

Americans' savings rate hits lowest level since Depression

By MARTIN CRUTSINGER
THE ASSOCIATED PRESS

WASHINGTON

Americans spent more than they made last year — something they haven't done since the Great Depression, a time of massive unemployment and soup lines.

This time the trigger was good economic news — a booming housing market, which has made millions of American homeowners feel wealthier and thus more willing to spend with abandon.

Government statistics released Monday showed they may have gone overboard with all of that spending, consuming all their after-tax income and then some.

The Commerce Department reported Monday that Americans' personal savings rate fell into negative territory, minus 0.5

percent, last year. That means people spent all their after-tax income and then had to dip into previous savings or borrow more to finance their consumption.

The savings rate has been negative for an entire year only twice before, in 1932 and 1933, two years when Americans were having to deplete savings to cope with the massive job layoffs and business failures caused by the Great Depression.

Now, soaring home prices are making people feel wealthier. But this behavior could be risky at a time when 78 million Americans are on the verge of retirement. The baby boomers start turning 60 this year, which means they can begin retiring with Social Security in just two more years.

With this huge wave of pending retirements, analysts said, the savings rate should be going up rather than being on a steady

decline during the past two decades. The savings rate stood at 10.8 percent of after-tax incomes in 1984 and has been declining steadily since that time. It was down to 1.8 percent in 2004 before turning negative last year.

"Americans seem to have the feeling that it is wimpish to save," said David Wyss, chief economist at Standard & Poor's in New York. "The idea is to put away money for old age and we are just not doing that."

Analysts said rising home prices and a rebound in stock prices following the 2000 market collapse have many Americans feeling wealthier, and that effect is a major pillar supporting consumer spending.

"Americans have been content to spend a lot more than is good for them or for the economy," said Lyle Gramley, senior economic adviser at Schwab Wash-

ington Research Group. On Wall Street, the Dow Jones industrial average dipped 7.29 points on Monday to close at 10,899.02.

After setting records for five straight years, sales of both existing and new homes are expected to decline this year under the impact of rising mortgage rates. The weaker sales will translate into slower price appreciation, which in turn will slow consumer spending, analysts are forecasting.

That slowdown in spending should help the savings rate rise back into positive territory. But analysts are not expecting sizable improvements in savings, because as baby boomers begin to retire they will start tapping into their savings to pay for medical bills and other consumption.

The expected slowdown in consumer spending is one reason

many economists are looking for overall economic growth to slow further this year. The gross domestic product grew 3.5 percent last year, down from a five-year high of 4.2 percent in 2004.

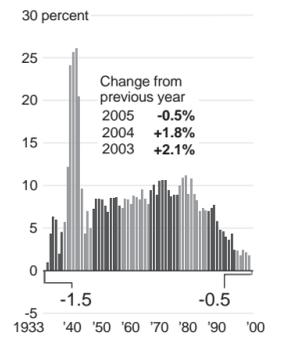
The Federal Reserve, trying to engineer a slowdown in growth that will keep inflation under control, is expected to boost interest rates for a 14th time at its Tuesday meeting.

A price gauge closely watched by the Fed that excludes food and energy rose by a tiny 0.1 percent in December, down from a 0.2 percent rise in November, the Commerce Department reported Monday.

For December, consumer spending rose by a bigger-than-expected 0.9 percent while incomes were up by just 0.4 percent. That forced the savings rate for the month down to a negative 0.7 percent.

Savings rate

Savings rate of disposable income
Annual percentage change (seasonally adjusted)



SOURCE: Department of Commerce AP



Supreme Court nominee Samuel Alito smiles as he arrives to meet Sen. Maria Cantwell, D-Wash., in her Capitol Hill office Monday. Behind Alito is White House aide Jamie Brown.

Alito vote expected for today

Senators agree to end debate

By JESSE J. HOLLAND
THE ASSOCIATED PRESS

WASHINGTON

The Senate on Monday all but guaranteed Samuel Alito's confirmation as the nation's 110th Supreme Court justice, shutting down a last-minute attempt by liberals to block the conservative judge's nomination with a filibuster.

Republican and Democratic senators, on a 72-25 vote, agreed to end their debate, setting up a vote this morning on Alito's confirmation to replace retiring moderate Justice Sandra Day O'Connor.

"I am pleased that a strong, bipartisan majority in the Senate decisively rejected attempts to obstruct and filibuster an up-or-down vote on Judge Sam Alito's nomination," President Bush said.

With at least 57 votes committed to Alito, 53 Republicans and four Democrats, approval by majority vote in the 100-member Senate seemed assured.

A bloc of Democrats, led by Massachusetts Sens. Edward Kennedy and John Kerry, unsuccessfully tried over the weekend and Monday to persuade other senators to use a vote-delaying filibuster to stop Alito, a 15-year veteran of the U.S. Appeals Court and a former lawyer for the Reagan administration.

"It is the only way we can stop a confirmation that we feel certain will cause irreversible damage to our country," said Kerry, the Democrats' 2004 presidential nominee.

O'Connor has been a swing vote on abortion rights, affirmative action, the death penalty and other contentious issues.

Alito's supporters needed 60 votes to block the filibuster, and they were joined by 13 Democrats who have announced they will vote against confirming his nomination.

"I believe that Judge Alito's nomination, if approved by the Senate, would tilt that court in a direction that will restrict personal freedoms, strengthen the role of government and corporations in our lives, and allow the expansion of power of the presidency," said Sen. Byron Dorgan, D-N.D., who announced he would oppose Alito after voting to end debate.

"I find it regrettable that there are those who are trying to resurrect a filibuster even as there is clearly nothing in the record that constitutes extraordinary circumstances," said GOP Sen. Olympia Snowe of Maine, the only Republican who is publicly undecided on Alito's nomination.

Sen. Lincoln Chafee of Rhode Island, the only Republican to announce he will vote against Alito, also refused to support the filibuster attempt.

Exxon Mobil reports top earnings for quarter, year

Lawmakers criticizing oil companies, increasing fuel costs

By STEVE QUINN
THE ASSOCIATED PRESS

DALLAS

Exxon Mobil Corp. posted record profits for any U.S. company on Monday — \$10.71 billion for the fourth quarter and \$36.13 billion for the year — as the world's biggest publicly traded oil company benefited from high oil and natural-gas prices and solid demand for refined products.

The results exceeded Wall Street expectations and Exxon shares rose, but some lawmakers expressed outrage at the industry's latest profit surge, renewing calls for a windfall profits tax and increased investment in alternative fuels.

The company's earnings amounted to \$1.71 per share for the October-December quarter, up 27 percent from \$8.42 billion, or \$1.30 per share, in the year ago quarter. The result topped the then-record quarterly profit of \$9.92 billion Exxon posted in the third quarter of 2005.

Exxon's profit for the year was also the largest annual reported net income in U.S. history, according to Howard Silverblatt, a senior index analyst for Standard & Poor's. He said the previous high was Exxon's \$25.3 billion profit in 2004.

"What do you expect when you combine record oil and gas prices and strong operations everywhere else?" said analyst Fadel Gheit at Oppenheimer & Co. "Unless prices collapse, earnings in 2006 will make 2005 look like a cake walk."

The company said its average sale

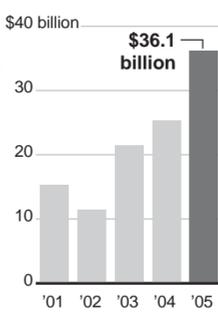
Exxon Mobil announces record profits

Exxon Mobil reported record profits for any U.S. company on Monday, the latest oil giant to benefit from high fuel prices.

Companies who reported the highest annual net income

COMPANY	YEAR	NET INCOME
1 Exxon Mobil	2005	\$36.1 billion
2 Exxon Mobil	2004	\$25.3
3 Citigroup	2005	\$24.6
4 Ford Motor Co.	1998	\$22.1
5 Exxon Mobil	2003	\$21.0
6 Citigroup	2003	\$17.9
7 Citigroup	2004	\$17.0
8 Bank of America	2005	\$16.9
9 General Electric	2004	\$16.6
10 Exxon Mobil	2000	\$16.0

Exxon Mobil's annual net income



SOURCES: Exxon Mobil Corp.; Standard & Poor's AP

price for crude oil in the U.S. during the quarter was \$52.23 a barrel, compared with \$38.85 a year earlier. It sold natural gas in the United States, on average, for \$11.34 per 1,000 cubic feet, compared with \$6.61 during the same period a year ago.

Exxon's vice president of investor relations Henry Hubble said that while strong commodity prices clearly helped drive the record earnings, the company also deserved credit for its

ability to complete projects on time while keeping costs in check.

"We continue to identify world-class projects, post industry-leading returns, and are well-placed for continued growth," Hubble told analysts. "Our record results show a disciplined approach and we continue to deliver superior value to our shareholders."

Exxon's results lifted the combined 2005 profits for the country's three

largest integrated oil companies to more than \$63 billion.

ConocoPhillips said Wednesday that its fourth-quarter earnings rose 51 percent to \$3.68 billion, while annual income climbed 66 percent to \$13.53 billion. Two days later, Chevron Corp. said its fourth-quarter earnings rose 20 percent to \$4.14 billion, while annual income jumped 6 percent to \$14.1 billion.

The oil industry's stellar results have renewed talk for a windfall profit tax that would push companies to invest more in new production and refining capacity.

Sen. Barbara Boxer, a California Democrat who sharply criticized oil executives appearing before Congress in November, on Friday called on the Bush administration and the Federal Trade Commission to put an end to gouging. She then suggested that FTC stood for "Friend to Chevron."

Sen. Chuck Schumer, a New York Democrat who proposed an extra tax on oil company profits in November, said Monday that "the federal government has a responsibility to make sure that these companies continue to innovate instead of just profiting from the status quo."

But John Felmy, chief economist for the American Petroleum Institute, a Washington-based trade group, said Monday that the political rhetoric was not a case based on fact.

"We invested somewhere in the order of \$86 billion last year," Felmy said.

Analysts said they are not worried about any fallout from potential pressure coming from Capitol Hill.

Changes will greet voters at polls in May

The Associated Press

INDIANAPOLIS

Voters should notice a few differences when they go to the polls in May.

Every polling site in the state must be accessible to disabled voters by March 31, and registration glitches should be easier to detect with an online database.

Both types of changes were made possible by the Help America Vote Act, a federal law enacted after the 2000 presidential election problems in Florida.

Disability access improvements include placing levers on door-knobs and erecting temporary handicapped parking signs in lots.

A survey in December by the Governor's Planning Council for People With Disabilities showed

the state has made progress since the guidelines were enacted in 2002, said Mike Foddrill, special projects coordinator for the council. The survey showed that nearly a quarter of Indiana's counties met federal standards and about 70 percent expected to be in compliance by the deadline.

The online database, which stores the names of every registered Indiana voter, went live in November after more than two years of work involving all 92 counties. It cost \$12.6 million system. The federal government paid for 95 percent of it.

"This is the biggest project in the history of the secretary of state's office, bar none," said Secretary of State Todd Rokita.

To most voters, the new system should go largely unnoticed unless they encounter a problem.

Registrations now can be checked in real time in all 92 counties against four government databases, including those of the Bureau of Motor Vehicles and the U.S. Social Security Administration, to prevent duplications and fraud.

Some worry, however, about how well the new system will work, given the security questions raised with any Internet-based system.

Rokita, a Republican, said the system has several layers of backups and data recovery features that meet industry standards.

www.Green-Owensins.com

GREEN OWENS Insurance

1111 North Main St. • Franklin

All Lines of Insurance Written

Connie Hawkins	Drive-Up Window	Harley Owens
Jim Wise		Brad Roberts
736-5522 "We would appreciate your business" 736-6849		

www.thejournalnet.com

Your Family Dental HEALTH

by Philip J. Mirise, D.D.S.
www.cedarlanefamilydentistry.com

A CHIP OFF THE OLD TOOTH

If you chip a tooth, the dentist can easily repair a small chip with white resins (bonding) in a single visit. A larger chip, on the other hand, may require a crown that fits over the remainder of the damaged tooth. This will require at least two trips to the dentist—one to take an impression of the tooth and insert a "temporary" and another to fit the permanent crown. If the chip exposes the dentin or pulp, there is a good chance that bacteria in the mouth will infect the pulp. The trauma itself may also cause damage. In cases where the pulp is not viable, a root canal must be performed to remove the pulp and replace it.

CEDAR LANE FAMILY DENTISTRY help you regain your dazzling smile that can ignite a room, project an image of self-assurance and high personal esteem. A good experience with dentistry is based on making the right choice in a family dentist and in taking steps to keep dental costs at a minimum through self-care at home between visits. If you don't have a dentist at this time, we're currently accepting new patients. Please call 736-7476 to schedule an appointment. We're located at 850 Cedar Lane.

P. S. If a tooth is knocked out of position, visit the dentist immediately. If the tooth is not badly displaced, it may be gently moved back into its proper position.

Do you have a chipped tooth? Let us at

TOTAL FAMILY CHIROPRACTIC

112 Main Cross
Edinburgh
812.526.0797

TWO CONVENIENT LOCATIONS

1551 N Main St.
Next to Fire Station
Franklin
317.346.0799

DO YOU SUFFER FROM:

- Lower Back Pain
- Headache/Migraine
- Carpal Tunnel Syndrome
- Sciatica/Disc problems
- Neck Pain
- Fibromyalgia
- Arthritis
- Arm/Leg pain & numbness
- Whiplash/Car accident

WE CAN HELP!

Scott Auton, D.C.
Chiropractic Physician

NEW YEAR SPECIAL!

FREE! Consultation & Exam

when you present this ad