newspaper pictures a bottle of pharmaceutical capsules and the announcement: "Now Legally Available."

The product on sale is not a drug, but the Windows computer program from the Microsoft Corporation, the American producer of software that withdrew from South Africa in 1986 when

an anti-apartheid boycott products, but now the long taboo into a

Although the African American doing business with the

South Africa, most of beachheads in Africa's

Already the waning of M&M candies, Tampa

since sanctions were imposed rose last year, from

Washington-based exports to South Africa

Last November the congress issued a "platform of guiding principles" for companies that invest here after sanctions, including codes of conduct governing worker rights, affirmative action and environmental policies. To the alarm of American businesses, some lobby groups professing to speak for the African National Congress have begun a push to have these guidelines enshrined in American statutes.

Mr. Manuel, the congress's chief economic spokesman, said any conditions on foreign investment in South Africa should be regulated by South African law and international treaties, not dictated by self-styled allies in America. "I understand the power of groups that have built South Africa as their life's work," Mr. Manuel said. "But we are now in transformation from anti-apartheid to pro-democracy. That process needs continuing support, but it is no longer the

Such confusing signals have contributed to a wider uncertainty about the African National Congress and its intentions if, as expected, it wins the majority role in a new government. Conversion From Socialism?

Although Mr. Mandela rarely talks any more about socialism and the need to nationalize industries, many businessmen wonder how deep the conversion goes.

"There's a kind of paradox really in the A.N.C.," said one executive whose company is contemplating a major project in South Africa. "There are those who are very welcoming toward investment, but then on the ground one encounters a more old-fashioned approach. When you get down to the operational level you find people aren't necessarily hearing what Mr. Mandela and others are saying."

The companies South Africa most hopes to lure here are big producers like the H.J. Heinz Company, whose food processing plants and canneries already employ 2,000 people in neighboring Zimbabwe. Heinz executives visited Johannesburg last June in search of potential partners, but backed away when negotiations on the country's political future broke down.

Code as EPU = 1, because the article mentions uncertainty about the policy intentions of the African National Congress, likely to hold a majority position in a new South African government. The automated search incorrectly codes the article as EPU = 0, because it contains none of the terms in the "policy" part of our search filter.

False Negative 3

CURRENCY MARKETS; Mixed Pattern Prevails For Gold and the Dollar

By The Associated Press
Published: July 07, 1987

The dollar was mixed in relation to other currencies in quiet trading yesterday, rising against the Japanese yen and weakening against the West German mark and British pound.


Gold prices were also mixed. The Republic National Bank in New York quoted bullion at \$448 an ounce at 4 P.M., up \$1.75 from Thursday's price.

Yesterday's currency trading was extremely light. Most American financial markets had been closed Friday for the Fourth of July holiday.

The dollar strengthened early yesterday in Japan and Europe but lost momentum later in the United States when it neared the top of its recent trading range, traders said.

The currency has been holding in a narrow range since last month, when the United States and other major industrial nations renewed their agreement to stabilize currency rates and coordinate their economies.

Traders sold the dollar yesterday when it rose to the upper end of the range because of uncertainty over when the nations' central banks would act to stem its rise, said Joe Cally, a trader for Prudential-Bache Securities Inc. in New York.

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Code as EPU = 1, because the article mentions uncertainty over the exchange rate policy among central banks. The automated search incorrectly codes the article as EPU = 0, because it never mentions any of the terms in the “policy” part of our search filter.

False Negative 4

Canada Is Expected to Join U.S.-Mexico Trade Talks

By MARK A. UHLIG, Special to The New York Times
Published: January 30, 1991

After months of high-level talks, the United States, Mexico and Canada have reached agreement to include Canada in negotiations toward a continentwide North American free-trade zone, diplomats and trade officials said today.

The agreement, which could be announced as early as this week, would make Canada a direct participant in talks that have been under discussion by the United States and Mexico since the middle of last year.

The negotiations envisioned in the agreement would seek to bind the three countries' economies in a common market that would include more than 350 million people and would be larger than the European Community. Such a huge unhindered market would encompass interests as diverse as the machine shops of northern Mexico, the financial district of New York and the farmlands of western Canada.

"Everything is ready," one diplomat said, describing preparations for the three-way talks. "It's just a matter of making the formal announcement."

Speculation about the possibility of continentwide free-trade negotiations has been strong since last year, when President Carlos Salinas de Gortari formally requested free-trade talks with the United States.

Canada quickly expressed interest in having a role in the new talks, but its status was left unclear amid uncertainty about how its inclusion might affect the United States-Mexican talks, which were considered a high priority by both countries.

President Salinas has sought to conclude a free-trade pact quickly to accelerate the economic growth that has become a hallmark and a crucial test of his administration. President Bush has also made an accord a central economic objective and has sought to complete it before it could become embroiled in the politics of the 1992 Presidential election year.

Code as EPU = 1, because the article mentions uncertainty over trade policy in North America. The automated search incorrectly codes the article as EPU = 0, because it never mentions any of the terms in the "policy" part of our search filter.

Hard Call 1

Lack of Power In the West Proves a Boon For Some

By SAM HOWE VERHOVEK
Published: December 29, 2000

Of all the ways in which the West's electricity problems are creating havoc in the marketplace for power, here is one of the strangest: there is a fortune to be made these days in not producing aluminum.

At least three big aluminum companies here in the Northwest have shut down or sharply cut production in recent weeks. Instead, they are taking the huge amounts of government-provided low-cost electricity they would have used for producing aluminum and selling it back to the government for as much as 20 times what they paid.

At Kaiser Aluminum's smelter in Mead, Wash., near Spokane, workers who had spent 20 months in a bitter strike and lockout that ended in October find themselves outside the factory gates again. Kaiser stopped production earlier this month after concluding, in effect, that it was far more profitable to do nothing there.

Under pressure from local and federal officials, Kaiser has agreed to pay its employees their regular wages and benefits for now, though it is unclear how long the company will continue to do so, as is the matter of when the plant will reopen. Its current federal contract could allow Kaiser to reap a windfall from reselling electricity through next October.

This article is an easy call to code as EU = 1. It should also be coded as EPU = 1 (and categorized under Labor Regulations), because it appears the uncertainty over how long employees will continue to collect regular wages and benefits while not working is at least partly tied to the stance of local and federal government officials.

Hard Call 2

REPUBLICANS, distracted by the turmoil unleashed by President Clinton's glandular life, have not dealt with the policy problem that was acute by the time Hurricane Monica sent America's political argument to the storm cellar. The problem is that Republicans espouse a doctrine the public rejects and that Republicans do not really believe -- the doctrine of limited government.

By 1998 Republicans had suffered twin calamities -- the hell of peace and the embarrassment of power. The passing of the Cold War devalued Republicans' defense and foreign policy credibility. And Republican control of Congress proved that Republicans do not mean their strictures against even the little bits of "big government."

Republicans have earned the enmity of the electorate by calling its bluff: the electorate resents the embarrassing revelation that it is only rhetorically conservative. Every part of "big government" has a constituency, and the entitlement programs have the biggest constituencies.

Now Republicans are experiencing a third calamity, the nightmare of surpluses, which seem to guarantee growth of government services without the irritation of increased taxation. About this dynamic, President Reagan was prescient. He hoped his tax cuts would be so stimulative to the economy that they would be partially self-financing, but he knew that if defense increases and insufficient domestic spending cuts produced large deficits, they would be beneficial by putting government on a short leash. Now surpluses have let it slip its leash.

It is romping like a Great Dane puppy, unrestrained by any memory of that short-lived "Republican revolution." With the important exception of welfare reform, the 1994 elections did not presage an era of new thinking about the scope of federal responsibilities. Rather, those elections began a flamboyant but brief final flaring of the Anti-Federalist persuasion -- the idea that most human desires and sorrows are not public problems, and for those that are, federal action should be the rare and last resort.

Clinton was interrupted by applause 104 times during his 77-minute State of the Union address, which was a deluge of sugary adjectives: "decent" incomes, "affordable" prescription medicines, "more affordable" student loans, "higher" academic standards, "sensible" school discipline, etc. Little of his laundry list may be enacted.

However, there probably is no Republican majority -- perhaps not even a significant Republican faction -- fundamentally opposed, as a matter of principle, to, say, Clinton's idea that ending social promotion in schools is a federal responsibility. Or to extending to employees of smaller firms coverage of the Family and Medical Leave Act.

An apparent paradox is that the richer the nation becomes, the more its politics concerns assuaging insecurities. That is partly because insecurity is a byproduct of the economic dynamism that is making the nation richer. Also, many modern developments, from medical technologies to public policies, offer the tantalizing hope that many insecurities once taken for granted can be banished.

But the apparent paradox is actually a clash of definitions of freedom. Republicans define freedom as an absence of restraints imposed by government. Democrats define freedom as an absence of necessity, which government exists to reduce. America has not moved as far as it thinks it has beyond the argument about the New Deal, when FDR insisted, "Necessitous men are not free men."

Code as EPU=1, because the last paragraph identifies the uncertain duration of the wealth creation surge as an influence on the public's "expectations for government guarantees against uncertainty...". The category is difficult to code, because the reference to "expectations for government guarantees" is quite vague. We recommend coding under "Entitlement programs, social safety nets, welfare programs", given the article's broader discussion.

The longer America's surge of wealth-creation continues, the lower the public's pain threshold becomes, and the higher the public's expectations for government guarantees against uncertainty and compulsion by events. Come the next bear market, it will be clear that Americans are all FDR's children.

Hard Call 3

Citicorp Joins Parade of Firms Leaving S. Africa Bowing to Pressure in U.S., Bank Will Sell Its Subsidiary by July 1: [Home Edition]

[Parks, Michael](#). *Los Angeles Times (pre-1997 Fulltext)* [Los Angeles, Calif] 17 June 1987: 1.
[Turn on hit highlighting for speaking browsers](#)

Abstract (summary)

Translate [unavailable for this document]

John S. Reed, Citicorp's chairman, said in New York that "current constraints" have made it "increasingly difficult to meet the needs of South African clients in the manner they have the right to expect." By "constraints," he meant both New York City and federal laws that penalize American companies operating in South Africa and prohibit new U.S. investment here.

Under the federal sanctions enacted last October, Citicorp was prohibited from lending to South African public agencies, dealing in South African government securities or extending new dollar credits to private borrowers, according to a Citicorp spokesman. More than 30 cities have laws restricting purchases of goods and services from companies that do business in South Africa. New York City's ordinance requires companies that wish to sell to the city to sign a statement saying that they do not sell to the South African military or police. If companies refuse to sign, their low bids may be rejected.

The Citicorp action came only two weeks after the Rev. Leon Sullivan, the Philadelphia minister who wrote a code of fair employment practices under which most American companies operate here, called for a complete break in economic relations with South Africa, including a total U.S. corporate withdrawal. But both Citibank and First National officials said there was no direct connection between Sullivan's demand and Citicorp's decision.

A difficult article to code: we recommend EU=1 and EPU=1 in view of the articles discussion of uncertainties and business threats related to anti-apartheid laws and sanctions. Given their nature, we code the category as Trade policy.

But a month ago, as anti-apartheid sanctions in the United States threatened profitable Citicorp operations there, and a hard swing to the right in white parliamentary elections appeared to reduce reform prospects here, the New York bank asked First National whether it was interested in buying its South African subsidiary. Negotiations followed quickly in London and Johannesburg.

Under the federal sanctions enacted last October, Citicorp was prohibited from lending to South African public agencies, dealing in South African government securities or extending new dollar credits to private borrowers, according to a Citicorp spokesman. More than 30 cities have laws restricting purchases of goods and services from companies that do business in South Africa. New York City's ordinance requires companies that wish to sell to the city to sign a statement saying that they do not sell to the South African military or police. If companies refuse to sign, their low bids may be rejected.

"In addition," a corporate spokesman added, "the **uncertainties** with regard to our situation had an impact on the members of our staff and their ability to realize their own full potentials as bankers."

Reed said First National, as South Africa's largest bank, "has the capability and position to capitalize on the opportunities of the business being sold and to realize the full potential of Citicorp's multiracial South African staff."

Hard Call 4

FEDERAL DEFICIT AT LOWEST POINT IN TWO DECADES

By RICHARD W. STEVENSON
Published: October 27, 1997

President Clinton will announce on Monday that the Federal budget deficit has fallen to \$22.6 billion, the lowest since the early 1970's, largely because of strong economic growth that brought a surge in tax revenue, Administration officials said today.

The figure, covering the Government fiscal year that ended Sept. 30, was within the range predicted by economists and Congressional analysts in recent weeks. It capped a year in which the economy drove down the deficit at a stunning rate, even before the balanced-budget agreement, reached by the White House and Congress this summer, took effect.

The Administration had started the year expecting a deficit of \$128 billion, and as recently as late summer, both the Administration and the Congressional Budget Office were predicting a deficit of \$34 billion to \$36 billion.

This article clearly warrants $EU=1$. However, nothing in the article attributes the uncertain aspects of the economy under discussion to policy. Therefore, it should be coded $EPU=0$.

"The area of **uncertainty** is, to some extent, how long will this surge in the stock market go on," June O'Neill, the director of the Congressional Budget Office, said several weeks ago.

Hard Call 5

Abu Dhabi vows to help banks ride out crisis

Barbara Surk, Tarek El-Tablawy, Associated Press

Monday, November 30, 2009

(11-30) 04:00 PDT Dubai, United Arab Emirates --

The United Arab Emirates has pledged to stand behind foreign and domestic banks in the country, offering additional money while extolling the strength of the Persian Gulf nation's financial sector as world markets brace for a potential day of reckoning today over Dubai's crushing debt.

The UAE's immediate priority arguably was to avert any run, however unlikely, on banks by panicked depositors. But the promise of cheap funds also signaled to global investors that the country's federal government - backed by oil money - will do what it can to limit the fallout from its indebted emirate's woes.

In a statement Sunday, the UAE's central bank said it had sent notice to Emirati banks and foreign banks with branches in the country making clear they would have access to "a special additional liquidity facility."

The offer comes after Dubai World, the conglomerate that has long been the chief engine behind Dubai's explosive growth, on Wednesday announced it needed at least a six-month reprieve from paying its roughly \$60 billion debt. The news sent global markets tumbling.

The central bank's announcement Sunday is the latest indication that Abu Dhabi is not about to allow its high-flying neighbor to derail after a decade of economic growth. The funds would be offered at 50 basis points - a half-percentage point - above the Emirates' interbank offered rate.

Even if a bank run is averted, however, UAE officials have plenty of other worries. The lingering **uncertainty** about how Dubai officials will deal with this crisis is a sore point.

Code this article as EPU=1, given the reference to "lingering uncertainties" about how Dubai officials will respond to the crisis. In addition, other passages in the article (a) attribute the crisis, in part, to Dubai's accumulated debt, and (b) portray the UAE's support for banks in Dubai as an uncertainty-reducing policy action. For the category codes, check "Monetary Policy" and "Sovereign debt, exchange rate policy, foreign reserves."

Hard Call 6

Why is California attacking recycling?

Tim Shestek

Monday, June 7, 2010

Recycling is under attack these days, threatened by tough economic times, public confusion, uncertain markets for materials. But the most potentially damaging attack originates from wildly shifting public policy epitomized by a pending proposal in Sacramento that would ban plastic bags.

The recent opinion piece ("Is recycling worth it?" Open Forum, May 24) made the point that recycling is a business, not a religion. True, but this business operates in the public arena, requiring participation by folks who are not in the recycling business. And because recycling can conserve our planet's resources, it's more than a disinterested exercise in free market capitalism - it's a public good.

Unfortunately, this public good is subject to the whims of politicians, on both sides of the aisle.

California legislators are debating AB1998, a bill that would dismantle the statewide plastic bag recycling infrastructure they voted to establish only four years ago. That law requires large grocers to offer recycling bins for single-use plastic bags. These bins can accept so much more than plastic grocery bags: plastic dry cleaning bags, plastic bags used to deliver The Chronicle and countless other newspapers, as well as plastic wraps from bread, paper towels, cases of soda and other products.

This is a remarkably uncomplicated and efficient recycling program. A Californian can simply collect these bags and wraps, gather them in a bag under the kitchen sink or in the garage and then drop them in a collection bin on the next shopping trip. California recyclers and other companies then turn these products into long-lasting decking products, city park benches and recycled plastic bags and wraps.

And it's working. While the EPA estimates about 13 percent of plastic bags are recycled, the amount is rapidly growing. More than 832 million pounds of bags and wraps were recycled in 2008, a 28 percent increase since 2005. Plastic bag recycling in Los Angeles County grew 62 percent from 2007 to 2009.

Like other recycling success stories, this program started out small. Some years back a (then) small company called Trex found an innovative use for those plastic grocery bags that don't get reused at home for carrying lunches and dog duty: plastic-wood composite lumber. By partnering with grocery stores to set up collection bins, Trex kept plastic bags out of the waste stream and combined them with wood waste to create a long-lasting product for backyard decks, playground equipment and fences. There are now more than 15,000 bins across our nation.

This program is cost-effective, ecologically helpful and solutions oriented. Why would California pass a law encouraging plastic bag recycling and then dismantle the program when it shows success? Why crush supply of this valuable material when California recyclers are demanding all they can get?

This article is a hard call. The discussion of uncertainty about the prospects for particular recycling laws in California, and references to the impact on companies in the recycling business, provide a reasonable basis for coding EU=1 and EPU=1. However, neither the discussion of uncertainty about recycling laws nor the connection to business activity is very clear. So it also reasonable to code the article as EPU=0. Either way, the lead sentence's remarks that recycling is "threatened" by tough economic times and "uncertain markets" warrant EU=1.

Hard Call 7

Tremors From Occupation of Kuwait Are Felt Throughout Persian Gulf Region: [Home Edition]

[WILLIAMS, NICK B. Jr. *Los Angeles Times \(pre-1997 Fulltext\)*](#) [Los Angeles, Calif] 06 Aug 1990: 7.

[Turn on hit highlighting for speaking browsers](#)

Rumbling down the Persian Gulf, shock waves from the Iraqi occupation of Kuwait have left a trail of cut communications, stranded air passengers, and nervous governments. Uncertainty forced banks and financial houses to halt dealings in Kuwaiti dinars. The currency could not buy a meal here in Dubai on Sunday.

"Direct dialing to this destination has been suspended, thank you," a recorded message told callers to Kuwait and Iraq. Hotel telephone operators delivered the same message.

Shipping officials in Dubai anxiously watched developments at the top of the gulf, fearful of a jump in marine insurance costs.

In Bahrain, farther north on the gulf coast, "there is no panic," said a diplomat reached by telephone. "People are just going about their work." Nevertheless, the Bahraini government has so far refused to issue visas to foreign reporters.

"Do you think it's true?" a white-robed Arab asked Sunday as the report of an Iraqi withdrawal scrolled across a Reuters news printer in a Dubai hotel. None of the four or five men pressed against the printer gave him any assurance.

"Who knows," one said, "but if it is, they'll be leaving something behind."

The withdrawal report came in a radio broadcast about the provisional "free Kuwait government" put in place by the legions of Iraqi President Saddam Hussein. The leader of the nine-man junta, an unknown colonel named Alaa Hussein Ali, gushed thanks to the Iraqi leader Saturday, addressing him as "O excellency, triumphant president" and "O Arab knight."

In Cairo, Abdul-Rahman Awadi, minister of state for Cabinet affairs of the legitimate Kuwaiti government, told reporters Saturday that he does not know the man and that his name sounds more Iraqi than Kuwaiti.

In Kuwait, a country of 2 million, more than half of them foreigners, "we all know each other," Awadi said. "Almost all Kuwaitis belong to one of our big tribes," the official added, insisting that the junta leader is not among them.

"He's not on our military lists," Awadi added.

The provisional regime has called for volunteers for a new Kuwaiti army and, presumably, will try to seek support among disaffected Kuwaitis. The major opposition movement, which seeks more popular say in government, boycotted June elections for a new National Council, a consultative, non-legislative assembly that replaces the Parliament suspended four years ago.

But the boycotters would probably not turn to a puppet junta of Iraq for prospects of democracy.

The references to the uncertain economic impact of the Iraqi Occupation of Kuwait warrant EPU=1. Code the category as "National Security and Terrorism.

Hard Call 8

Cybersleuths track down pirates abusing copyrights

The Dallas Morning News - Monday, May 19, 1997

Author: New York Times News Service

"The biggest problem is that ... the number of illegal copies available to the average user are so numerous," said Greg Wren, corporate counsel for Adobe Systems Inc. of San Jose, Calif.

The applicability of the laws the detectives seek to enforce remains unclear. Several lower court rulings have held systems operators to be like publishers and liable for illegal material posted on their networks. In December, a U.S. court in the Northern District of California held Maphia, a small Internet provider, liable for illegal copies of Sega Enterprises Ltd. games in its system because Maphia operators knew of the activity.

But in a case that the Religious Technology Center, part of the Church of Scientology, brought against Netcom On-line Communications Services Inc., a federal judge refused to enjoin the company from allowing texts owned by the church to remain in its system. In denying the preliminary injunction, Judge Ronald Whyte of U.S. District Court for Northern California noted that it could be hard for network operators to decide quickly and fairly whether an activity brought to its attention was illegal.

"There is a split at the moment at the lower court level that turns on fine distinctions of fact and law as to Internet service provider liability," said Sandra Sellers, vice president for intellectual property enforcement at the Software Publishers Association.

The legal **uncertainty** doesn't hamper the new online sleuths.

Uncertainty over how to interpret and apply copyright laws to systems operators and Internet service providers warrants EPU=1. Code the category as "Legal Policy."

Hard Call 9

GAY RIGHTS - Colorado court ruling was overreaching

The Dallas Morning News - Monday, October 16, 1995

Author: George Will, Washington Post

The Colorado court announced that the U.S. Constitution contains a fundamental right that is enormous although hitherto unnoticed. It is the right of any "independently identifiable group" not to have any special impediment placed between the group and the enactment of legislation benefiting it.

Note that the Colorado court's ruling didn't pertain merely to groups defined by sexual orientation but to any group based on religion, **economic** status, political ideology, race, ethnicity, national origin or any other attribute significant in a political context.

Colorado's attorney general, in her brief asking the U.S. Supreme Court to reverse Colorado's court and thereby "remove the **uncertainty** of the future of popular government" in Colorado, argues that if the state ruling is allowed to stand, "major public policy issues could not be decisively settled by the political process; government would be obliged continually to reconsider every policy choice."

To be precise, courts would do the reconsidering. Which is why the Colorado court's ruling is so enchanting to liberals who, having lost their ability to persuade American majorities, are eager to expand the sway of judges.

Uncertainty over Colorado court's ruling warrants EPU=1, given that the ruling's broad sweep has uncertain implications for "major public policy issues," including ones that involve economic matters.

Hard Call 10

Incumbent Wins Brazil's Presidency, Returns Show:
[Home Edition]*Los Angeles Times [Los Angeles, Calif] 05 Oct 1998: 4.*

Facing an uncertain economic future, Brazilians stuck with the incumbent Sunday and reelected Fernando Henrique Cardoso as president, early official results showed.

With 35% of the vote counted, Cardoso had 50.9%, compared with 34.3% for former labor leader Luiz Inacio "Lula" da Silva of the Workers' Party.

Cardoso has pledged strong measures to control a ballooning budget deficit of more than \$60 billion.

Brazilian Finance Minister Pedro Malan is heading negotiations in Washington with the International Monetary Fund and other lenders for an emergency loan package reportedly worth \$30 billion.

The article clearly warrants EU=1, but the EPU call is harder. We recommend EPU=1 based on the implied uncertainty in the last paragraph about the outcome of negotiations with the IMF.

Hard Call 11

This article contains the full text of President Barack Obama's State of the Union Address on 24 January 2012. (Not reproduced here)

The speech contains a long laundry list of economic and other policy proposals, exhortations to Congress to pass legislation to address particular economic and other issues, and promises of executive actions. These include proposals, etc. to hold Wall Street accountable, promote American manufacturing, reform the tax code, create a new Trade Enforcement Unit, implement a national commitment to train 2 million Americans with job skills, offer tuition tax credits, reform immigration, provide tax relief for small businesses, promote American-made energy, offer clean-energy tax credits, clear away government red tape, and so on. It is highly uncertainty which of these proposals, etc. will come to pass, as suggested by Obama's use of words such as "we should", "if, i will..." "i want to...", "...need to", etc. Thus, we code the article as EPU=1.

Hard Call 12

April a cruel month for stocks - Markets slip as nervous investors watch interest rates, Iraq by Danielle DiMartina, Dallas Morning News, May 1, 2004.

Stocks just couldn't manage to pull ahead in April.

For the month, the Dow Jones industrial average closed down 1.3 percent while the broader Standard & Poor's 500 shed 1.7 percent. And the tech-heavy Nasdaq slid 3.7 percent.

David Blitzer, managing director and head of the S&P 500 index committee at Standard & Poor's, said Friday that three major factors were at work - one good and two bad.

The negatives:

*The month's **economic** data reinforced the idea that the Federal Reserve would raise interest rates this summer.

*The security situation in Iraq deteriorated significantly.

"That's created a great deal of **uncertainty** for the financial markets, and the markets hate **uncertainty** more than anything else," Mr. Blitzer said.

The two negatives offset April's major positive - first-quarter earnings reports.

No doubt, investors took note that the April downturn in the Nasdaq was more pronounced than that staged in the broader market.

Hedge fund manager Douglas Kass noted that selling pressure mounted as one technology company after another reported weak revenue growth and growing inventory stockpiles.

"That struck me as strange, considering where we're supposed to be in this **economic** recovery," Mr. Kass said.

And as for why the downward momentum accelerated: "There's been a lot of forced liquidation at technology mutual funds that just exacerbated the sell-off at the end of the week."

The article clearly warrants EU=1, but the EPU call is harder. The article attributes uncertainty in financial markets to a deterioration in "the security situation in Iraq", but there is no clear reference to the role of policy in that regard. So we could the article as EPU=0.

Hard Call 13

MEXICAN REJECTS RACE FOR TOP SPOT By TIM GOLDEN, NY Times, March 23, 1994

After holding Mexicans in suspense for weeks with hints that he might break from the governing party and run for President, the Government's negotiator with peasant rebels in the southern state of Chiapas, Manuel Camacho Solis, said today that he would not seek election this year.

"Between pursuing a candidacy for the presidency of the republic and contributing what I can to the process of peace in Chiapas, I choose peace," Mr. Camacho, 47, said at a news conference here. "I take this decision putting the higher interests of the nation over my own aspirations."

The announcement removed a source of deep uncertainty about both the presidential vote scheduled for Aug. 21 and the Government's efforts to end the peasant uprising that exploded in Chiapas on Jan. 1.

It brought a particular lift to the struggling campaign of Luis Donaldo Colosio, the former Secretary of Social Development whom President Carlos Salinas de Gortari chose over Mr. Camacho last fall as the governing party's nominee. Opposition Party Divided

The article warrants EPU=1 based on the statement of Manuel Camacho Solis that he would not seek election this year... remov[ing] a source of deep uncertainty about both the presidential vote scheduled for Aug. 21 and the Government's efforts" Moreover, "By removing the threat of a split in the governing Institutional Revolutionary Party, Mr. Camacho also had an extraordinary effect in reassuring jittery Mexican and foreign investors." The category code is "Political Conflict and Leadership Change."

Hard Call 14 (continued on next 3 slides)

ON ECONOMICS -- Don't Believe All the Bad News by Jonathan Marshall, San Francisco Chronicle, March 11, 1996

On one issue Patrick Buchanan, Jesse Jackson and the New York Times actually agree: The U.S. economy is going to hell.

In a seven-part series last week, the Times claimed that mass job losses and falling wages have created "the most acute job insecurity since the Depression." This insecurity, it said, "has produced an unrelenting angst that is shattering people's notions of work and self and the very promise of tomorrow."

The Times is hardly alone in telling a story of fear in America's heartland. Business Week just ran a cover story titled "Economic Anxiety," arguing that the job market "has turned into a high-wire act for everyone." And since Buchanan's strong showing in early Republican primaries, numerous media, including The Chronicle, weighed in with stories explaining his short-lived strength in terms of widespread economic panic.

For all the rhetoric, however, the evidence tells a much less sensational story.

ECONOMY: STEADY ON COURSE

On Friday, the government announced the biggest single-month gain in jobs since 1983 -- 705,000 -- and a big drop in the unemployment rate to 5.5 percent.

This article discusses economic uncertainty at length, but it contains no discussion of policy as a source of economic uncertainty. Therefore, it should be coded EU=1 and EPU=0

Hard Call 14, continued

Big companies such as AT&T are still cutting jobs and the pain of their former employees is very real. But medium and smaller firms are creating many more jobs to replace them. The communications industry, for example, had 20,000 more jobs in February than a year earlier.

“You read about AT&T's cuts, but you don't read next to that a story about how many jobs MCI has created, how many the cable industry has created, or how many software services have created,” said Michael Boskin, an economist at Stanford University.

The number of announced job cuts last year, 440,000, was the lowest since 1990 and a third below the peak in 1993, according to Challenger, Gray & Christmas, the outplacement firm.

The share of people in the labor force who lost their job and are looking for work was only 2.7 percent last month, a relatively low number by the standards of the past two decades. Only five years since 1976 had a better rate.

Recent government data do show important shifts among job losers. Compared to the early 1980s, those who lost jobs in the early 1990s recession were more likely to live on the two coasts, to have some college education, to be older and to come from managerial or professional occupations.

“It really seems to be a different group that's at risk,” said Katharine Abraham, commissioner of the Bureau of Labor Statistics.

But whether it's worse for white-collar workers on the two coasts to lose their jobs than steel and autoworkers in the Midwest depends on who you are and who you know.

And as Henry Farber, a Princeton University economist, notes, “People higher up the food chain have more assets to fall back on so their actual suffering might be lower.”

Hard Call 14, continued

Recent research by Farber suggests that the rate of job loss was a bit higher in the three years from 1991 to 1993, the most recent period for which data are available, compared with 1981-83, a similar recession period. About 8.6 percent of workers lost their job in the early '90s, compared with 7.4 percent in the early '80s.

Even so, the jobless rate peaked much higher in the early '80s -- at 10.4 percent in 1983 compared with 7.4 percent in 1992 -- because more people entered the market looking for work.

Farber has also found that the percentage of workers who have held their job 10 years or more hardly budged between 1973 and 1993, indicating no serious loss of long-term jobs.

The data also clearly show, however, that the idea of a golden age when everyone had a lifetime job is more nostalgic myth than historical reality. Even in the best of times, the job market has always churned, creating victims in its wake.

“Large-scale job creation and destruction turn out to be pervasive among countries, regions, industries and various types of plants and firms,” report three economists -- Steven Davis, John Haltiwanger and Scott Schuh -- in a forthcoming book from MIT Press titled “Job Creation and Destruction.”

In the United States, they say, an average of one in 10 manufacturing jobs has disappeared every year since the early 1970s. At the same time, many jobs have been created in other plants to take their place, reflecting the turnover endemic to the job market.

“The sense in the New York Times that there's been a tremendous increase in job instability isn't accurate,” Davis said. “The idea that the world we are living in now is radically different from the world 25 years ago is mistaken.”

ARE PEOPLE MORE ANXIOUS?

Recent trends in worker pay aren't so terrible, either.

Adjusted for changes in the cost of living, real median wages grew 5 percent for men and 3 percent for women over the past three years. (The median is where half of workers did better and half did worse.) These estimates account for the view of many economists that the Consumer Price Index, usually used to adjust wages for inflation, overstates the cost of living.

But if all this evidence is right, why are so many Americans feeling gloomy?

Maybe they aren't. The Times' own poll results show that only 9 percent of people it surveyed feel economically "very insecure."

Consumer confidence surveys by the Conference Board, a New York business research organization, show reasonably strong readings, similar to the mid-1980s and far above recession levels.

"Consumer confidence numbers are above long-run averages," said Michael Niemira, chief economist at Mitsubishi Bank in New York. "I don't buy into the idea there's more uncertainty out there. These stories have flourished without the support of data."

Ken Goldstein, an economist at the Conference Board, said consumers are less confident about the future than their current situation, partly because of all the stories they read about layoffs. But he said the mood around the country is far from grim.

"If you look at the New York Times you'd wonder why every American isn't laying down on someone's couch," he said. "Our figures argue instead that shrinks should worry their business will dry up."

So what explains the continued media preoccupation with economic despair?

One reason might be that many of the job losses are at big companies, which everyone has heard of, while the job gains are at smaller firms that command less attention.

Another reason might be that more of the victims of job loss these days are white-collar professionals on the two coasts -- the sort of people journalists in major media centers know and relate to.

A third might be that some journalists are looking for quick and easy explanations for the Buchanan phenomenon, even though he's fast looking like history.

But all this is only speculation -- and there's been far too much speculation in the media about the economy and public attitudes already.