

# The Dilenschneider Group

January, 2010

Please accept with our compliments the 40<sup>th</sup> Dilenschneider Group Trend/Forecasting Report.

At this time of the year, many look back. We are all for learning from history, but prefer to look ahead.

The focus of this Report is on “change,” which is always with us, but which happened at an incredible pace in the past year and which will accelerate even more in 2010 and beyond.

The reasons for this uncommon change are many.

The economy in 2010 will be shaky at best.

In the U.S., people are dissatisfied—polls show that 55% of Americans think the country is on the wrong track. Only 33% say America is going in the right direction. More than 66% say they are not confident their children’s lives will be better than their own.

Most Americans feel out of control in terms of managing their future. Unemployment is at 10% and there is no relief in sight. The U-6, which includes discouraged workers, part-time workers who want a full-time job and marginally attached workers, has reached a post-Depression high of 17.5%.

Dozens of new regulations and laws have placed more power in the hands of the federal government. Much of this change has been obscured by the discussion on the more than 2,000-page healthcare bill, which will affect nearly 15% of the nation’s economy and reorder more than \$35 trillion in spending over the next few years. Then there is the commitment of 30,000 more troops to Afghanistan. And underlining all this is the ongoing financial crisis.

Outside the U.S., Vladimir Putin is in his 11<sup>th</sup> year in power in Russia and will again seek the top office. Watch for the actions he will take. Russia is and will be a player in the next decade.

Pressure is on the leadership in the U.K., France, Italy and Germany. Germany and France, thanks to the Lisbon treaty, will assert leadership.

The Dilenschneider Group, Inc.  
MetLife Building, 200 Park Avenue, 26<sup>th</sup> Floor, New York, NY 10166  
212 922 0900 (fax 212 922 0971)

# The Dilenschneider Group

Page 2  
January, 2010

If anyone thinks the Middle East is moving to predictability, think again. Huge change is possible here that will disrupt the rest of the world.

Latin America will continue on the pace toward economic development. Venezuela could be a wild card.

Power is shifting from the West to the East. By 2050, 80% of the world's gross domestic product (GDP) is expected to occur outside Europe, the United States and Canada—the regions that accounted for over 40% of GDP last year.

China and India have asserted themselves as never before, and while some experts claim both countries are on the brink of serious problems, the money flowing into both is remarkable.

China, in particular, is flexing its muscles, lecturing the U.S. on its economic policies and staring down President Obama in Copenhagen over climate change.

Dubai's default on its debt has caused serious trust issues in the Middle East.

We are eight years from the horrendous moments of 9/11, but al-Qaeda is active and planning to hurt the West. Violent extremism in Pakistan and Afghanistan continues.

Keep in mind that King Abdullah, who rules Saudi Arabia, is 87 years old. The Saudi Crown Prince, Sultan bin Abdul Aziz Al Saud, is in his 80s and suffering from cancer, and Hosni Mubarak in Egypt is 81. It is likely that power there will go to Gamal, Mubarak's son, and it is almost certain the military will support him in a country where the economy is growing at 5% per year.

Shimon Peres, the President of Israel, is 86.

It seems that everyone is demonizing everyone else, from Wall Street to the media, to healthcare figures, to CEOs who are paid too much, to Tiger Woods. No one is immune.

Is there good news? Sure:

- There are no wars between major military powers;
- The rule of law, while not effective globally, is taking hold in most developed nations;
- Nearly 62% of U.S. adults said they were in excellent or very good health, along with 82% of their children;

# The Dilenschneider Group

Page 3  
January, 2010

- Fewer Americans died in traffic accidents in 2009 than in any year since 1961;
- Life expectancy in the U.S. is now at an all-time high of 77.9 years;
- Death rates dropped significantly for eight of the 15 leading causes of death in the U.S., including cancer, heart disease, stroke, hypertension, accidents, diabetes, homicides and pneumonia;
- The rate of acute viral Hepatitis-A has dropped 90%;
- U.S. deaths from AIDS have dropped 10%;
- Experts are predicting a continued rise in the stock market in 2010 (but, remember, this is after an 11-month drop and only half of that decline has been recovered);
- The percentage of U.S. secondary schools that do not sell soda rose to 64% from 38%, and those that do not sell candy or high-fat snacks rose to 64% from 46%;
- The amount of trans-fat in packaged food has declined by about 50%;
- The longer you live, researchers say, the happier you are likely to be;
- Millennials—the 80 million Americans under 35 who will soon inherit the future—have a sense of positive destiny;
- Breakthroughs in science, particularly healthcare, continue.

Will the stress end? There will be lulls and moments of silence in what lies ahead: *a)* the “Black Swan” events that we predicted in our May “Special Report” and *b)* the certainty of uncertainty that is at every level will cause much pitching and heaving in the future.

How to deal with this?

Be alert to the new “rules of the road” that we cited in May. Please let us know if you want a fresh copy.

But also reflect on the trends cited in the enclosed Report and assess how they affect your life and business and those around you.

# The Dilenschneider Group

Page 4  
January, 2010

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 for 2010.

This Report, then, as it has for nearly 20 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,

A handwritten signature in black ink, appearing to read 'R. Dilenschneider', with a long horizontal flourish extending to the right.

Robert L. Dilenschneider

RLD:llg  
Enclosure