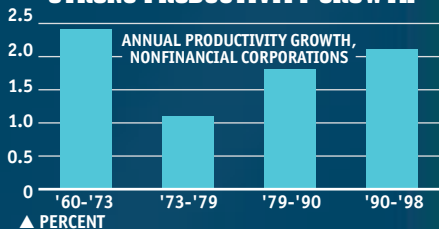


THE 21ST CENTURY

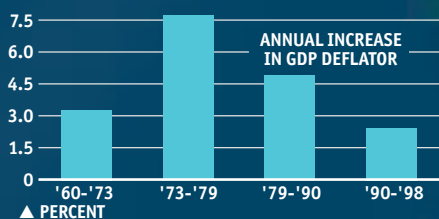
THE CYCLES

Over the course of the 1990s, the U.S. economy has surpassed the performance of the past two business cycles. Indeed, by some measures it is outpacing the 1960s and the early 1970s.

STRONG PRODUCTIVITY GROWTH

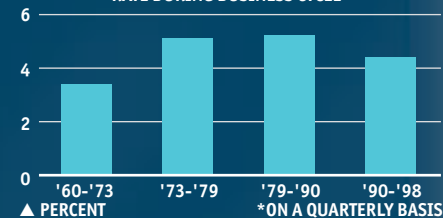


LOW INFLATION

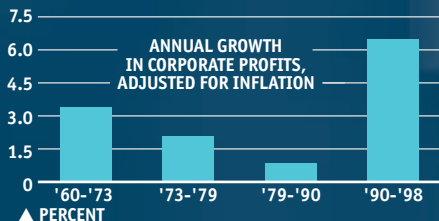


A STRONG LABOR MARKET

THE LOW POINT FOR THE UNEMPLOYMENT RATE DURING BUSINESS CYCLE*



RISING PROFITS

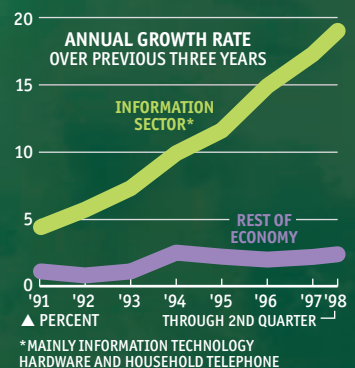


DATA: BUREAU OF ECONOMIC ANALYSIS, BUREAU OF LABOR STATISTICS

TECHNOLOGY

The high-tech boom shows no evidence of stopping as the information sector becomes an increasingly powerful factor in boosting growth and reducing inflation. Going forward, the growing number of patents is a clear indication that the innovation pipeline is filling up—good news for the years to come.

HIGH-TECH GROWTH SOARS...

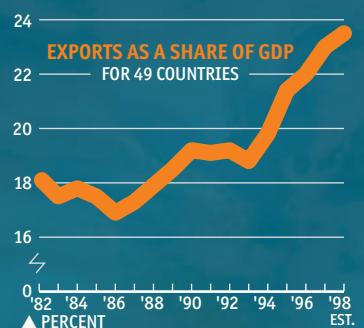


* MAINLY INFORMATION TECHNOLOGY HARDWARE AND HOUSEHOLD TELEPHONE

GLOBALIZATION

Expanding world markets are a key driving force for the 21st Century Economy. True, the severe slump in Asia points up the vulnerabilities of the global marketplace. But the long-term trends of fast-rising trade and rising world incomes still remain in place.

TRADE EXPLODES...



WHAT COULD GO WRONG

ASIAN MELTDOWN

A further worsening of the financial and economic crisis in Asia could badly damage the rest of the world. Most worrisome: A collapse of the Japanese economy.

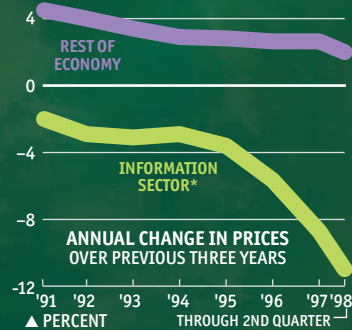
STOCK MARKET CRASH

A lengthy and deep decline in the stock market could slow growth by depressing consumer spending and making it more difficult for businesses to raise money.

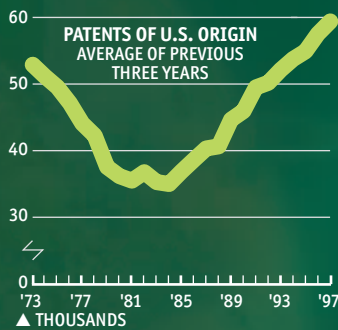
ECONOMY

Rapid innovation and surging trade will pave the way for growth

...PRICES KEEP FALLING...

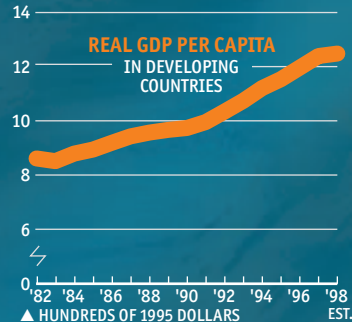


...AND U.S. R&D REBOUNDS



DATA: BUREAU OF ECONOMIC ANALYSIS, BUSINESS WEEK, U.S. PATENT & TRADEMARK OFFICE

...AND THE EMERGING WORLD GETS RICHER...



DATA: STANDARD & POOR'S DRI

...DESPITE ASIAN WOES



DATA: STANDARD & POOR'S DRI

THE FUTURE

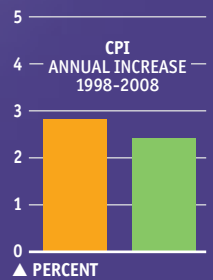
What are the implications of 3% annual growth, rising productivity, and strong investment continuing over the next 10 years? At the request of BUSINESS WEEK, Standard & Poor's DRI compared this 21st Century Economy scenario with its baseline forecast, which calls for only 2.3% average growth.

CONVENTIONAL FORECAST 21ST CENTURY ECONOMY

GROWTH



INFLATION



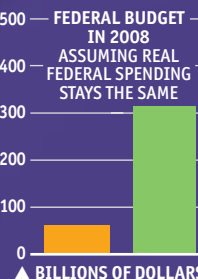
PROFITS



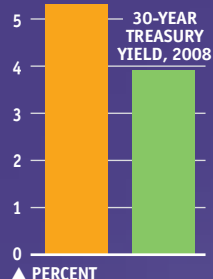
WAGES



FISCAL POLICY



INTEREST RATES



DATA: STANDARD & POOR'S DRI

ILLUSTRATION BY DAVID RUDES/BW
CHARTS BY ROGER KENNY, JEAN WISENBAUGH

TECH SLUMP

A prolonged slowdown in high-tech sales because of market saturation or the absence of compelling new products could drag down the rest of the economy.

PEACE DISAPPEARS

Any one of a number of events—a nuclear dispute on the Indian subcontinent, say, or a breakdown of the Mideast peace process—could put a damper on world trade.