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1 – DEREK THOMPSON

SEVEN REASONS TO BE OPTIMISTIC AND PESSIMISTIC
(theatlantic.com)

There are a lot of good things happening in the US economy. **But** for every bit of good news, there are good reasons to be cautious about our optimism.

1. INVESTING: The S&P 500 is up 74% since March 2009. The Dow is also up about 70% from last year. **But**, among those who own stocks, bonds, or mutual funds, only 3 out of 10 say the value of their portfolio has risen since a year ago, suggesting that the gains have been relatively concentrated.

2. ECONOMIC GROWTH: We swung from negative 6% to positive 6% annualized GDP growth in 2009, and the economy has probably been growing since June of last year. **But**, consumer debt is still very high, suggesting that there is still quite a bit of deleveraging to come.

3. JOB GROWTH: The economy is adding jobs. **But**, unemployment is still horrific. Unemployment is a lagging indicator, but crucial for public confidence in the economy.

4. INCOME GROWTH: Productivity has grown 6.9 %, the best since 2002. Strong productivity growth suggests rising living standards. **But**, the work week at 33.9 hours/per is still near its all-time low of 33.0.

5. HOUSING: Prices have stabilized and improved recently. Mortgage rates are extremely low. **But**, foreclosures and the federal government's drawback of housing-support policies could send home prices into a second dip.

6. GOVERNMENT STIMULUS: Last year's stimulus was back-loaded to inject nearly \$500 billion into the economy in 2010. **But**, the federal stimulus will eventually become a net drag on the US economy.

7. BUSINESS: Corporate profits were up 8% in the fourth quarter and corporate bonds are rallying. According to the Business Roundtable's CEO Survey, 75% of executives expect sales to rise in the next six months. **But**, hiring is a different story. In the coming months, half of employers expect no change in employment, 29% expect to hire and 21% expect to shrink payrolls. Small business confidence fell to an 8-month low in March.

2 – RICHARD MORRILL

REASONS TO BE PESSIMISTIC, REASONS TO BE OPTIMISTIC
(newgeography.com)

REASONS TO BE PESSIMISTIC:

- The real unemployment rate
- The number and percentage of underwater mortgages
- Inept political leadership
- Loss of production capacity and jobs due to outsourcing

- Extreme inequality
- Excessive globalization (imperial overreach)
- Decline in the status of blacks, males
- Failure of the educational establishment
- Excessive power of religion

REASONS TO BE OPTIMISTIC:

- The current crisis is not inherently more threatening than many others we have experienced.

Trend Analysis That Builds Business Decisions

- The US has been uniquely successful in having peacefully achieved a truly multi-racial and multi-ethnic state.
- Economic corruption and financial crises have been recurring phenomena with which we have dealt and overcome.
- Large, literate and hard-working population.
- World's finest university system and research establishment, engendering innovation.
- Freest society in human history.
- Favorable demographics (ratio of wage earners to dependents).

3 – KEVIN DRUM

TEN REASONS TO BE PESSIMISTIC ABOUT THE ECONOMY (marginalrevolution.com)

1. This is a balance sheet recession, not a Fed-induced recession. Paul Volcker caused the 1981 recession by jacking up interest rates and he ended it by lowering them. That's not going to happen this time.
2. In fact, there won't be *any* further stimulus from lower interest rates. They're already at zero, and Ben Bernanke has made it clear that he doesn't plan to effectively lower them further by setting a higher inflation target.
3. Consumer debt is still way too high. There's more deleveraging on the horizon, and that's going to make consumer-led growth difficult.
4. The financial sector remains fragile and there could still be another serious shock somewhere in the world.
5. There are strong political pressures to reduce the budget deficit. That makes further fiscal stimulus unlikely.
6. Housing prices are still too high. They're bound to fall further, especially given rising interest rates combined with the end of government support programs.
7. Our current account balance remains pretty far out of whack. Fixing this in the short term will hinder growth, while leaving it to the long term just kicks the can down the road.
8. The Fed still has to unwind its balance sheet. That has the potential to stall growth.
9. Oil prices are rising.
10. Unemployment and long-term unemployment continue to look terrible.

4 – VINCENT FERNANDO

20 REASONS TO BE WILDLY OPTIMISTIC ABOUT THE ECONOMY (businessinsider.com)

- US GDP has staged a huge rebound
- It's not just the US – the entire world is rebounding
- The credit crunch has eased (corporate bond spreads have narrowed)
- Bond default rates have peaked
- US non-financials are now deleveraged and have very strong balance sheets
- US manufacturing industry is expanding
- Industrial production has posted a V-shaped recovery
- Services are rebounding as well
- Exports have surged back
- US exporters are now worrying that there aren't enough ships
- Around the world, idle ships are coming back online in response to a global recovery in trade

- Market and industry analysis
- Strategic business direction
- Growth dynamics

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

Trend Analysis That Builds Business Decisions

- Air freight has come back strong
- Oil demand is growing as well, and there's a major recovery underway in US drilling
- Corporate profits have spiked, and historically, employment has followed such spikes
- US small businesses just started creating jobs again
- Most manufacturers are now planning to hire
- The monthly unemployment rate might have already peaked
- Long-term unemployment and unemployment claims are falling
- Same store sales are rising at Home Depot, for all regions
- Warren Buffett sees a housing rebound in 2011

5 – MICHAEL SNYDER

20 REASONS WHY THE US ECONOMY IS DYING AND IS SIMPLY NOT GOING TO RECOVER (businessinsider.com)

- The second wave of foreclosures to come
- Tighter lending standards
- Hard to find jobs
- 1 million discouraged workers
- Depression in some cities
- More jobs going overseas
- Much worse job loss than 2001
- Unemployment funds are running dry
- More food stamp recipients every day
- Bankruptcies are skyrocketing
- The decline of the dollar as global currency reserve
- State and local governments are dead bankrupt
- No money for pensions
- The Social Security and Medicare crisis
- Federal debt was already out of control
- Now the debt is a nightmare
- Corporate tax revenue is way down
- So where do we get the money?
- Reckless inflation
- The day of reckoning is here

6 – DAVID ROSENBERG

10 REASONS TO WORRY The Pragmatic Capitalist (pragcap.com)

1. Greek default and contagion risks to European banks
2. ECB dragging its heels (à la Bernanke in 2007)
3. Hung parliament in the UK to add to uncertainty
4. China policy tightening and possible bubble burst in real estate
5. US economy only managing 1.6% annualized real final sales growth in the past three quarters
6. Slide in Chinese stock market and commodity prices signalling an end to the global V-shaped recovery
7. Big fiscal drag will drain as much as two-percentage points off US growth next year; 1.25 percentage points in Canada
8. Higher dividend and capital gains rates in the US will curb investor enthusiasm
9. US dollar surge will eat into US large-cap corporate earnings
10. Every index is now showing a return to US home price deflation

- Market and industry analysis
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Trend Analysis That Builds Business Decisions

7 – JOEL KOTKIN

AMERICA ASCENDANT (forbes.com)

To many observers, America's place in the world is almost certain to erode in the decades ahead. Yet if we look beyond the short-term hardship, there are many reasons to believe that America will remain ascendant well into the middle decades of this century.

AND ONE IMPORTANT REASON IS PEOPLE

From 2000 to 2050, the US will add another 100 million to its population, based on census and other projections, putting the country on a growth track far faster than most other major nations in the world. And with that growth – driven by a combination of higher fertility rates and immigration – will come a host of relative economic and social benefits.

MORE FERTILE

While the US population is growing, Europe and Japan are seeing their populations stagnate – and are seemingly destined to eventually decline. Russia's population could be less than a third of the US by 2050, driven down by low birth and high mortality rates.

8 – ROGER SELBERT

11 REASONS TO BE OPTIMISTIC ABOUT THE AMERICAN FUTURE (rogerselbert.com)

1. **SIZE:** a large, growing and dynamic (not static) nation
2. **DEMOGRAPHICS:** a large, growing and melding (not melting but melding) population
3. **MANUFACTURING, INDUSTRY, TECHNOLOGY & EXPORTS** (still the world leader in all these categories)
4. **ENERGY & NATURAL RESOURCES** (plentiful, if we have the political will)
5. **CAPITAL** (traditional and non-traditional sources)

YOUNGER AND MORE VIBRANT

Within the next four decades, most of the developed countries in both Europe and East Asia will become veritable old-age homes: a third or more of their populations will be older than 65, compared with only a fifth in the US. The US will have to cope with an aging population and lower population growth, in relative terms, but it will maintain a youthful, dynamic demographic.

MORE HOPEFUL ABOUT THE FUTURE

In the United States roughly three-quarters of young people report they plan to have offspring. Such individual decisions suggest that America is placing its faith in a future that can accommodate 100 million more people.

America's ability to absorb newcomers represents not so much a shift in racial dominance but a new paradigm, where race itself begins to matter less than culture, class and other factors. Rather than a source of national decline, the new Americas represent the critical force that can provide the new markets, the manpower, and, perhaps most important, the youthful energy to keep our city vital and growing.

6. **LAND & AGRICULTURE** (plentiful and fertile)

7. **MILITARY POWER & PROWESS** (not to impose our will but to protect our interests)

8. **ENTREPRENEURSHIP, INNOVATION, CREATIVITY** (they are in our DNA)

9. **EDUCATION, R&D** (we realize their value and prioritize them)

10. **CONSUMERS GOTTA SPEND** (we are as acquisitive as conditions allow)

11. **THE CULTURE** (Americans will not settle for an unsatisfactory status quo)