39th Trend/Forecasting Report

Vishaya Mera*

*A Russian Phrase for the highest form of punishment

September 2009

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The Dilenschneider Group
September 28, 2009

If you think the past 12 months have produced surprise after surprise, just get ready. Life as we know it will never be the same, and a momentum is building that will change the world for at least the next generation.

That said, please accept with our compliments the 39th Dilenschneider Group Trend/Forecasting Report.

This Report is like no other we have prepared since we started in business 18 years ago.

That is because what lies ahead is like no other time that we, or anyone else, have experienced.

One of the chief goals of these Reports is to give our friends and clients a heads-up about the trends and developments that are just over the horizon. We can't see everything that's coming—nobody can—but we are proud of our batting average in getting it right.

While there is considerable fear and uncertainty out there and many have lost large amounts of their net worth, the attitude going forward is positive:

> Seven out of ten executives are confident about their organization's prospects for revenue growth in 2010;
>
> 87% of executives are very, or somewhat confident about prospects for growth through 2012 and more than 92% of large-company executives expect serious revenue growth to occur before the end of 2012.
>
> Executives are working harder in this environment—55 hours a week on average, compared with 45 before the crisis.
>
> More than 50% are putting in extra time to set strategy and motivate employees.
>
> Large companies are investing right now in technology and new products and services.
>
> 70% of Americans believe they are better off in a free market economy even though there are ups and downs from time to time.

Expect the world and all parts of society to be in a state of perpetual change.

Look for the emergence of those who exploit the dark side for their own political and economic advantage—generating unanticipated levels of graft and corruption.

Recognize there will be periods of enormous frustration as individuals and organizations who once believed they had control over their destiny now feel powerless. Look for a burst of new creativity from artists at all levels, working to interpret what is going on.

Know that sovereign nations and peoples will increasingly focus on their own success and while paying lip service to globalization, they will reflect a powerful "me first" attitude. Count on the rogue states to stir discord because they recognize their only route to success will be the destabilization of others.

With this broad perspective in mind, and based on our continuing discussions over the past 12 months with hundreds of experts in diverse fields, including business, finance, journalism, the arts, academia and the non-profit sector, we have identified another set of noteworthy trends.

Additionally, we had the privilege, once again, of attending the Ambrosetti Conference. This meeting typically brings together some of the world's leading political, social and economic thinkers.

In attendance were Francois Fillon—Prime Minister of France; Gary Becker—Nobel Laureate for Economics; Fred Thompson—Former United States Senator; Vaclav Klaus—President of the Czech Republic; Amre Moussa—Secretary General of the Arab League; Shimon Peres—President of the State of Israel; Charles David Powell—Member of the House of Lords; and many more.

Coming from this meeting and appended to this letter, are forecasts that describe the macro-economic situation in many parts of the world.

This Report, then, as it has for some 18 years, focuses on critical thinking and how you might apply it in your life, your business, or in whatever pursuits you follow. Though there are many demands on your time, we urge you to put aside a few moments, whenever convenient, to read it thoroughly.

We would, of course, be pleased to hear any response you might have to this latest effort.

Best regards,

Robert L. Dilenschneider

Political Forecast
Confidence Is Waning

The outcome of the fierce battle over national healthcare reform during the next several months may well determine the success or failure of the Obama presidency.

If President Obama succeeds in winning enactment of a comprehensive national healthcare reform package, he could emerge as a truly transformational president.

A victory in the hotly contested healthcare reform issue would increase Obama's political capital to deal with other pressing national issues such as the economic recovery program, curbing global warming, and extricating United States combat forces—first from Iraq, and ultimately from Afghanistan.

By enacting a comprehensive national healthcare reform program, Obama will have achieved what Democrats have failed to accomplish since President Truman's National Health Insurance proposal was shot down in 1948 as "socialized medicine."

Such a landmark victory, coming on the heels of Congressional approval of his $787 billion fiscal stimulus bill and the Administration pushing through a $60 billion auto bailout bill, would put the Democrats in a strong position for retaining control of both Houses of Congress in the November 2010 off-year elections.

A Presidency in Trouble

On the other hand, if Obama fails to win passage of his healthcare reform plan despite Democratic control of both the House and Senate, his presidency could be in real trouble. Such a loss would reduce his chances for passage of his controversial cap-and-trade proposal to limit carbon gas emissions, the cornerstone of his overall strategy to reduce global warming.

Defeat on what has become Obama's transformational change issues—national healthcare reform and curbing global warming—could revitalize the otherwise moribund Republicans and set the stage for a striking GOP comeback in the 2010 off-year Congressional elections.

It's well to remember that somewhat of a Republican comeback is likely in any event since the party that controls the White House traditionally loses House and Senate seats in mid-term elections. Since World War II, the out-party has gained an average of 23 seats in the House and two in the Senate in non-presidential election years.

Since the Democrats hold a 59 to 40 vote edge (at this writing, a replacement for the late Ted Kennedy has not been named) in the Senate and a huge 255 to 178 vote majority in the House, a loss of that magnitude would still leave them in comfortable control of both Houses.

But the in-party losses have been much greater when the President is in political trouble going into the mid-term elections. Most recently, the Democrats under President Bill Clinton lost control of both Houses in the 1994 mid-term election.

In the 1994 election, there was a 54 vote swing in the House, as the Democrats declined from 258 to 204 seats, while the Republicans jumped from 176 to 230 seats. In the Senate, the swing was eight votes, with the Democrats going from a 56 to 44 vote majority to a 52 to 48 vote edge for the GOP.

Ironically, much of President Clinton's political trouble came from his failure to pass a national healthcare reform package, dubbed "Hillary Care" by the Republicans since the effort was led by the First Lady, Hillary Clinton.

Obama's Other Options

President Obama did not have to raise the stakes on healthcare reform to a make or break issue.

After all, there were a plateful of other crucial domestic and foreign policy crises to choose from—the global financial crisis, the worst national recession since the Great Depression of the 1930s, global climate change, wars in Iraq and Afghanistan and more.

He won high marks from most political observers immediately after taking office by strengthening the administration of President Bush's $740 billion bank bailout plan and tackling the sharpest economic decline since the Great Depression by overcoming Republican opposition to enactment of his $787 billion economic stimulus bill.

But, coupled with the immense inherited federal budget deficits from the Bush years, the costs of Obama's stimulus program and the auto industry bailout raised public concerns about the mounting federal debt and reduced public support for the President's expensive healthcare reform package, which some critics estimated would cost more than $1.8 trillion over the next 10 years.

But Obama was convinced that dealing with the national healthcare crisis, with wildly escalating costs and over 47 million Americans without any health insurance coverage, represented the greatest domestic challenge the nation faced. 3

Accordingly, the President has made comprehensive national healthcare reform his top priority, despite the fact that the history of dealing effectively with this complex and highly emotional issue was not promising.

President Bill Clinton put First Lady Hillary Clinton in charge of passing a national healthcare reform bill as his first order of business in 1993 and "Hillary Care" was defeated.

Much earlier, President Truman's effort to pass a government national health insurance program in1948 was labeled "socialized medicine" and soundly rejected.

The only notable success in passing a major national healthcare initiative in decades came in 1965, when President Johnson pushed through the Medicare program as a tribute to the loss of President John F. Kennedy.

Perhaps it's useful to recall that Johnson had just won an historic landslide victory over Republican Sen. Barry Goldwater and the Democrats elected on Johnson's coattails controlled the Senate by 67 votes to 33 and the House by 295 votes to 140.

Defeated in 1966

Yet, despite passing Medicare and a host of other landmark Great Society legislation, the Democrats suffered a defeat in the 1966 mid-term elections, losing 47 House seats and three in the Senate.

The debate over the various healthcare plans being considered by Congress has clearly been loaded against Obama, who favors a bi-partisan approach, while the Republicans seem determined to oppose any Obama-backed plan and the Democrats are split over whether there should be a public option for health insurance to force private health insurance companies to compete, thus lowering the cost.

For instance, liberal Democrats favor a health reform bill with a public option both as a cost containment measure and to ensure that health insurance would be available to all Americans, including the working poor and without regard to pre-existing conditions.

Many conservative Democrats (and virtually all Republicans) equate the public option with a government takeover and refuse to support it. Obama favors a public option, but has hinted that he would support a compromise bill without it.

Differences over the public option and spurious inflammatory claims that the Democratic plan would bankrupt the country, "ration" healthcare, or create "death panels" to "pull the plug" on the elderly succeeded in weakening support for an overhaul of the healthcare system and driving down Obama's approval rating below 50% in early September.

Despite all the hullabaloo raised at raucous town hall meetings held by legislators during the August recess, chances are still better than even that Obama will win passage of a major overhaul of the healthcare system by year's end.

In the end, Democrats, liberal and conservative, do not want to undermine Obama's presidency and will work with the President to provide at least a partial solution to one of the nation's gravest domestic problems.

Whether or not the program will provide a public option is still unclear, but it probably will provide health insurance coverage for most of the 47 million Americans currently uncovered and curb the rapid cost growth of healthcare in America.

Boost to Popularity

While Obama's approval rating dipped during the bruising battle over healthcare, his popularity should get a boost as signs suggest that his stimulus package is lifting the nation out of its worst recession in more than 50 years.

Obama should benefit from the continued drawdown of U. S. forces from Iraq. Although the violence has increased in Afghanistan, the influx of additional U.S. troops should begin turning the tide against the Taliban in the months ahead.

While the economy and the conflicts in Iraq and Afghanistan had taken a back seat to the fight for reform of the national healthcare system, expect these issues to once again be in the forefront in 2010. And in both cases, if the economy improves, the momentum should favor Obama.

Despite the double-digit drop in Obama's public approval ratings, growing public concerns over the economic slowdown and the mushrooming national debt, it would be a mistake to underestimate Obama's potential as a transformational president.

The national challenges he is confronting are formidable and of long standing and he has displayed a cool determination and admirable patience in pursuing his agenda. The political attacks on Obama—that he is a communist, a socialist or a Nazi, that he is not an American citizen, that he favors a government takeover of the private sector, and many more—are patently ridiculous and have no currency with any but the extremists on the right.

With the Republican Party right now lacking in leadership and any kind of a coherent program, Obama's prospects and the Democratic Party's prospects going into next year's mid-term elections look good, unless efforts to reform healthcare fail drastically.

Implications For Business

• The health insurance and pharmaceutical industries that have led the fight against President Obama's healthcare reform package will be in for tough sledding on tax and regulation issues if he succeeds.

• Organized labor and AARP will gain important political clout if Obama succeeds in healthcare reform.

• Multinational corporations that have enjoyed cozy tax breaks, or that have relied on offshore tax havens to avoid taxes, will be under close scrutiny by the tax writing committees in Congress and by the IRS.

• Companies focusing on reducing their carbon footprint and investing in alternative energy sources will enjoy favored treatment from the Administration and Congress.

• American companies that produce more jobs in the U.S. and reduce outsourcing jobs and capital investment will enhance their images with the general public and the Administration.

Did You Know?

A recent survey discloses that only one in five Americans now trusts the government.

The Economic Outlook Who Knew?

After a year of harrowing economic free fall, the global economy may be bottoming out in the second and third quarters and be poised toward a slow recovery during 2010. But as a later trend in this Report shows, no one really knows.

That good news is tempered by concerns that the recovery will not be sustainable through 2010 without continued unacceptably high levels of government deficit spending by the U.S. and other industrial nations.

However, there is no denying that there are signs of modest economic growth in the U.S. and in many of the other developed nations.

The current upward economic trend was most noticeable in Western Europe, particularly in Germany, France and in Asia—notably, China, Japan and India. In the United States, strengthening in the manufacturing and housing sectors in July, coupled with increased consumer confidence and gains in the stock market in August, raised hopes that this country's worst recession since World War II is coming to an end.

Inflation Fears Raised

The stock market gains throughout the summer months reflected the turnaround. Stocks have been up sharply since the market reached its bottom last March, when markets were at their lowest level in more than a decade. By the start of September, the Dow was up 45% from the March lows and the S&P 500 was up more than 50%. The problem with the recovery scenario was that government deficit spending and accumulating debt levels, especially in the U. S., raised fears of an inflationary spiral that could push up interest rates and choke off any recovery. Also of great concern was continuing high unemployment rates in the U.S., Western Europe and Asia.

Regardless of when the downturn ends, expect the recovery to be very slow.

Many economic forecasters both in the U.S. and abroad are concerned about the sustainability of the current recovery. The worry is that the improved global economic outlook was artificially stimulated by the trillions of dollars governments and central banks have pumped into the global economy to head off a full-scale depression and that removing this stimulus too soon will bring the economy crashing down once again.

In the U.S., President Obama's $787 billion economic stimulus program and the low interest rate and other expansionary monetary policies of the Federal Reserve Board, clearly were at the core of the U.S. economic recovery.

Last month's improvement in manufacturing was fueled by the Administration's controversial $3 billion "cash for clunkers" program through which persons trading in old, high-emission, low-mileage cars for new, environmentally friendly, low-emission, high-miles-per-gallon cars would get a $4,500 rebate. That program ended September 1 and auto manufacturers and dealers are expecting another slump in new car sales. Watch what happens.

Likewise, the rise in new housing sales that was experienced in the past months stemmed from the $8,000 first-time-home-buyers tax credit. That program, which was part of the stimulus package, is set to expire November 30. The tax credit was likely responsible for the 1.4% increase in prices for single family homes in June in 20 major cities across America—only the second monthly increase after having recorded falling prices for every month for the previous three years. Watch what will happen here, too.

Meanwhile, housing prices on existing homes have dropped precipitously across the nation since the summer of 2008 and foreclosures and personal bankruptcies continued at near record paces this summer. Both are signs that the collapsing housing bubble that triggered the economic crisis has not yet played out.

Consumer Spending is Key

Unfortunately, a robust economic recovery both in the United States and globally also depends heavily on a resumption of greater spending by American consumers, whose spending accounts for more than two-thirds of the value of this country's gross domestic product.

With unemployment currently at 9.7% (and the percentage of those unemployed, plus all marginally attached workers and those employed part-time for economic reasons, standing at 16.8%) and stagnant U. S. household income in eight of the last ten months, it is unlikely that consumer spending will rise to past high levels anytime soon.

Unemployment is expected to continue to rise to 10% or more by year's end.

This underscores the fact that a global economic upturn cannot be fueled by robust growth in Japan, China and Germany alone. Despite the rapid growth of the Chinese economy and the power of two of the world's other largest economies—Japan and Germany—the fact is the U.S. economy is far larger than all three of them combined, even adding in another Asian tiger like India.

Like it or not, this means that the dramatic growth of the economies of China, India, and the other Asian tigers notwithstanding, global economic vitality requires a healthy U.S. economy.

For political leaders, the precarious nature of the economic recovery poses critical problems. With public concerns rising over the high level of government debt and fears that continued deficit spending will fuel inflation, they are confronted with the challenge of sustaining the economic recovery while at the same time curbing additional deficit spending.

For President Obama the challenge is especially acute. Saddled with a record federal deficit and confronted with the need to stimulate the moribund economy to avoid a repeat of the Great Depression of the 1930s, Obama faces a record-breaking $1.6 trillion federal deficit for the current fiscal year, followed by huge deficits in the years ahead.

In a recent report to Congress, the White House said the nation would be forced to borrow more than $9 trillion to support President Obama's initiatives over the next decade. This provided fresh ammunition to critics of his national health reform program, which has become the centerpiece of the first year of his presidency.

Winning passage of his healthcare reform package and stoking the economic recovery without having to provide a second round of stimulus spending will be keys to maintaining Democratic Party control of both the House and Senate in next year's mid-term elections.

Healthcare Passage Critical

The fight to win Congressional passage of the Administration's comprehensive healthcare reform bill may well determine the success or failure of the Obama presidency. As of Labor Day, political pundits assessed Obama's chances of pushing through his healthcare reform package against the opposition of united Republicans and a conservative block of so-called Blue Dog Democrats as less than even.

But it would be a mistake to underestimate Obama's leadership and his persuasive abilities. He demonstrated both qualities in winning the Democratic presidential nomination and overwhelming Republican Sen. John McCain in the presidential election.

Obama has demonstrated that as a pragmatist, not an ideologue, he is willing to compromise to put together majority support for his goals. He may not get everything he wants in his national healthcare reform package, but something should pass and he will declare victory.

As for the economy, by reappointing Ben S. Bernanke as Chairman of the Federal Reserve, Obama has ensured that the Fed, under Bernanke's leadership, will do what is required to keep the economic recovery alive.

Implications For Business

• With mid-term elections looming next year, look for the Administration to provide whatever economic stimulus will be required to keep the recovery alive.

• Businesses, large and small, should benefit from healthcare reform to cut down on their health insurance costs, either through tax breaks or reduced insurance and healthcare outlays.

• A reduction in employer health insurance costs will help make American businesses more competitive with developed nations that already have national healthcare programs.

• The health insurance and pharmaceutical industries will very likely take a hit from any healthcare reform package passed by the Democratic-controlled Congress.

• If the Republicans fail to make big gains in the House and Senate in next year's mid-term elections, look for a major overhaul within the GOP featuring a comeback for the moderates.

Did You Know?

80% of business executives say their company's performance has fallen significantly as a result of this crisis.

Why Did The Economic Crisis Happen? What Can We Expect Going Forward?

Talks with more than 50 experts in business, government and academia offer widely varying views. We believe that no one really knows the answer to these questions. No one.

Some believe financial panic caused a volatility which led to the crisis. Others cited inappropriate incentives and a climate of unbridled risk. Many cited a lack of transparency.

Predictions ranged from the recovery being underway now to a slow recovery that will take until 2011. Nearly all see an increase in the money supply and consequent incentives. A number feel that productivity is doing well and this result will lead to a more robust recovery. A few said the days of the West driving the economy are over. Nearly all agree the financial sector is not in good shape and inflation is a real danger. Some predicted banks would be stronger and more consolidated and went so far as to predict another crisis as early as 2015.

Opinions and reasons vary widely. Our view is that if we doubled the number we queried, the results would be the same.

One constant: Behavior of the U.S. on all fronts will be critical to what happens in the rest of the world.

Implications For Business

No one really knows precisely what happened or what will happen. However, nearly all believe that there is significant money to be made by those who move in timely ways. Nearly all said, cynically, that regulators will not be of final consequence and that greed will prevail and ethics will be tested.

The Rule Of Law

Every country has laws, but some—vital to the future of the economy and the world—have no interest or no means to enforce what is on the books.

Graft and corruption are the words of the day in the Middle East, Russia, Southwest Asia, Indonesia and China.

Even in countries where the law is enforced—the United States, the United Kingdom, Germany, France and others—the level of wrongdoing and criminality is becoming unprecedented.

Much of this is not seen by the public at large because the media are simply unable to report the amount of wrongdoing and the regulatory and legal authorities—staffed in most cases by able civil servants—are simply overwhelmed and outnumbered by high-paid lawyers, accountants and others who help advance illegal activity.

Examples of this abound, from tax and financial fraud to outright bribery. But the Foreign Corrupt Practices Act in the United States, some complain, hurts this country's ability to be competitive.

Added to this we see serious criminal behavior in many companies, both from employees and with customers and suppliers.

Implications For Business

As the economic recovery starts to take hold, expect more of this kind of abuse, and be very careful when doing business in the "emerging markets." Look within your own organization to spot crime. We've seen two companies in just the past weeks save in excess of $1 million each by curbing crime.

Welcome To The Age Of Transparency

The word "transparency" has entered into a short list of business buzzwords that are employed so often and in so many different contexts that they seem to lose meaning altogether. But this vexing overuse should not dull the importance of what might be the most critical business imperative of the next decade.

In the not-so-distant past, companies—even publicly owned companies—were judged mainly on results, with relatively little outside examination of internal processes, except in cases of particularly egregious behavior. That dynamic began to change in the 1990s with the rapid expansion of the Internet and the emergence of powerful environmental and "good governance" movements. Then, the near-collapse of the global economy last year ratcheted up the level of outside scrutiny of global corporations to previously unimaginable levels. With opacity identified as a primary cause of the current crisis, companies are now finding themselves under an unflattering and unforgiving microscope.

Perhaps no business topic arouses public passion as much as the issue of executive compensation.

While most of the current furor has focused on the financial sector, the establishment of a White House "Compensation Czar" in the United States is hardly a comforting development for corporate boards and senior management teams in other industries. The media is much taken with lists of the highest paid corporate executives or those executives who received large bonuses while company performance suffered. Woe to the CEO who finds himself included in such company.

The debate over how financial services firms—and other corporations—should account for the value of securities, loans and other assets and liabilities on their balance sheets is shaping up as one of the biggest battles in the coming bout of post-crisis regulatory reform. In short, reformers claim that banks took advantage of the opacity created by "cost accounting," off-balance-sheet vehicles and other techniques to overstate the value of assets and/or minimize potential liabilities. In the U.S., the Financial Accounting Standards Board is taking a hard look at these issues and the banks are gearing up for the next round of a fight that has already spilled over onto the floor of Congress. The upshot: It is highly likely that companies of all types soon will face much stricter reporting standards.

European companies are well-accustomed to reporting demands centered on ESG issues such as "sustainable" business practices, climate change, labor practices and human rights. But even in the U.S., where there is less consensus on best practices in the reporting of these issues, companies are being closely watched by a host of advocacy groups. The combination of heightened awareness of these issues among media and the general public with the power of the Internet to enable groups to disseminate information and rapidly self-organize, leaves even the most diligent companies at risk for a major public relations misstep.

Implications For Business

It is this amalgamation of newly intense scrutiny from public groups and the media, increased activity among reformist regulators and maturing social networking and electronic media that has ushered in the "New Age of Transparency." Companies cannot afford to be complacent in this emerging environment. Perhaps, more so than ever, companies should not be making any strategic choices without careful consideration of public relations implications, and the head of communications ought to have a seat at the table for discussions of both strategic and tactical or even major, day-to-day operational issues.

It is not enough to engage public relations professionals for regularly scheduled communications or to summon them at times of crisis. Because the risks are so varied and so severe, and the intensity of outside scrutiny so unfamiliar (witness Goldman Sachs, auto executives, etc.), in addition to the legal team, it is important that communications professionals be in the mix. These professionals can ensure that the company adheres to rapidly evolving transparency standards, and they might just spot the one issue in an otherwise sound business decision that could erupt into crisis.

Reconsidering Cash

For much of the last year, news headlines around the world have focused on how the global financial crisis has disrupted companies' ability to secure the capital they need to run and grow their businesses.

Receiving considerably less attention has been how large companies—and institutional investors—have responded to the credit crunch: They have built up huge cash positions that could remain an influential fixture of corporate finance and global investment markets for years to come.

Cash holdings among U.S. industrial companies are near an all-time high. Industrials in the S&P 500 held about $700 billion in cash and cash equivalents at the end of the second quarter of 2009. Those cash levels represent a huge increase from the $600 billion to $650 billion in cash reserves among this group from 2004 to 2008. More than 55 of these companies had at least 25% of their market value in cash at the start of the second-half of this year, and 16 had more than $10 billion in cash.

Nearing Historic Levels

Cash allocations have also approached historic levels in the portfolios of institutional investors. In the decade leading up to the global financial crisis, institutional portfolio managers had come to view cash holdings as an unnecessary drag on investment returns. As such, cash allocations of well less than 1% of total assets became the norm for U.S. pension funds, nonprofits, hospitals, universities and other institutional investors.

Furthermore, led by university endowments, institutional investors put billions of dollars into "illiquid assets" such as hedge funds, private equity funds and real estate. At Yale, an estimated 45% of total endowment assets were invested in hedge funds and private equity and other illiquid assets. Such allocations soared last year during the worst of the crisis as institutional investors found themselves unable to unload illiquid positions, and forced to sell liquid assets like stocks and bonds in falling markets in order to meet cash requirements.

Stung by this experience, institutions spent the past 12 months building much more substantial cash reserves. Cash allocations of 5-10% have become standard in the industry and most experts believe these bigger cash holdings will remain part of institutional investment portfolios for the foreseeable future.

Implications For Business

The fact that companies, consumers and institutional investors are all holding more cash will slow the pace of economic recovery.

If enlarged cash positions remain in place over a longer period of time, they will also serve to dampen overall investment performance in what already appears to be a low-return environment—exactly what we view as the most likely scenario. Simply put, companies and investors have learned a hard lesson about the value of liquidity. Although this lesson will fade from memory during the next boom, the experience of a painful cash crunch will temper the actions of corporate executives and institutional portfolio managers for some time to come.

U.S. Manufacturing What's Ahead?

Manufacturing activity expanded in August for the first time in 19 months.

However, serious challenges remain ahead. Consider:

• U.S. manufacturing employment has steadily declined over the past 35 years. From a peak of 19 million jobs in 1973, current manufacturing jobs number a little under 12 million.

• Since December of 2007, the U.S. has lost 2 million manufacturing jobs. More than 40,000 factories closed between 2001 and 2008.

• Over the last 30 years manufacturing has fallen from a quarter to an eighth of the economy, while the amount of domestically consumed manufactured goods made overseas has increased from one-tenth to one-third.

• China now produces five times more steel than the U.S. The U.S. has not built a single new domestic oil refinery in 30 years, and domestic shipbuilders have not built a single commercial vessel for international trade in a decade.

There is good news:

• The U.S. remains, by far, the world's leading manufacturer by value of goods produced and generates more than 20% of world industrial output.

• U.S. manufacturing produced a record $1.6 trillion in 2007– nearly double the $811 billion of 1987. For every $1 of value produced in China factories, the U.S. generates $2.50.

• U.S. manufacturing productivity has increased 50% in the past decade and 6.6% in the April-June quarter, the largest advance in six years.

• U.S. manufacturing generates more than 60% of U.S. exports, about $50 billion a month, and is responsible for more than 70% of private sector research and development.

Implications For Business

Maintaining a strong manufacturing base is critical to maintaining the country's economic strength and leadership. While U.S. manufacturing remains strong in many ways, there are some troubling trends that government and the private sector need to address.

Nothing Will Return To What It Was

Predicting the future is always dangerous and, indeed, what is to come is being shaped now.

But no reader of this Trend Report should expect the economy or society to be the same.

Expect the U.S. and China to become much stronger. A new G-7 (the seven wealthiest nations in the world) will emerge, and the only European nation that has a chance to be part of it will be Germany.

Look for Europe to be less hardy. Know that the rogue states are thinking about what acts they can take right now that will help them gain a strong foothold in the world. Russia, despite its huge problems, is looking for its next opportunity.

From an individual view, consumption will tail off. Lower growth rates, due to less spending, will take hold. Savings will accelerate. But many of those living on the edge may be forced into very negative positions. At least in the short-term, much less money will be spent on investment and R&D. It may take 4-5 years to claw back for many companies/countries, if they get back by then. There will be a much harder focus on green technology. A new group of the very wealthy is emerging. The middle class, long the strength of the U.S., in particular, is shrinking.

The burden of public debt will take years to pay down. There are deep problems in the housing space and very tough political decisions—reducing spending/increasing taxes—lie ahead. Watch for new, tougher regulations on business, most of which will not be helpful.

Much will be expected from corporate boards. How institutions regain credibility will be critical.

Implications For Business

The U.S. has been a great engine of growth since WWII. To some degree, China is starting to be similarly viewed, but the ability to sustain its recent performance will be tested. Tremendous opportunities will arise for those skilled enough to understand and move on this. Potential peril looms for those who are not nimble. There will be debates about protectionism but for the most part, a global system will prevail.

Terrorism Behind Us?

Before 9/11, few talked about terrorism. But it existed and was growing long before the Shah was deposed in Iran in 1979.

As you read this Report, you may gain comfort from some public accounts that terrorists are on the run and the movement is receding. That is simply not the case.

Terrorist organizations are recruiting at an unparalleled level and in places and among populations not generally considered part of this movement.

The terrorist propaganda machine is large, well-funded and impressive. Next time you are in London, gauge the number of Islamic channels against the BBC or other outlets in the West. Tap into the blogosphere to get a real taste of what is being said.

• Africa remains a fertile region for recruiting people and attracting money.

• In Algeria, the Salafist Group for Call and Combat (al-Qaeda) is notably successful finding money and recruits for deployment outside the country.

• In Mali, Niger, Chad and Nigeria, al-Qaeda is growing in size and scope.

• Of North and Central Africa, government officials say: “This is a zone that can’t be controlled. We don’t know who’s out there in the desert and what they are doing.”

• Not only the border regions of Pakistan, but countries like Yemen and Somalia also provide important training grounds for, and harbor, al-Qaeda.

Implications For Business

All this has resulted in the kidnapping and killing of many European tourists in the region and tens of millions of dollars paid by European governments to ransom their people. The continuing threat of terrorism means security must remain a top priority not only for companies doing business overseas, but for domestic operations as well. From the hiring of new personnel to the protection of property, executives must stay on high alert.

Russia — A Troubled Nation Able To Create Trouble For The West

Russia is obsessed with being recognized as a “Great Power.” She has felt as one since the 17th century, after having conquered Siberia, but especially since her victory in World War II over Germany and the success in sending the first human into space. From this point of view, recent remarks about Russia by Vice President Joe Biden—“Russia has to make some very difficult calculated decisions.” They have a shrinking population base, they have a withering economy, they have a banking sector that is not likely to be able to withstand the next 15 years”—while perhaps accurate, were not well received.

The Russian economy is in dire shape. Exports are off nearly 50%. Forecasts say that Russia’s GDP this year will fall by 7%. The stock market, which recovered somewhat recently, was off 70%.

Vladimir Putin, now in his second decade of power (more on this in our January 2010 Report), is doing all he can to return his country to a prominent position in the world. Many Russians regret the passing of the Soviet Union and feel nostalgia for Stalin. They miss the role of Russia as a “Great Power” to be respected and reckoned with. Russian media regularly report negative news about the U.S. and predict the dollar will soon be worthless.

Television is controlled by the State. There are few radio stations and few newspapers able to print objective news.

Corruption is beyond belief. Russia’s Ministry of the Interior revealed, without any apparent regret, that the average amount of a bribe this year has nearly tripled compared to the previous year, amounting to more than 27,000 rubles, or nearly $1,000.

Everywhere one turns there are problems—in Georgia, Chechnya and in the Caucasus region where a few weeks ago a suicide bomber drove a truck into a police station, killing 20 police officers and wounding more than 130 people.

Implications For Business

This is a very tough place to do business today, and the outlook for the future is not encouraging. Expect the Russians to exploit whatever political developments in the world will give them an advantage.

It is worth pointing out, however, that many knowledgeable observers believe that it costs nothing to defer to Russia’s claims to exalted status, to show her respect, and to listen to her wishes.

Japan—Turning The Corner?

Japan could well be coming back, and the determination and resolve of the Japanese people will see this nation again play a large role in the global economy.

Whatever one may say about the faltering Japanese economy—still, the world's second largest—the not-unexpected results of the August 30 election presage some significant changes. After half a century of nearly uninterrupted rule, the basically conservative, pro-business ruling party has been replaced by a center-left Democratic Party (DPJ) whose campaign slogan was "Putting People's Lives First."

During the current global financial crisis, the Japanese economy has, in fact, taken a bigger hit than any other major industrial country, notwithstanding a $270 billion public works stimulus program that has, to date, produced only a minor rebound.

Not unlike its U.S. namesake, the Japanese Democratic Party (DPJ) is committed to a very aggressive, bigger government intervention in the economy designed to boost household income and consumer spending. Look for increased government support for child care, health and education and income support for workers in basic industries as well as tax cuts.

At the same time, the Party has also proposed a major cost-cutting target by fiscal 2013. Conservatives argue that these consumer-boosting measures may well be offset by policies that will have the opposite effect in the longer-term. Nonetheless, for the immediate future, the rise in consumption and a stable government, removing the political uncertainty that has recently prevailed, could give a boost to Japanese equity markets.

Four Decades in Power

Of real consequence, Japan was ruled for 40 years by the Liberal Democratic Party (LDP). These politicians, led by Shintaro Abe, were the architects of Japan's miraculous economic recovery. In the 40 years following World War II, Japan became, as noted, the world's second largest economy. A large part of this stemmed from the relaxed line between industry and government that resulted in long-term planning.

Now, the August 30th election for the Lower House (the more powerful chamber) of the national Diet has resulted in a huge win for the 11-year old Democratic Party of Japan (DPJ).

What this means is that things will change dramatically. DPJ leaders were critical of Japan's agreement to finance American military realignments in Japan, taking some forces out and putting them in Guam. And, in general, DPJ leaders have moved to distance themselves from the Obama Administration on foreign policy matters.

Implications For Business

Expect uncertainty ahead as the rest of the world tries to assess the DPJ. In this regard, be mindful of China, which is working now to bond with the DPJ. Success here will be a major challenge for the Obama Administration and Secretary of State Hillary Clinton.

The Next Great Leap Forward: The Biggest Bet In The World

China is one of the world's largest manufacturing centers—a position leaders there have carved out of the world economy over the past 50 years.

But since so few are buying anything today, China is also now a center of huge unemployment.

It is next to impossible to get accurate numbers, but it is known that more than one million graduates of Chinese universities are looking for jobs; many small factory owners have gone bankrupt; thousands of factories have shut; millions have received no wages.

People are very unhappy and are protesting.

To forge a modern China, the people for years endured pollution, shortages of all the basics, widespread corruption and high-risk industrial processes. It is estimated that 250 Chinese die each day in the country's coal mines.

It is going to get worse because the Chinese model relies on goods being purchased abroad. And few are buying today.

Into this void the government has poured trillions of RMB in stimulus monies to build still better transportation and infrastructure—highways, high-speed rail, airports and more. The Chinese are betting on a global economy that will recover sooner rather than later, on the future and on another great leap forward.

This is a risky proposition. If it works, look for China to dominate the next generation. If it fails, expect all types of dislocation and problems.

Implications For Business

Watch the economic turn closely because China will go one way or the other. There will be no middle ground. Our view: If civil unrest can be kept to a minimum, the Chinese will be a dominant world player over the next 100 years.

Afghanistan, Iran And Pakistan: Three Nations Connected With Implications For The World

Americans look at these three countries, rooted in tribal tradition, as being separate. They are connected in many ways, and a strategy for one needs to take the others into account.

The U.S. and NATO have built up their troops in Afghanistan, but the terrorists and Osama bin Laden have, basically, left for Pakistan.

That said, Afghanistan is a nation that has been in conflict for more than 30 years. The principal victims of this conflict have been civilians. Interference from outsiders—Russia, the U.S. and others—has set the pattern for what is happening.

It is foolhardy to try and predict what lies ahead in this turbulent country, but expect more danger and violence. Here are some basic facts:

• The election is over and Mr. Karzai has been returned, but not without angry challenges from his opponents and continuing charges of pervasive corruption in his government.

• America is bringing in more troops by the week. Total U.S. forces now exceed 62,000—Obama added 21,000—and growing, which, combined with NATO troops, add up to at least 100,000.

• Last year, the U.S. continued to provide billions in foreign aid.

• The resurgent Taliban are gaining in number and force as terrorist attacks accelerate.

• The opium crop is at an all-time high—about 37% of the GDP.

• Sentiment—both on the left and right—is mounting for a withdrawal of U.S. troops, especially in light of growing U.S. casualties. 51 Americans were killed in Afghanistan in August—the most for any single month since 2001. A recent CNN poll (September 1) showed that 57% of Americans oppose increasing troop levels.

All this has created an unease and instability where dangerous people have stepped forward—terrorists and drug lords.

Drugs—there are three million addicts in Afghanistan and five million in Pakistan—are the Afghan cash crop and while some reduction has occurred, there is no end in sight to this problem. Pakistan—with a deep bureaucracy and a very strong army—faces the huge issue of Pakistan's budget—48% goes to the army, while only 2% goes to health and education.

Yet the Afghans still yearn for peace. President Obama is committed to help, but how much he will, or can, do will be constrained by waning public support of the war.

The Afghan army will be at 150,000 by 2012 and the Afghan police are doubling in size to almost 150,000. Those forces will probably be key to any future permanent stability in this beleaguered nation that has now been war-torn for some three decades.

Pakistan's priority is India. Cooperation from Pakistan against al-Qaeda will at best be half-hearted. Many in Pakistan are extremely tight with the Taliban in Afghanistan, and this is still another hurdle.

Iran is in a rising state of chaos, with its people in the street, angry at the mullahs and the West.

Terrorists and a total ignorance of law make all these nations very hard to do business in and with. Each is seeking success and knows this would only happen by destabilization.

Implications For Business

Anyone doing business here needs to be very careful. No need to say more.

Global Healthcare

In 1900 there were 1.5 billion people on earth. Today there are nearly

7 billion. This growth, with no end in sight, has led to the development of diseases which are just not properly regulated.

It is generally agreed that there are two major public health problems in the 21st century: new infectious disease epidemics; and chronic diseases associated with age and development.

These global figures offer a perspective:

• HIV/AIDS: 40 million contaminated people; 3 million deaths per year

• Malaria: 300 to 500 million clinical cases; 3 million deaths per year with 90% in the sub-Saharan region

• Tuberculosis: 1 billion clinical cases; 3 million deaths

• Cancer: 16 million deaths per year

• Infectious

Diseases: 14 to 20 million deaths per year

The factors thought to lead to this include: demography (urban population concentration); loss or lack of hygiene culture (lack of water); world exchanges (travels); atmospheric and food population facilitating oxidative stress and immunodeficiency; aging of immunodeficient populations; and global warming providing new ecological niches to insects.

Topping this, an incredible amount of people around the world—1.3 million—continue to smoke.

Consider: Tobacco is the leading preventable cause of death in the world; causes one in ten adult deaths worldwide; causes nearly five million deaths a year, or one death every 6.5 seconds; kills 50% of its regular users (of the 1.3 billion smokers alive today, 650 million will eventually be killed by tobacco); by 2030, 70% of deaths attributable to tobacco will occur in the developing world; and 100 million deaths were caused by tobacco in the 20th century.

Added to this, there are an estimated 30 million people with dementia worldwide. By 2050, it is projected that this figure will have increased to over 100 million. Much of the increase will be in developing countries.

Moreover, incidences of Alzheimer's disease increased five times during the last five decades.

A European study indicates that 35% of people over the age of 65 suffer from neurological or psychiatric diseases.

Expect 4.6 million new cases of dementia every year; one new case every seven seconds.

Implications For Business

Work and preventive efforts are underway around the world. Indeed, some control can be brought to this trend by personal behavior, and scientists are optimistic that some of this can be addressed. But change in behavior, from patients to doctors, is key.

U.S. Healthcare

Expect huge growth in the domestic healthcare sector, pressure on lawmakers and regulators and increasing costs of incredible magnitude to businesses.

The healthcare legislation now being discussed in Congress covers more than 1,000 pages and includes much that has little to do with the subject.

To help cut through the smoke and fog on this issue, here are some key facts:

• Over 47 million people—15.3% of the population—were uninsured in 2007, up from 38 million in 2000. That total has continued to rise as a result of the current economic downturn.

• Spending for healthcare is expected to nearly double over the next decade—rising from $2.2 trillion, or 16.2% of gross domestic product (GDP) in 2007 to over $4.3 trillion, or 20.3% of GDP, in 2018.

• By 2035, total health spending may exceed 30% of GDP.

• Spending is projected to grow at an average rate of 6.2% a year, about 50% faster than growth in the economy. In 2007, federal outlays for Medicare and Medicaid totaled $425 billion, or about 15% of the budget.

• Because spending is rising much more quickly than revenue, the Medicare trust fund is projected to run short of money in 2017.

• Between 1999 and 2008, premiums for family coverage purchased through an employer increased 3.5 times faster than workers' earnings.

We are not about to suggest a solution to what lies ahead. There is plenty of attention and disagreement on "the right way."

What is clear is that this is a huge and urgent national priority and we need to get it right.

Implications For Business

Any kind of public option, if passed, which now appears less likely, will, of course, provide unwanted competition for the insurance industry. On the other hand, near universal coverage—the so-called mandate—has the potential to provide the sector with countless millions of new customers. Whatever comes out of Congress, the nation's basic health insurance model will remain in place with larger companies still burdened by the lion's share of coverage for under-65 employees. Small businesses will probably get some kind of federal subsidy to help them cover their employees.

Did You Know?

Swine Flu & Over 50s:
Maybe Better Than You Think

If a more virulent form of swine flu returns this fall and winter, as many scientists predict, older people – those born before 1957 – may be less, not more, susceptible than young people. That's because the Spanish flu that caused a pandemic in 1918 was, like swine flu, an H1N1 virus, and so were all its mutations for the next four decades. Everyone born during those years should, therefore, have acquired some level of immunity. That may have ended in ’57 with the appearance of an H2N2 flu. Time will tell whether this theory holds up, but right now it appears that age may be an advantage.

Africa—A Wise Investment?

At the dawn of the Obama Administration, there appeared to be many new opportunities and business incentives for the U.S. to leverage in Africa. President Obama’s inauguration presented an opening to build further on the Bush Administration’s legacy in Africa, including the President’s Emergency Plan for AIDS Relief (PEPFAR), the Millennium Challenge Corporation (MCC) and the U.S. Africa Command (AFRICOM).

Unfortunately, the Obama Administration is now confronting significant new realities in Africa: a rapid, on-going decline in political stability with an attendant increase in discord in the DRC, Somalia, Sudan and Zimbabwe, plus grim uncertainty in Central Africa. Currently, the U.S. government’s prime focus is on the global recession and the wars in Iraq and Afghanistan. There is palpable anxiety that the enormous expectations for relief in Africa triggered by Obama’s election may now remain unfulfilled. If, as it appears likely, the global economic downturn results in worsening poverty and malnutrition along with an increase in crime, new business initiatives in Africa may prove futile or never even materialize.

It is, however, crucial that African governments work to improve their own economies before they can expect other nations to invest their time, energy and money.

Traditional business in Africa has long been a difficult proposition. But ambitious leaps in new media infrastructure will soon connect the continent with the rest of the world at high speeds, spurring African economies and creating a host of new business opportunities.

Limited Broadband Access

Africa is the last major piece of the planet without widespread broadband access. So far, its Internet users have relied on expensive and slow satellite links, limiting the use of an array of new web applications that rely on broadband technology. The opening of a new fiber optic cable in July 2009 has changed all that.

In May, Jacob Zuma was sworn in as South Africa’s fourth democratically elected President. Zuma has a strong reputation. He was formally President of the National African Congress (ANC), the nation’s governing political party, and served as the Deputy President of South Africa from 1999-2005. With the country now weighed down by a one-third unemployment rate, President Zuma is entering office under immense pressure to perform.

He has already dismissed Trevor Manuel, first appointed Finance Minister by Nelson Mandela in 1996, replacing him with newcomer Pravin Gordhan. Gordhan earned plaudits for increasing revenues as head of South Africa’s Tax Authority. For the past decade he has successfully turned the South African Revenue Service from a disreputable collector of apartheid taxes into an efficient machine that funds substantial welfare and infrastructure spending.

Zuma hopes Gordhan can continue this positive trend as Finance Minister. Manuel now serves as head of the federal Planning Commission with the intention of strengthening the country’s economy and reassuring international commerce and investors.

Africa is the world’s second largest continent, covering 20% of its land area with a staggering population of nearly one billion—some 14% of the global population. In order to stimulate their economies and attract investors, African governments have indicated a willingness to create investment-friendly environments for so-called Foreign Direct Investment (FDI).

In addition, thanks to Africa's abundant and diverse natural resources, the continent is a magnet for corporations in the U.S. and other superpower nations, including China. Over the past decade, the Chinese economy has been increasing at nearly a double-digit annual growth-rate. This rapid growth requires a gargantuan supply of resources—especially energy. Small wonder, then, that China is capitalizing on Africa's natural resources— especially minerals, wood and oil—with considerable focus on West Africa.

Competition for U.S. Businesses

China's forward approach to take advantage of Africa's natural assets is a source of considerable, often unfair, competition for U.S. businesses. The Chinese authoritarian regime is not concerned with profitability considerations. The Chinese can continue to fund unprofitable initiatives, essentially ignoring risk and adversity in pursuit of their long-term objectives. U.S. companies must be more creative, innovative and strategic in quantifying risk.

In today's depressed economy, despite the lure China and other countries find in Africa, U.S. corporations tend to be more conservative about investing in an area that is notoriously unstable and has a reputation viewed as high-risk on a number of levels.

According to the U.S. Chamber of Commerce and the Africa Business Initiative, the key factors impeding American corporate investments in Africa include:

• Unstable infrastructure—It is important to U.S. investors that there are strong transportation systems, communications infrastructure, a trainable workforce and stable national commerce to support their businesses.

• Corruption—Returns may not be ensured or sustainable because costs can often escalate for reasons unconnected to business procedures. There is a possibility that resources and time could be wasted. A functioning legal system which underscores the rule of law and justice is a strong incentive.

• Workers' rights and well-being—Functioning educational and healthcare systems are not in place for most local employees. This needs to be established before U.S. companies can invest with any degree of confidence.

Implications For Business

With all of the perceived instability and risk involved, the returns would have to be very high to make it worthwhile for U.S. corporations to invest.

Nuclear Power Revival

Not so long ago, any proposal to build a new nuclear plant anywhere in the U.S. was a total no-no, akin to touching the third rail. Things began to change somewhat around four years ago. Today, supporters and suppliers of nuclear power have been newly energized, including many environmentalists, who recognize that nuclear energy, unlike fossil fuels, is non-polluting, emitting zero carbon dioxide. In the past, the all-too-familiar roadblocks have been public safety and security concerns plus the long-term radioactive waste disposal problem.

This looming nuclear renaissance is driven by a number of latter-day realities: the urgent need, in the interests of national security, for the U.S. to become energy-independent using alternative energy sources; accelerating global warming from coal, oil and gas-fired power plants; skyrocketing, worldwide energy demand; weakening public opposition; and growing political support in Washington.

Most significantly, the economics of constructing the next-generation, costly reactors are becoming more favorable thanks to a government guarantee. In fact, the industry has always required large and ongoing government support. The Obama

Administration's Department of Energy has announced it will, initially, provide $18.5 billion in federal financing, as approved by Congress, to selected nuclear energy providers. These loan guarantees would enable one, or all four, selected companies to begin building reactors—each at a cost of around $5 billion and often a great deal more—by 2011 with the plants coming online in four-to-five years.

Despite the astronomic outlays involved and tough regulatory constraints, 17 companies applied for the loan guarantees before the quartet was chosen. Currently, some 22 reactors are in various stages of development across the country.

The U.S.'s existing 104 nuclear reactors, now supplying about 20% of our domestic energy needs, are turning into antiques. The last one put into service was ordered back in 1973 with a now out-of-date design. Utilities across the country are chomping at the bit to upgrade or replace those aging plants. At the same time, building new plants may still face fierce community opposition, even though nuclear advocates argue that today's plant designs are safer than ever.

Although the U.S. pioneered the nuclear power industry, development here ground to a halt in 1979 in the wake of the Three Mile Island reactor core meltdown and widely-viewed films like "The China Syndrome," released that year. A half decade later came Chernobyl. Plants under development at the time were completed, but some 100 planned reactors were cancelled. It's taken three decades to move the needle.

There are now 439 nuclear plants in operation globally. France remains the global leader in nuclear-generated energy, representing 76% of its total electrical power output. At least 36 new nuclear plants are currently under construction around the world—notably, in China—and 61 are projected.

After the U.S., the nations with the most working nuclear facilities in 2008 were: France (59), Japan (55), Russia (31), South Korea (20), the U.K. (19), Germany (17), India (17), Ukraine (15), China (11), and Sweden (10).

Implications For Business

Building nuclear reactors is a costly undertaking. Outside of the U.S., they are, typically, financed by government. Here, the capital will have to be raised by Wall Street. Whether future nuclear operations in the U.S. represent an attractive investment opportunity remains to be seem. There is, however, little doubt that the moratorium on nuclear energy in the U.S. is coming to a close.

The Energy Dilemma

How we handle the energy crisis may tell us if the U.S. returns to prosperity or follows the path of decline. Indicators will likely be provided during the present gathering of Congress. The next several months could be among the most momentous in American history. Be prepared for a session of shock and awe in Washington.

Any analysis of the present state of America must take in account that natural resource industries are the only major industries without a Czar or government minder—banking, insurance, cars, investment houses and real estate are all in nanny's kind grip. It has been said that oil is the last major "free" industry. The temptation to the Administration must be palpable.

Energy has created a more comfortable world where even the poorest Americans still live in "relative" comfort. Further, the citizens of most developing countries in the world want to live a comparable, comfortable American lifestyle. Yet, every proven source of energy faces a very uncertain future.

The message of "clean energy"—wind and solar—is now shifting into high speed, spurred on by the Waxman-Markey legislation. It has been touted as "a new direction for America's clean energy future and fighting global warming." Synthetic and renewable fuels are the centerpiece of this Administration's energy policy.

Environmental Protection

The goal of the legislation is well-intentioned: protect the environment by reducing greenhouse gas emissions. Politics, however, has distorted the legislative "cap-and-trade" initiative, and the idea once advanced of spreading the costs equitably across society has been abandoned. Many say the bill has been rushed; committees have been by-passed; serious analysis has been neglected. Opponents of the bill hold Waxman-Markey to be a destructive piece of legislation.

Not every nation in the world is as cavalier with its future as the U.S. China leads the pack of realists. It is securing oil supplies from the South China Sea to the Middle East and from Africa to Latin America. It is exploring less than 100 miles off the American coast in Cuban waters. China is cutting deals with people who would rather bury than help America. Nuclear plants are being built at a rapid pace. It has become the leading producer in the world of solar, wind power and renewables. It has moved ahead of the U.S. as the world's top air-polluter while becoming the leading developer of clean-coal technology. China is a country serious about its future.

Russia, with major fossil fuel reserves, is using these reserves as diplomatic and economic tools; some have even suggested as weapons.

Here, leaders of all political persuasions have given us more than 40 years of energy policy negligence. Each side of the aisle has pandered to its own special interests. This mismanagement now threatens the prosperity and safety of our nation. Lack of adequate energy can prevent us from flying, driving, cooling, heating, feeding and defending ourselves. Our money will be devalued as central banks shift their reserves out of dollars into Euros and Asian currencies, inflation becomes a reality and chaos looms.

Implications For Business

President Obama has said that solving the nation's energy problem is one of his highest priorities. He intends to make energy the engine that will save the floundering American economy, create jobs and clean up the climate. At the moment he is trying to serve two masters—the environment and energy needs. Unfortunately, his announced solutions often seem more ideological than practical. Nonetheless, he gives every indication that he is more serious about energy than any president since Jimmy Carter.

There are three simple rules about energy that President Obama should keep in mind:

1. Every little bit helps. The simple fact is that every contribution, whether from conservation, fossil fuels, bio-fuels, nuclear and renewables, will be needed.

2. Don't pin your hopes on a major scientific breakthrough. If the search for renewable fuels fails to provide the "magic bullet," we will be faced with massive economic and social disasters.

3. The most constant rule in energy is "everything takes a long time." If the perfect renewable is discovered in December 2009, President Obama could well be a grandfather before citizens receive any of the benefits.

As risk management experts say: "Don't throw your life preserver away until you are on the rescue ship."

Carbon Markets On Hold

The odds of the American Clean Energy and Security Act (a/k/a the Waxman-Markey bill) being passed by the Senate or of another version being voted on this year are starting to look thin.

In early September, Senators Barbara Boxer (D-Ca.) and John Kerry

(D-Ma.) decided not to introduce their version of the cap-and-trade bill to the Senate and could postpone doing so for at least a month. The culprit is the healthcare bill. As expected, healthcare is now dominating the political discourse in Washington and has also put the energy bill on the back burner. If the Democrats are unable to claim victory on healthcare, they will have a tough time renewing the push for a comprehensive energy bill.

Waxman-Markey required a major effort of political arm-twisting and back-scratching by Congressional leaders just to pass the House early this spring by a vote of 219-212. Few Republicans voted for the bill and many so-called Blue-Dog Democrats resisted giving their support for what has been characterized as a massive tax hike. Representatives and Senators from Midwest states, that produce large amounts of coal-fired electricity, fear their constituents will be particularly hard hit.

Target Greenhouse Gas Emissions

The centerpiece of the bill is a cap-and-trade system that would establish an economy-wide limit for carbon dioxide and other greenhouse gas emissions, while allowing large CO2 producers to buy and sell rights to emit it into the atmosphere. The cap would gradually decline out to the year 2050, at which point the bill intends to have reduced overall emissions by 83%. The idea is that such a system grants businesses flexibility in how they comply with the new regulations. For example, businesses could cut their emissions, they could buy tradable allowances from others who cut their emissions or they could earn offset credits by financing emission-reducing efforts chiefly in the agriculture and forestry sectors.

Such a system worked very well when it comes to sulfur dioxide emissions that contribute to acid rain. The cap-and-trade system for sulfur dioxide instituted in the mid 1990s resulted in rapidly reduced output of SO2 and at far lower overall costs than initially estimated. However, it hasn't worked as well in the European Union, which has been operating a cap-and-trade system for carbon emissions for the last several years. The chief criticism of the European regime is that too many free allowances were granted to the biggest emitters and that offset projects were not audited effectively.

If the United States were to institute a cap-and-trade system along the lines drawn out in the Waxman-Markey bill, it would create the largest carbon trading market in the world—at least twice the size of the European emissions trading system. The chief stumbling block to such a regime here, however, is the perceived impact it will have on our now fragile economy. There are wildly divergent views of the cost that a carbon cap-and-trade system would impose on our society. The Congressional Budget Office estimated that the gross cost for U.S. households by the year 2020 would be $110 billion. But, after the flow back of $85 billion in allowance benefits to consumers, the net cost would be around $25 billion or $175 per household.

Right-wing opponents of the bill see a far more dire impact on the economy. Estimates are that it would reduce gross domestic product by an aggregate of $7.4 trillion by 2035, destroying 844,000 jobs, raising average electricity rates by 90% (after inflation), and increasing the average family's energy bill by $1,500 per year.

If Congress doesn't produce energy legislation that includes regulating carbon emissions, the Environmental Protection Agency may soon step into the breach. In April, the EPA ruled that climate change presented a major threat to society and that the "greenhouse gases that are responsible for it endanger public health and welfare within the meaning of the Clean Air Act." That ruling has now passed its 60-day period of public review, and the agency has signaled that it may soon start regulating carbon emissions under its existing authority. Perhaps that may goad the politicians into action.

Implications For Business

In light of growing political opposition to this federally-sanctioned mechanism for curtailing harmful carbon emissions, the adoption of cap-and-trade in the near future now appears unlikely. Longer-term, however, as pressures to curb emissions increase, a market-driven cap-and-trade system may be most practical for business since a) it is not a simple, straightforward, direct tax imposed on all carbon-generating enterprises, and b) the heaviest industrial polluters can still comply by purchasing credits. Besides the temporary relief cap-and-trade can provide to big polluters, it will also create a new income source for non-polluters selling their allowances. Concurrently, cap-and-trade has the potential to launch a major new financial marketplace as credits become a valuable, tradable asset.

The Poor Are Getting Poorer

The past 18 months have witnessed a veritable economic maelstrom that has impacted Americans of virtually all socio-economic backgrounds. The effects of the global recession, combined with the restructured public benefits system, have had an especially devastating effect on deeply impoverished Americans.

Poverty levels in the U.S. are expected to increase throughout the course of the recession and linger well after economic recovery begins.

In a move to extend short-term aid and provide job opportunities to those in great need, Congress passed the American Recovery and Reinvestment Act in February. The Act promises to save and create 3.5 million jobs over the next two years, increase scholarship funding for higher education, and provide tax relief for working households.

While there is little doubt that this bill will provide real short-term assistance, most of the Act's provisions expire within two years. That begs the question of whether a more critical evaluation and update of our permanent public benefits system should take place in order to effect long-term change.

Role of Safety Net

In July, the Center on Budget and Policy Priorities released its report titled "Safety Net Effective at Fighting Poverty but Has Weakened for the Very Poorest," which analyzed the effectiveness of government-run support programs over the last decade. The data reveal that between 1995 and 2005 (the most recent year for which data is available) the programs became more successful in reducing poverty, and lifted 44% of those living in poverty—31 million Americans—above the poverty line in 2005.

Significantly, however, the programs have become less effective in reducing instances of severe poverty. In 2005, government benefits programs raised only 76% of impoverished children above half of the poverty line versus 88% of children who were raised above half the poverty line in 1995, and 60% of very poor unemployed workers above half of the poverty line from 70% in 1995.

The Center of Budget and Policy Priorities argues that this decline was caused by welfare reform measures that restricted cash assistance and enforced strict new work requirements that many were unable to meet due to health or other issues. One can only assume that—considering the new set of financial and employment challenges that Americans face today—these programs are less effective now than they were four years ago.

Meanwhile, according to the U.S. Census Bureau's just-released annual snapshot of the nation's living standards, the current recession has managed to significantly trim families' earnings, increase poverty and has left millions more without health insurance. Government statistics also indicate that some 40 million Americans now live below its established poverty line for a family of four—2.6 million added since the recession started.

Implications For Business

Business leaders should reevaluate their own benefits programs and determine whether their policies can be adjusted to further support their employees during this time. Successful restructuring of a corporate benefits program has the potential to greatly increase employee loyalty and motivation.

Soaring High School Dropouts, Unwed Mothers Pose Threat To U.S. Economy

17 of the 50 largest American cities had a high school graduation rate lower than 50% in 2008. The poorest graduation rates belong to Detroit, where only 25% of the students graduated on time; Indianapolis, 30.5% and Cleveland, 34%.

Overall, the United States has one of the highest dropout rates in the industrialized world. Nationally, 70% of U.S. students graduate on time with a regular diploma and about 1.2 million students drop out annually.

The statistics are even more perilous for minorities. Only about half of African-Americans, Latinos and Native Americans graduate on time.

How will employers be expected to train workers who can't read? Some manufacturers and retailers have had to employ pictures in instruction manuals. And, in the case of one quick-serve food retailer, photographs of various menu items have been placed on the cash register in lieu of words. Still other American companies have set up schools on their premises for remedial education.

The earning power of dropouts averages $9,200 a year less than those with a diploma. The poverty rate for dropouts is more than twice that of families headed by high school graduates. The dropouts will have even less money to spend on consumer goods resulting in lower profits for corporations.

Dropouts also have a much higher unemployment and incarceration rate than graduates, thus adding to the tax burden for companies.

In a related social-economic issue, the rate of out-of-wedlock child births is escalating, too. Unmarried mothers gave birth to four out of ten babies in the United States in 2007.

Traditionally, unmarried mothers were teens, but lately, the problem has expanded. In recent years, the out-of-wedlock rate for unmarried women in their 20s and 30s has soared—rising 34% since 2002 for women 30 to 34.

The U.S. is not the only industrialized nation with an increasing

out-of-wedlock birth rate. In Iceland, 66% of children are born to unmarried mothers; in Sweden, the share is 55%. Conversely in Japan, only 2% of babies are born to mothers who are not married.

Still, there is a difference between the unmarried birth rate here vs. Europe. Couples overseas, though not married, typically stay together and form a family unit. Government support for children is often higher in Europe. More often than not in America, children from these relationships have no father at home.

In the U.S., children born out-of-wedlock have more health and education challenges, but that may be because unmarried mothers tend to share those problems.

Like the high school dropout rate, the private sector is asked to carry much of the financial burden for the welfare of these children. Later in life, they may be ill-equipped educationally for employment in an increasingly complex work world.

Implications For Business

The implications for American business and the economy are frightening. It is hard to fathom how American workers are going to compete with their overseas counterparts with such an educational handicap. This will become especially apparent as the world continues to become even more technologically oriented. Moreover, where are our future leaders and the innovators coming from when so much of our population is so disadvantaged?

The End Of Daily Newspapers?

Millions of people nationwide are learning to adapt without something that has been a part of American culture since colonial times—a newspaper. In large cities and small, the wreckage of journalism can be found as one paper after another has stopped the presses for good.

The negative repercussions are many as the "fourth estate" totters from an onslaught of destructive trends in recent years, including declining circulation, a precipitous drop in advertising revenue and a migration to online news aggregators such as Yahoo!. People have become so accustomed to getting their news for free that paying for a daily paper is considered an unnecessary expense. And the fate of the nation's remaining 1,400 dailies hangs in the balance.

This year has been particularly hard on the industry with such legendary publications as the Seattle Post-Intelligencer and the Rocky Mountain News shutting down, both Chicago dailies in bankruptcy, and fears spreading the same will happen in Miami, Cleveland or Minneapolis.

Moreover, the massive proliferation of blogs has led many to confuse "citizen journalism" with the real thing, and a large percentage of young people rely on news "spoof" programs such as "The Daily Show with Jon Stewart" for their main source of news.

Much has been written about the collapse of the traditional business model, in which 80% of revenue comes from advertising; and the possibility of government bailouts and pervasive staff cuts that have left newsrooms with skeleton crews incapable of covering everything they once did, from City Council meetings to high school sports and concerts as well as breaking news.

Huge Staff Cuts

Staff cuts have ranged anywhere from 25% to 50%; meanwhile, ad revenue declined 16.5% last year and is expected to drop another 10% this year. And no prognosticators expect it to ever return to the levels of several years ago.

But what is particularly troubling in a free society where an informed citizenry is fundamental to the working of open government and democratic principles is that a recent poll conducted by the Pew Research Center found that 42% of Americans said they wouldn't miss their paper much or at all if the print or online versions ended—48% of those respondents were 39 and younger.

Equally disturbing, 26% believed the loss of their local newspapers would not hurt civic life in their towns and cities, and almost 30% said they would find other ways to get their news if the papers shut down.

Even though half of all adults read a paper every day, a growing number of Americans don't understand what news is (mistaking comedy for news) and don't care if there is no coverage of their town governments and civic organizations. But without the news-gathering staffs that traditional newspapers provided, which were subsidized by advertising dollars, there can be no news for the other media, such as cable TV, radio and online aggregators to expropriate.

There will be no reports of criminal activity in the corporate world or the neighborhood, of the selectmen's vote on the sewage treatment plant, of the City Council's decision to cut the Board of Education budget, of the speaker at the Lions' Club.

Local blogs and citizen journalism provide neither depth nor objectivity. They do not provide the investigative and analytical dimensions that good journalism requires. And while some metropolitan newspapers have shut down the presses and resorted to online editions, the reduction in the staffing levels very often inhibits producing the quality journalism that had characterized those papers throughout their history.

Implications For Business

• The loss of daily newspapers means there will be fewer outlets for common categories of advertising, including real estate, automotive, help wanted and retail. Advertisers will be forced to migrate online.

• The traditional function of good journalism—aggressive reporting, a forum for opinion, ensuring open government, public access to court documents, open court proceedings and guaranteeing freedom of information—will suffer.

• There will be a less-informed citizenry.

• Public debate on major community issues will be stifled.

• Corruption will increase when the watchdog function of journalism goes away.

Did You Know?

The U.S. Census Bureau's very latest population figures puts this nation's total at 307,445,572 and the world total at 6,784,126,385.

America's Obsession With "Self"

The evidence is everywhere that we have become a nation of self-obsessed individuals—from reality TV shows like "Real Housewives of New Jersey" to the overwhelming proliferation of Facebook and Twitter accounts and our national obsession with the celebrity lifestyle manifested in publications like "In Style" that show us how we can emulate the rich and famous in little ways and in big.

According to psychologists Jean Twenge and W. Keith Campbell, authors of "The Narcissism Epidemic," there is an epidemic of narcissism in America that rivals the obesity epidemic, with an estimated 6% of the population (10% of those in their 20s) displaying symptoms of the mental disorder called the Narcissistic Personality Disorder (NPD).

The word "narcissist" has become part of popular usage in America. It's not uncommon in TV and

Information Infrastructure and Use

	Now	Then	Year
Personal computers (total)	898 million	131 million	1990
Per 1,000 people	140	19	1990
Landline phones (total)	1.2 billion	333 million	1980
Per 1,000 people	217	75	1980
Cell phones (total)	2.7 billion	11.2 million	1990
Per 1,000 people	416	2	1990
Countries connected to the Internet	209	20	1990
Secure Internet servers	401,050	0	1990
Internet websites	110 million	9,300	1990
Host computers connected to the Internet	395 million	313,000	1990
Internet storage (terabytes)	532,897	0	1990
Semiconductor sales	$248 billion	<$1 billion	1980
IT capital stock (U.S.)	$1.05 trillion	$16.7 billion	1980
Digital video recorders	17.4 million	0	1990

Implications For Business

If you are not fully into cyberspace yet, there is no time to lose or you will be left behind.

Did You Know?
Thanks to the personal computer, you now have more than 60,000 typefaces to use when composing your correspondence, versus 2,000 before the advent of technology.

in film and in social settings to hear victims of broken romance refer to their previous partners as "narcissists." It is a very trendy pejorative description.

"The God Complex"

NPD is a mental disorder described as "a pervasive pattern of grandiosity, need for admiration and a lack of empathy," commonly called "the God complex."

The causes are variously defined as a dysfunctional childhood characterized by neglect and abuse, and excessive pampering.

Some social scientists believe the narcissism epidemic primarily affects women, largely because of society's over-emphasis on looks and fashion.

Twenge, whose "Narcissism Epidemic" was the first work to quantify the extent of the problem, notes that in the 1950s 12% of college students agreed with the statement "I am an important person." By the late 1980s, 80% did.

The shift began, experts speculate, back in the 1970s with the inordinate emphasis on developing "self-esteem," which in turn led to social phenomena such as grade inflation and athletic awards for even mediocre performers.

The effects of such a crisis of societal self-love comes at a price: Materialism and living beyond one's means; obsession with physical appearance and cosmetic surgery; a pervasive lack of civility; disregard for basic laws because of the erroneous perception that you are above the law; disregard for authority whether it is civil or corporate; lack of respect for leadership; perverse reality TV programs that emphasize the worst in society for entertainment's sake and suggest deviant behavior is normal; celebrity worship; substituting the facile friendships in social networking for true friendship; self-obsession found in cyber-sites like MySpace and a fundamental lack of concern for others, particularly strangers.

Moreover, these traits are evident in many people who may not be classified as suffering NPD.

Implications For Business

• Increasingly, employees will view the corporation and their employers with suspicion and put their personal needs before those of the group and society.

• Rules and regulations will be disregarded with greater frequency.

• Lack of civility is becoming commonplace.

• Standards of decency will decline further.

• A sense of entitlement will increase and standards of excellence will erode in much the same way grade inflation has afflicted academic institutions.

A Question Of Character

Despite a proliferation of character education programs in schools across the nation, honesty among U.S. teens is in short supply.

Recent surveys found that young adults often blur the lines of good and bad, choosing to act unethically in the interest of good grades, as a result of peer pressure or even on a lark.

Lying, stealing and cheating among the nation's high school students are on the rise. About a third of boys and a quarter of girls surveyed admitted to have stolen something from a store in the past year, up slightly from 2006; 42% say they have lied to save money (up from 39% in 2006); 83% admitted they lied to their parents; and 64% admitted to cheating on a test in the past year (up from 60% in 2006).

A 2008 poll found that teenagers feel it is sometimes necessary to cheat, plagiarize and lie—even behave violently. In addition, surveys conducted earlier this year show widespread use of cell phones to cheat on school exams.

Surrounded as they are by avarice and deception, it's no wonder young people fail to embrace virtuous lives. They are living what they've learned.

We've been called a culture of liars and it's easy to see why. Media reports are jam-packed with articles on political corruption, fiscal mismanagement, sex scandals, acts of plagiarism and other unscrupulous behavior. Indeed, having loose ethics could be viewed as the norm. Doing the right thing seems quaint and old-fashioned by comparison, especially when so many people seem to get away with behaving badly.

For years, school districts have attempted to fight back, addressing bullying and other unethical behavior through character education; hoping that if virtues such as responsibility, honesty and hard work are part and parcel of school life, the messages will sink in.

Internet Programs

Educators are aided in their efforts by national organizations such as CHARACTERplus and the Character Education Partnership, which aim to guide schools in selecting appropriate curriculum. The Internet is full of individualized programs such as Achiever McBeaver, which promises educators that they'll be able to implement its character education program in "just eight minutes a week" over a school's public-address system.

Colleges and universities also are working to bolster ethics among students. Boston University's 10-year-old Center for Advancement of Ethics and Character, for example, is gearing up to host a national forum in Washington, D.C., in October on "Citizens of Character: The Foundation of Democracy."

However, all these messages are falling short of their target. Continued erosion of basic values will further exacerbate many of the problems that plague our society

Implications For Business

• Anticipate a young workforce requiring implicit direction regarding such basic character traits as diligence, hard work, sincerity, honesty, personal accountability, courage and perseverance.

• Businesses will have to pick up where parents and schools have left off, offering guidance—through in-house mentoring, clearly worded policies and company seminars—to educate new employees about the work world's expectations of their behavior while holding them accountable for meeting these standards.

• In the aftermath of the recent economic meltdown, companies must require key new employees to have taken a college-level business ethics course.

The Blogosphere Gets Nasty

As newspapers across the country fold, readers and writers are looking to the Internet, and, specifically, the blogosphere, as the source and outlet for information. Blogs have become the forum of choice for anyone with an opinion. But, instead of fostering community discussions, blogs have further polarized the American public.

The unique characteristic of the blogosphere is that it is open to anyone who has an opinion on any given topic, and as such is not bound to the same code of conduct as the credible, reliable publications it supplants. Because it is a free, public space that provides anonymity to all participants, negativity is rampant and nastiness has become the rule rather than the exception.

Anonymity allows bloggers and other participants to post vicious, libelous statements without fear of recrimination. There is no pretext of objectivity in the blogosphere and no journalistic morality. Instead, it has evolved into a platform for hateful, offensive attacks on institutions and individuals from all corners of society.

Politicians and political parties are the most targeted victims of the growing blogosphere. From "conservativesarecommunists.blogspot.com" to "blogsagainsthillary.com," bloggers are moving further out on the spectrum and using negative attacks on their opponents to propel their position. Even talk radio hosts Bill O'Reilly and Keith Olbermann, with starkly opposite political views, have stirred up a frenzy attacking each other and parent organizations News Corp. and GE, respectively, on air and online.

Corporations are also seeing the effects of negative blogs, and are powerless to stop them. In June, Goldman Sachs lost a bid to sue an ex-Goldman employee and have his anti-Goldman blog, GoldmanSachs666.com, shut down. The U.S. District Court ruled that blogger Mike Morgan should display a disclaimer that his site was not Goldman-approved and Goldman Sachs would be prohibited from any and all activity interfering with Morgan's anti-Goldman blog. Goldman Sachs is only one of many corporations experiencing the online wrath of a former employee or, worse, an ignorant citizen with idle time and an opinion.

Implications For Business

As the community of blogs and bloggers continues to grow, businesses must devote more attention to this public online forum. Businesses should join this community with blogs of their own and should be able to interact with other bloggers in order to prevent, as much as possible, unfair and false attacks on the corporation from bloggers. Because the blogosphere is an avenue for existing and potential consumers, investors and other constituents, businesses need to be aware of how they are being portrayed in this forum and need to be proactive in maintaining their positive brand and reputation on the web.

Did You Know?

Of the country's top 100 CEOs , most are lacking in social media exposure, connection or conversations:

- One or two have Twitter accounts.
- 13 have LinkedIn profiles, and of those, only three have more than 10 connections.
- 81% don't have a personal Facebook page.
- Almost a quarter have no Wikipedia entry—31% of those that do have limited or outdated information.

Venus Rising In A Recession: Women In The Workforce

One by-product of the recession has been a growing gender reversal in the American workforce. As traditionally male-dominated industries like finance, construction, manufacturing and automotives have tanked, men have been affected disproportionately by staggering job losses. The recently-enacted federal Lilly Ledbetter legislation has also significantly leveled the playing field for women doing the same jobs as men. This has given rise to a newly coined term that places labor in the center of an economic "mancession"—one that blurs the lines between breadwinners and caregivers.

Over the past year, 75% of the total employment decline has been recorded as job losses for men. If that pattern continues, women workers who now comprise more than 49% of the labor force, could soon become the majority to exceed male employment for the first time, according to the Bureau of Labor Statistics.

Not all is rosy for Rosie the Riveter, however. While more women in the U.S. now control greater wealth than previously, working women are, on average, earning 20% less and working more years than their male counterparts, and are much more prey to the effects of wage stagnation and loss of benefits.

Implications For Business

Eventually, the economy's recovery will restore many men to new jobs. But some social changes will remain that will have significant impact on business. As the number of women in the workplace continues to rise, women will be making more purchasing and investment decisions than ever before for the households in which they reside and continue to move up the corporate ladder into corner offices and boardrooms.

Closing Quote

In War: Resolution
In Defeat: Defiance
In Victory: Magnanimity
In Peace: Good Will

—Winston Churchill

Appendix

Current Forecast in Key Economic Areas

FORECAST TABLE

COUNTRIES		USA		Japan		China		Brazil		Russia		India	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
GDP	Intesa Sanpaolo	-2,9	1,1	-5,9	0,5	6,6	8,6						
	Goldman Sachs	-2,5	1,3	-5,8	1,1	8,3	10,9	-1,0	3,7	-7,5	3,0	5,8	6,6
	Merrill Lynch	-2,1	2,6	-5,6	3,5	8,0	9,6	0,5	4,5	-7,3	2,4	6,7	6,3
	UBS IB	-2,6	2,6	-5,2	1,9	8,2	6,5	-1,2	3,7	-4,1	4,5	7,0	8,1
	IMF	-2,6	0,8	-6,0	1,7	7,5	8,5	-1,3	2,5	-6,5	1,5	5,4	6,5
	European Commission	-2,9	0,9	-5,3	0,1	6,1	7,8			-3,8	1,5		
	OECD	-2,8	0,9	-6,8	0,7	7,7	9,3	-0,8	4,0	-6,8	3,7	5,9	7,2
	BNP Paribas	-3,0	0,7	-6,2	0,6	7,0	8,0	-1,2	3,5	-7,3	1,5	4,5	6,5
	UniCredit Group	-2,6	1,4	-7,5	0,5								
	Morgan Stanley	-2,6	2,6	-6,7	0,1	9,0	10,0	-1,0	2,5	-8,0	2,5	6,0	6,6
	Commerzbank	-2,5	2,5	-5,5	2,0	8,0	8,5						
	Average	***-2,6***	***1,6***	***-6,0***	***1,2***	***7,6***	***9,0***	***-0,9***	***3,5***	***-6,4***	***2,6***	***5,9***	***6,8***
Private Consumption	Intesa Sanpaolo	-0,9	0,9	-1,1	0,6	7,7	9,8						
	Goldman Sachs	-0,9	0,8	-0,8	0,3	7,8	10,4	1,4	3,5	-7,0	3,0	4,8	5,8
	Merrill Lynch	-0,8	1,4	-0,7	1,4								
	UBS IB	-0,9	2,0	-1,1	0,7	8,5	8,7			6,0	5,0		
	IMF	-0,9	1,0	-1,0	0,3								
	European Commission	-2,0	-1,2	-1,0	-0,2					-3,5	1,5		
	OECD	-1,0	0,5	-1,7	0,1								
	BNP Paribas	-0,4	1,2	-1,5	0,3			1,8	4,0	-5,0	0,4		
	UniCredit Group												
	Morgan Stanley	-0,7	1,6	-1,2	-0,3	7,5	7,5	1,9	1,8	-3,0	2,0	4,3	6,4
	Commerzbank	-1,0	1,1	-1,1	0,5								
	Average	***-1,0***	***0,9***	***-1,1***	***0,4***	***7,9***	***9,1***	***1,7***	***3,1***	***-2,5***	***2,4***	***4,6***	***6,1***

FORECAST TABLE

COUNTRIES		USA		Japan		China		Brazil		Russia		India	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Investments	Intesa Sanpaolo	-17,6	2,3	-18,3	-0,8	6,6	7,7						
	Goldman Sachs	-19,9	-6,5	-12,8	1,3	13,0	15,5	-15,3	5,6	-14,0	0,0		
	Merrill Lynch	-16,6	0,8	-18,4	2,5								
	UBS IB	-18,7	-2,1	-12,3	3,8	15,6	8,0			7,5	8,0		
	IMF	-14,5	-3,1	-10,7	0,6								
	European Commission	-12,1	3,6	-11,9	-2,2					-16,9	0,4		
	OECD	-16,0	-0,6	-12,3	0,0								
	BNP Paribas	-22,3	-11,5	-20,5	-1,7			-18,0	2,7	-4,5	0,1		
	UniCredit Group												
	Morgan Stanley	-17,4	0,4	-20,2	-3,5	10,0	10,0	-14,8	2,5	-18,0	2,0	5,6	6,9
	Commerzbank	-16,6	5,1	-13,6	0,9								
	Average	***-17,2***	***-1,2***	***-15,1***	***0,1***	***11,3***	***10,3***	***-16,0***	***3,6***	***-9,2***	***2,1***	***5,6***	***6,9***
Imports	Intesa Sanpaolo	-16,3	11,7	-14,7	1,5	-13,5	8,8						
	Goldman Sachs	-18,7	-1,9	-16,7	-1,5	-14,0	9,0	-18,9	7,4			0,9	8,0
	Merrill Lynch	-19,8	-0,4	-14,3	4,7								
	UBS IB	-16,2	3,6	-16,6	2,8					8,3	5,0		
	IMF												
	European Commission	-10,7	1,5	-15,1	-1,4	-7,8	5,7			-20,0	2,0		
	OECD	-15,7	1,2	-12,6	2,3								
	BNP Paribas	-16,1	1,0	-11,8	1,2			-19,5	11,5				
	UniCredit Group												
	Morgan Stanley	-16,8	1,1			-13,0	9,0	-16,7	8,2	-20,0	3,0		
	Commerzbank	-17,3	3,4	-13,2	3,9								
	Average	***-16,4***	***2,4***	***-14,4***	***1,7***	***-12,1***	***8,1***	***-18,4***	***9,0***	***-10,6***	***3,3***	***0,9***	***8,0***

FORECAST TABLE

COUNTRIES		USA		Japan		China		Brazil		Russia		India	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Exports	Intesa Sanpaolo	-12,9	4,9	-27,7	4,0	-10,9	7,4						
	Goldman Sachs	-15,3	-0,7	-30,5	4,2	-13,0	7,0	-12,7	4,1			-1,0	7,7
	Merrill Lynch	-14,1	2,0	-30,5	13,5								
	UBS IB	-13,7	2,0	-26,3	11,0					2,4	2,0		
	IMF												
	European Commission	-14,0	0,5	-18,4	1,9	-8,0	2,7			-8,0	3,0		
	OECD	-13,8	1,6	-32,3	3,5								
	BNP Paribas	-15,3	-0,3	-27,0	7,1			-14,7	9,9				
	UniCredit Group												
	Morgan Stanley	-13,3	3,9			-14,0	7,0	-15,1	8,8	-12,0	1,0		
	Commerzbank	-13,7	2,3	-25,0	14,0								
	Average	*-14,0*	*1,8*	*-27,2*	*7,4*	*-11,5*	*6,0*	*-14,2*	*7,6*	*-5,9*	*2,0*	*-1,0*	*7,7*
Unemployment rate	Intesa Sanpaolo	9,3	9,6	5,0	5,7	4,6	4,2						
	Goldman Sachs	9,3	10,4	5,1	5,9			8,2	8,0				
	Merrill Lynch	9,4	10,2	5,0	4,7								
	UBS IB	9,1	9,4	5,3	5,8	4,2	4,5						
	IMF												
	European Commission	8,9	10,2	5,8	6,3					9,5	8,4		
	OECD	9,3	10,1	5,2	5,7								
	BNP Paribas	9,4	10,8	5,4	6,3			8,7	9,1	10,0	9,0		
	UniCredit Group												
	Morgan Stanley	9,2	9,9	5,1	5,9					12,5	14,0		
	Commerzbank	9,2	9,7	5,2	6,0								
	Average	*9,2*	*10,0*	*5,2*	*5,8*	*4,4*	*4,4*	*8,5*	*8,6*	*10,7*	*10,5*	-	-

FORECAST TABLE

COUNTRIES		USA		Japan		China		Brazil		Russia		India	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Consumer prices	Intesa Sanpaolo	-0,7	1,9	-1,2	-0,4	-1,1	1,3						
	Goldman Sachs	-0,7	0,4	-1,5	-1,2	-0,3	1,5	5,0	4,0	12,1	10,0	1,5	5,0
	Merrill Lynch	-0,4	1,5	-1,3	-0,5	-1,0	2,5	4,7	4,2	10,7	8,1	0,8	5,5
	UBS IB	-0,4	1,3	-1,2	-0,4	-0,5	2,0	4,8	4,5	8,0	7,5	6,2	6,3
	IMF	-0,9	-0,1	-1,0	-0,6	0,1	0,7	4,8	4,0	12,9	9,9	6,3	4,0
	European Commission	-0,7	0,3	-1,0	-0,5					13,3	9,1		
	OECD	-0,6	1,0	-1,4	-1,4	-1,0	0,9	4,2	4,2	8,0	6,5	4,5	3,0
	BNP Paribas	-0,5	1,5	-1,2	-1,0	1,0	2,0	5,0	4,5	12,3	8,0	1,5	3,5
	UniCredit Group	-0,6	2,2	-1,3	-0,5								
	Morgan Stanley	-0,4	2,1	-1,2	-0,3	-0,6	2,5	4,9	4,4	12,0	9,5	7,9	7,0
	Commerzbank	-0,5	1,3	-1,4	-0,5	-0,3	1,5						
	Average	*-0,6*	*1,2*	*-1,2*	*-0,7*	*-0,4*	*1,7*	*4,8*	*4,3*	*11,2*	*8,6*	*4,1*	*4,9*
Budget Balance (% of GDP)	Intesa Sanpaolo	-8,0	-9,5	-9,5	-10,7	-3,1	-4,0						
	Goldman Sachs	-8,6	-9,2	-9,4	-9,0	-3,5	-3,7	-3,5	-3,0	-6,3	-2,2	-10,4	-9,7
	Merrill Lynch	-10,6	-8,4									-10,9	-11,7
	UBS IB	-10,9	-7,7	-9,7	-9,1	-3,8	-4,3	-2,5	-0,8	-0,8	-1,0	-6,8	-5,5
	IMF	-13,6	-9,7	-9,9	-9,8								
	European Commission	-12,1	-14,2	-6,7	-8,7	-2,9	-2,9			-6,5	-2,7		
	OECD	-10,2	-1,2	-7,8	-8,7								
	BNP Paribas	-13,9	-12,3	-10,3	-9,3	-3,0	-3,0			-8,0	-5,0	-9,0	-8,5
	UniCredit Group												
	Morgan Stanley			-10,5	-8,1	-3,0	-3,0	-3,5	-3,0	-8,0	-6,0	-9,3	-8,6
	Commerzbank												
	Average	*-11,0*	*-9,0*	*-9,2*	*-9,2*	*-3,2*	*-3,5*	*-3,2*	*-2,3*	*-5,9*	*-3,4*	*-9,3*	*-8,8*

FORECAST TABLE

COUNTRIES		USA		Japan		China		Brazil		Russia		India	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Current account balance % GDP	Intesa Sanpaolo	-2,8	-4,0	0,7	0,1	9,3	7,6						
	Goldman Sachs	-2,9	-3,1	1,4	1,5	8,8	8,3	-1,3	-1,3	1,4	1,8	-1,3	-2,2
	Merrill Lynch											-2,7	-3,0
	UBS IB	-2,9	-3,4	3,6	4,1	7,8	6,9	-1,1		-2,0	-1,1	-0,3	0,3
	IMF	-2,8	-2,8	1,5	1,2	10,3	9,3	-1,8	-1,8	0,5	1,4	-2,5	-2,6
	European Commission	-3,5	-3,7	3,7	3,8	10,5	9,2			1,4	2,7		
	OECD												
	BNP Paribas	-3,2	-3,6	1,7	1,8	8,5	8,0	-1,0	-1,2	3,8	3,6	-1,4	-1,8
	UniCredit Group												
	Morgan Stanley	-3,2	-3,9	2,0	2,6	7,9	6,9	-1,3	-1,4	3,0	4,0	-1,6	-1,8
	Commerzbank					6,4	5,1						
	Average	*-3,0*	*-3,5*	*2,1*	*2,2*	*8,7*	*7,7*	*-1,3*	*-1,4*	*1,4*	*2,1*	*-1,6*	*-1,9*

FORECAST TABLE													
COUNTRIES		Italy		Gennany		France		Spain		United Kingdom		EUROZONE	
Year / Indicators		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
GDP	Intesa Sanpaolo	-5,3	0,4	-6,2	0,5							-4,1	0,4
	Goldman Sachs	-5,0	0,5	-6,1	0,9	-3,0	0,5	-3,9	0,2	-4,0	1,5	-4,4	0,7
	Merrill Lynch	-4,9	0,7	-6,0	1,2	-2,9	1,0	-3,7	0,1	-4,4	1,1	-4,4	1,2
	UBS IB	-4,8	1,7	-5,0	2,1	-2,1	2,3	-3,9	-0,2	-4,2	1,5	-3,7	2,1
	IMF	-5,1	-0,1	-6,2	-0,6	-3,0	0,4	-4,0	-0,8	-4,2	0,2	-4,8	-0,3
	European Commission	-4,4	0,1	-5,4	0,3	-3,0	-0,2	-3,2	-1,0	-3,8	0,1	-4,0	-0,1
	OECD	-5,5	0,4	-6,1	0,2	-3,0	0,2	-4,2	-0,9	-4,3	0,0	-4,8	0,0
	BNP Paribas	-5,3	-0,3	-6,0	0,0	-2,9	-0,2	-4,0	-1,5	-3,6	1,6	-4,5	-0,2
	UniCredit Group	-5,2	-0,3	-6,2	0,4	-3,1	0,2	-3,5	-0,8	-4,6	0,1	-4,6	0,1
	Morgan Stanley	-4,7	0,7	-6,0	1,0	-2,7	0,5	-3,9	-0,9	-4,2	1,3	-4,4	0,5
	Commerzbank	-4,7	1,3	-5,0	2,0	-2,1	1,7	-3,8	-0,3	-4,4	1,0	-3,8	1,5
	Average	***-5,0***	***0,5***	***-5,8***	***0,7***	***-2,8***	***0,6***	***-3,8***	***-0,6***	***-4,2***	***0,8***	***-4,3***	***0,5***
Private Consumption	Intesa Sanpaolo	-2,1	0,3	0,0	-0,3							-1,0	0,2
	Goldman Sachs	-1,7	0,8	0,3	1,2	0,5	0,2	-4,2	0,0	-2,7	0,7	-0,8	0,8
	Merrill Lynch	-2,1	0,2	0,1	-0,2	0,4	0,0	-4,0	-0,6	-3,3	-0,9	-1,1	-0,3
	UBS IB	-2,2	0,7	-0,2	-1,0	0,7	1,4	-4,3	-0,5	-2,9	0,2	-1,2	0,2
	IMF	-1,9	-0,1	-1,1	-1,8	-0,4	0,4	-3,1	-0,1	-3,8	-1,5	-1,3	-0,5
	European Commission	-1,7	0,2	-0,5	-0,7	0,2	0,3	-3,1	-1,1	-3,4	-1,5	-0,9	-0,3
	OECD	-2,6	0,0	0,4	-0,3	0,1	0,1	-4,4	-1,1	-3,4	-0,3	-1,3	-0,2
	BNP Paribas	-2,3	0,0	0,4	-1,1	0,6	0,5	-4,8	-2,1	-2,2	1,4	-1,5	-1,2
	UniCredit Group											-1,0	-0,2
	Morgan Stanley	-0,5	0,4	0,6	-0,1	0,5	0,3	-4,0	-1,2	-2,1	0,3	-0,5	-0,5
	Commerzbank			0,1	-0,7					-3,1	0,6	-0,9	-0,1
	Average	***-1,9***	***0,3***	***0,0***	***-0,5***	***0,3***	***0,4***	***-4,0***	***-0,8***	***-3,0***	***-0,1***	***-1,0***	***-0,2***

FORECAST TABLE

COUNTRIES		Italy		Germany		France		Spain		United Kingdom		EUROZONE	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Investments	Intesa Sanpaolo	-12,1	0,5	-11,8	0,3							-9,0	-0,3
	Goldman Sachs	-11,4	0,6	-9,0	0,3	-8,0	-2,4	-12,9	-3,9	-16,0	-7,1	-10,2	-1,0
	Merrill Lynch	-12,0	1,0	-11,9	3,7	-6,5	1,9	-14,3	-4,6	-12,9	-3,1	-9,2	2,3
	UBS IB	-11,6	0,8	-12,0	0,8	-6,7	0,5	-12,4	-2,9	-12,0	-1,3	-9,7	-0,3
	IMF	-14,9	-0,9	-12,6	-6,3	-5,1	-1,4	-19,1	-7,3	-11,4	-6,2	-11,2	-3,7
	European Commission	-12,3	-0,6	-10,3	-0,8	-5,9	-2,6	-14,7	-8,0	-12,3	-6,3	-10,4	-2,7
	OECD	-12,7	1,5	-10,9	0,2	-7,4	-0,3	-13,5	-4,6	-12,5	-4,2	-11,1	-1,3
	BNP Paribas	-12,4	-2,4	-9,6	0,6	-7,8	-4,2	-16,5	-13,1	-12,4	-2,7	-10,9	-3,2
	UniCredit Group											-9,5	-1,9
	Morgan Stanley	-11,5	0,5	-12,6	-0,2	-6,5	0,7	-13,5	-6,2	-6,7	0,3	-8,7	-0,4
	Commerzbank			-8,6	5,0					-13,7	2,7	-9,3	0,8
	Average	***-12,3***	***0,1***	***-10,9***	***0,4***	***-6,7***	***-1,0***	***-14,6***	***-6,3***	***-12,2***	***-3,1***	***-9,9***	***-1,1***
Imports	Intesa Sanpaolo	-16,0	0,4	-9,9	1,6							-13,3	1,4
	Goldman Sachs	-18,0	1,0	-6,9	0,5	-8,4	-0,2	-21,8	-1,3	-11,6	1,7	-11,0	0,9
	Merrill Lynch												
	UBS IB	-14,8	0,3	-9,2	3,1	-9,9	1,2	-20,0	1,4	-12,6	2,1	-12,4	1,7
	IMF												
	European Commission	-12,8	0,2	-10,8	-1,7	-6,9	0,0	-14,5	-2,4	-13,0	-2,0		
	OECD	-17,0	-0,2	-10,8	0,9	-11,4	-1,8	-24,0	-2,1	-13,5	-1,0		
	BNP Paribas	-17,0	-1,9	-12,6	1,5	-7,9	0,5	-25,0	-4,2	-11,3	1,1	-13,3	-2,2
	UniCredit Group											-12,4	-0,7
	Morgan Stanley			-8,0	3,4								
	Commerzbank			-7,5	6,3					-12,6	1,2		
	Average	***-15,9***	***0,0***	***-9,5***	***2,0***	***-8,9***	***-0,1***	***-21,1***	***-1,7***	***-12,4***	***0,5***	***-12,5***	***0,2***

FORECAST TABLE

COUNTRIES		Italy		Germany		France		Spain		United Kingdom		EUROZONE	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Exports	Intesa Sanpaolo	-21,0	0,6	-15,1	1,3							-14,8	3,4
	Goldman Sachs	-12,5	0,2	-17,3	1,7	-10,7	2,5	-20,6	0,4	-9,2	5,1	-14,2	1,4
	Merrill Lynch												
	UBS IB	-18,0	2,0	-13,4	8,5	-11,2	2,5	-18,4	1,3	-11,3	5,5	-13,3	4,2
	IMF												
	European Commission	-15,6	0,1	-16,1	-0,4	-11,7	-1,0	-10,2	0,1	-10,5	-0,9		
	OECD	-20,9	-0,7	-18,9	0,9	-14,4	-2,4	-22,8	-1,3	-12,1	1,0		
	BNP Paribas	-20,9	-1,9	-18,9	3,2	-11,5	-0,8	-20,6	2,6	-11,6	1,1	-15,5	-0,1
	UniCredit Group											-15,8	-0,5
	Morgan Stanley			-17,5	3,7								
	Commerzbank			-14,2	7,5					-11,6	0,5		
	Average	***-18,2***	***0,1***	***-16,4***	***3,3***	***-11,9***	***0,2***	***-18,5***	***0,6***	***-11,1***	***2,1***	***-14,7***	***1,7***
Unemployment rate	Intesa Sanpaolo	8,2	9,1	8,4	10,1							9,6	10,2
	Goldman Sachs	8,3	9,0	8,6	9,8	9,6	10,5	18,9	20,2	8,5	10,0	9,6	10,5
	Merrill Lynch	7,9	8,6	8,0	9,6	9,7	10,5	18,5	20,0	7,6	8,5	9,8	11,3
	UBS IB	8,0	8,8	8,6	11,2	10,1	11,2	17,5	23,4	5,7	7,3	9,7	11,8
	IMF												
	European Commission	8,8	9,4	8,6	10,4	9,6	10,7	17,3	20,5	8,2	9,4	9,9	11,5
	OECD	8,4	10,2	8,7	11,6	9,7	11,2	18,1	19,6	8,2	9,7	10,0	12,0
	BNP Paribas	8,8	9,2	8,7	10,6	9,8	11,2	19,1	22,0	7,7	8,9	9,8	11,5
	UniCredit Group											9,7	11,1
	Morgan Stanley	10,1	12,2	8,8	10,0	9,9	11,5	18,0	22,1	8,0	8,1	9,5	10,6
	Commerzbank			8,4	10,5					7,7	8,5	9,5	11,4
	Average	***8,6***	***9,6***	***8,5***	***10,4***	***9,8***	***11,0***	***18,2***	***21,1***	***7,7***	***8,8***	***9,7***	***11,2***

FORECAST TABLE

COUNTRIES		Italy		Germany		France		Spain		United Kingdom		EUROZONE	
Indicators / Year		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Consumer prices	Intesa Sanpaolo	0,7	1,6	0,4	1,4							0,4	1,6
	Goldman Sachs	0,7	1,2	0,3	1,0	-0,1	0,8	-0,4	1,7	2,0	1,9	0,3	1,2
	Merrill Lynch	0,6	1,2	0,5	1,0	0,1	1,2	-0,3	1,4	1,9	1,8	0,5	1,2
	UBS IB	1,0	1,9	0,2	1,7	1,1	1,5	0,3	2,1	2,0	1,6	0,2	1,1
	IMF	0,7	0,6	0,1	-0,4	0,5	1,0	0,0	0,9	1,5	0,8	0,4	0,6
	European Commission	0,8	1,8	0,3	0,7	0,2	0,9	-0,1	1,4	1,0	1,3	0,4	1,2
	OECD	1,1	1,2	0,3	0,4	0,3	0,7	-0,1	0,3	1,9	1,2	0,5	0,7
	BNP Paribas	0,9	1,6	0,3	1,6	-0,1	0,8	-0,3	0,9	1,9	1,2	0,3	1,2
	UniCredit Group	0,8	1,5	0,4	1,4	0,2	1,1	0,0	1,7	1,8	1,9	0,3	1,3
	Morgan Stanley	1,1	1,6	0,1	0,7	0,1	1,1	-0,5	0,7	1,8	2,5	0,4	1,3
	Commerzbank	0,8	1,0	0,2	0,7	0,2	1,0	-0,3	0,9	1,8	2,1	0,4	1,0
	Average	***0,8***	***1,4***	***0,3***	***0,9***	***0,3***	***1,0***	***-0,2***	***1,2***	***1,8***	***1,6***	***0,4***	***1,1***
Budget Balance (% of GDP)	Intesa Sanpaolo	-5,2	-4,9	-4,4	-6,3							-5,7	-6,6
	Goldman Sachs	-4,5	-4,5	-4,9	-5,2	-7,1	-7,3	-10,0	-9,5	-10,4	-11,4	-5,8	-6,2
	Merrill Lynch	-5,1	-5,2	-5,0	-7,0	-6,8	-7,0	-8,8	-9,4	-13,1	-12,5	-6,0	-7,0
	UBS IB	-6,0	-6,5	-4,5	-6,0	-5,9	-6,5	-6,2	-7,5	-12,5	-11,9	-5,5	-6,4
	IMF	-5,4	-5,9	-4,7	-6,1	-8,2	-6,5			-9,8	-10,9	-5,4	-6,1
	European Commission	-4,5	-4,8	-3,9	-5,9	-6,6	-7,0	-8,6	-9,8	-11,5	-13,8	-5,3	-6,5
	OECD	-5,3	-5,8	-3,7	-6,2	-6,7	-7,9	-9,1	-9,6	-12,8	-14,0	-5,6	-7,0
	BNP Paribas	-4,9	-5,3	-5,0	-6,7	-7,6	-8,6	-8,6	-10,0	-12,8	-15,8	-6,1	-7,3
	UniCredit Group											-5,6	-6,5
	Morgan Stanley	-4,8	-4,4	-5,1	-7,2	-5,4	-6,3	-8,8	-9,8	-11,6	-11,2	-5,4	-7,3
	Commerzbank												
	Average	***-5,1***	***-5,3***	***-4,6***	***-6,3***	***-6,5***	***-7,1***	***-8,6***	***-9,4***	***-11,8***	***-12,7***	***-5,6***	***-6,7***

FORECAST TABLE													
COUNTRIES		Italy		Germany		France		Spain		United Kingdom		EUROZONE	
Year / Indicators		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Current account balance (% of GDP)	Intesa Sanpaolo	-2,7	-2,8	3,6	3,4							-1,0	-0,5
	Goldman Sachs	-4,4	-4,3	1,8	2,0	-12,5	-1,5	-6,8	-6,3	-0,8	0,0	-2,1	-2,5
	Merrill Lynch	-2,8	-2,0	3,6	3,0	-1,0	-0,9	-8,0	-6,4	-2,1	-1,3	-0,6	-0,3
	UBS IB			5,8	8,5	-1,8	-1,6	-7,9	-6,4	-2,0	-1,1	-0,7	0,4
	IMF	-3,0	-3,1	2,3	2,4	-0,4	-0,9	-5,4	-4,4	-2,0	-1,5	-1,1	-1,2
	European Commission	-2,6	-2,7	3,6	3,4	-4,3	-4,6	-6,9	-6,3	-2,8	-2,8	-1,2	-1,3
	OECD												
	BNP Paribas	-2,9	-2,7	4,3	4,7	-1,6	-2,0	-6,8	-5,4	-1,8	-1,2	-0,8	-0,5
	UniCredit Group											-1,6	-1,5
	Morgan Stanley	-1,8	-1,8	2,7	3,2	-2,6	-2,4	-7,3	-5,7			-1,1	-0,4
	Commerzbank												
	Average	*-2,9*	*-2,8*	*3,5*	*3,8*	*-3,5*	*-2,0*	*-7,0*	*-5,8*	*-1,9*	*-1,3*	*-1,1*	*-0,9*