

*Small nations, such as Cuba, that already serve global health customers, can become prime medical destinations and enjoy vast wealth if their health tourism business is developed and managed wisely. ■*

## SYSTEMIC RECESSION

**The US is sliding into a long-term economic downturn that will eat away at the nation's well-being before it shows up in the official numbers. Despite what Washington says, the Dow does or Wall Street claims ... during 2007 the facts of life on Main Street will clearly show what Americans are already beginning to feel – "Recession."**

Weighed down with massive loads of debt and locked into jobs that limit opportunities to pay it off, the paycheck to paycheck public will feel the pinch in their pocket books and businesses will be hit hard in their bottom lines long before recession becomes "official." Like mindlessly waiting for the word from the higher ups to finally declare the bloody Iraq civil war, a "Civil War" ... by the time the "experts" decide their basket of statistics adds up to recession, economic conditions will have long since deteriorated.

For example, even with the many indicators that spell "Real Estate Recession" – and with the numbers getting worse with each new quarter – the "R" word is never used to define the industry's sharp decline. Instead it's said the market's "slowed" and conditions are "soft."

As data proves and the facts bare out, it was the Federal Reserve's induced 46-year low interest rates that ignited the building boom and sparked the home equity refinancing mania that pulled the US out of the 2001 recession. However, after raising rates 17 consecutive times, and with little room to bring them lower (without risking a dollar crash), there are no Fed tools left to boost the housing market or re-spark a re-fi boom. (See "A Bernanke Recession," *Trends Journal*, Summer 2006.) Without the cash to build or the means to borrow, the nation's engine of growth is out of fuel and there is no industry, service or product in the pipeline to drive future economic growth.

### REAGAN RE-DO

In addition to the many indices that point to a sustained downturn, and ample evidence that conditions will not improve, the changing political tides are leaving the nation's people with little faith in a leader whose popularity keeps plunging. Although history is re-written to recast failed presidents as "elder statesmen" (after they've left office), when Ronald Reagan's Teflon coat began to peel,

the loss of public confidence prompted us to forecast the 1987 stock market crash:

*Celente said much of the nation's recent prosperity was built on citizens' confidence in President Reagan. A number of recent events, including the Iran/Contra arms scandal, congressional override of Reagan's veto of South African sanctions and Nicaragua's capture of a crew member in a US registered plane carrying unauthorized arms have damaged that "confidence shield," according to Celente.*

*The President has "proven himself merely to be a politician of the same cloth as any other politician who has lied to the public," he said. ("1987: The Year it All Collapses," Daily Freeman, 23 January 1987.)*

Similarly, as President Bush's popularity slumps and his skills are questioned, a lack of public confidence in those who govern seeps deeply into the nation's psyche. With fading hope for sound solutions – as it was just before the stock market crash in 1987 when Ronald Reagan's credentials were being questioned and when the dollar was also in crisis – today another perfect storm is brewing that will hit US financial markets before 2007 ends.

**Trendpost:** *Businesses should consider expanding options by moving in new directions to find additional income streams as old ones dry up and/or diminish in value as prices are cut and margins shrink in response to fighting fierce competition. The trend for a long-term decline in America's standard of living has long been forecast and there is nothing on the horizon that will renew post WWII levels of prosperity (jobs, education, health care services, etc.) which the country once enjoyed. (See "Dealing with a 'Five-O' Economy," Trends Journal, Winter 2002.)*

*Beyond real estate, among the sectors hardest hit in the continuing downturn will be mid and low retail markets and the mid-range restaurant business. In this low income/high debt climate, consumers ... looking for high taste but having less income ... will spend into the affordable sophistication sectors that provide up-range quality at moderate price points. (See "Affordable Sophistication," Trends Journal, Winter 2005.)*

*People in sales jobs in declining sectors, or workers in those areas that are already feeling the economic pinch and will be hit even harder as recession sets in, should be actively hunting for new opportunities to find employment.*

**Trendpost:** *The prognosis is simple and our prediction is clear. If the beleaguered US dollar (nearing 2-year lows against the euro and at a 14-year low against the British pound) continues to dive, it could trigger a sell-off*

**See next page for additional forecast from  
Summer '07 Trends Journal**

**Publisher's Note:** In the lexicon of the day, "the environment" has come to mean an entity that is separate from everyday life ... a component to be regulated by a government department. Among the intellectually challenged political class and the "bottom-line-comes-first" business class, by their words and deeds, they behave as though they're incapable of understanding that "the environment" is more than just trees, soil, air and water. The environment is the host of our soul during our life on Earth. We should cherish and respect it. We are part of it ... it is not a part of us. When we desecrate and disrespect the host that feeds and nourishes us, we diminish our health and disrespect the sanctity of our being.

With "going green" now seen as being in vogue and also a good way to make money ... rather than derided as a fringe movement by "environmentalists" and "tree huggers," the first stage of Renaissance 2.0 has now truly begun. (See "Renaissance 2000," *Trends Journal*, Winter 1997.)

As with the ancients who worshiped and elevated Nature to godly status in appreciation for all it provided, the new millennium enlightened, grateful for the bounty of Earth, will use its talents to protect the planet's fragility to keep it ... and themselves ... alive, productive and healthy.

**And then there's the economy.** The summer holiday season has begun. Bombarded with junk news and information ignorant in the best of

times, with the nation now in a vacation state of mind, fewer will be tuned in to what's going on and what's coming down. We suggest closely keeping abreast of news developments, monitoring the international news and considering action strategies to take in the event that the worst is yet to come.

The economic data will not improve. The Spring housing market was a bust and will continue its downtrend. While we cannot pinpoint a specific date, trend indicators point to a major crisis hitting the financial markets between July and November. With foreclosure, bankruptcy, default and delinquency rates on the rise, and the prospects for them to worsen, it would be prudent for all businesses to closely reign in receivables

Recent terrorist strikes in the UK are only a harbinger of worse to come ... and the USA is terror target #1.

Obviously, some market sectors will be hit harder than others by the coming socioeconomic storms. Regardless of business or profession - new or established - strategic plans may require re-adjustment, operations reengineered and product lines and mission statements reconsidered to survive and thrive.

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