

How to overcome the current crisis

The global crisis

The current crisis has no comparable precedents, so there is no experience that can help us solve it. Past crises had very short duration and were usually resolved with simple adjustments of the cost of money along with incentives to help revive the hardest hit production sectors and bring back prosperity.

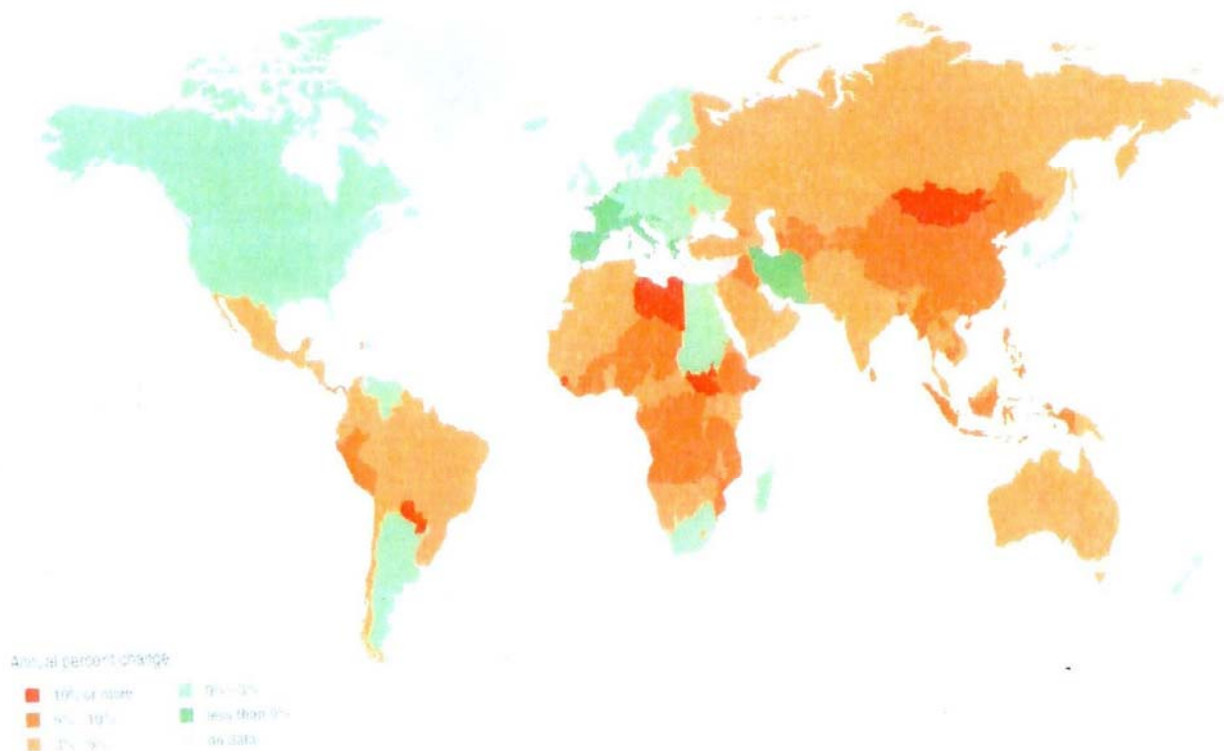
In the beginning newspapers all over the world talked about the global crisis as something that was inevitable after many years of continuous growth. Reputable experts tried to play down the problem by explaining that just like every storm is followed by sunshine, after each crisis comes a period of revival.

The Western crisis

The map below, provided by the International Monetary Fund website, shows the world painted in different shades of green and orange: green indicates countries hit by the crisis, dark green indicates negative growth below 0%; orange represents countries with a growing economy, dark orange means growth of over 10%.

IMF Data Mapper[®]

Real GDP growth (2013)



In 2011, world economy analysts reported a two-speed economic recovery: strong in emerging and developing countries and weaker in advanced economies. Nowadays what we are seeing is a three-speed global trend: emerging countries are still strong, but advanced countries are splitting up with the United States showing a short-term strengthening trend while the Euro zone is still experiencing deep weakness.

The slowdown that is affecting the Western world is a consequence of incorrect economic policies in the most industrialized countries, including Europe's policy of extreme stringency which aggravated the recessionary effects of the current crisis, and of negligent conducts in the industrial and commercial world.

The Italian crisis

The following problems have been identified by world economy analysts as the causes behind Italy's current recession:

1. High level of public debt.
2. Low growth.
3. Productivity and innovation differential.
4. Poor credibility of governments, who tackled the crisis late and in an uncertain way.
5. The limits of the European monetary union, which prevents the use of an expansionary approach to public budget.
6. Difficult access to credit.
7. Weak domestic demand, caused by bad income distribution.
8. Increasing lack of trust and uncertainty feeding a vicious circle.

Economic recovery

Recovery still appears very distant, in particular we see no clear indications or precise decisions; no reliable programmes are being formulated by politicians nor by economic and trade union players. In Italy politicians did everything they could to slow down employment and thwart business: in public speeches they talk about simplification, fighting tax evasion, reducing privileges and trade union corporatism but in parliament they pass laws with the opposite effect. Machiavelli was right: "every reform has strong opposers in those who have something to lose from the reform and weak supporters in those who have something to gain from the reform".

Hope

We are clinging on strongly to the hope that our country will not end up in national bankruptcy. Italy has shown a great industrial vocation: it is true that many firms have closed or migrated to foreign countries, but there are still many. Italian workers who migrated to European countries or to the US after the end of World War I distinguished themselves as capable workers and entrepreneurs. Instead of focusing on reforms or new economic and taxation rules, we must rely on the people, especially our young people: a few men or women of good will cannot change a country, but if all the men and women of good will believe that together they can make Italy a better place, they will become the decisive factor.

The dental sector

At Cattani's we have moved forward by researching, designing and manufacturing ecological units that reduce the use of raw materials and energy by between 30 and 50% with previously unimagined professional performance levels. Our Export figures now exceed 80% of production. Importers will not buy large quantities of products if the quality level is the same or lower than what they can find in their own country: to export products you need something extra, something that can only be achieved through research. Research funds will be very welcome, but in the meantime we are starting on our own means.

There certainly are other Italian firms in the dental sectors that have performed as well or better than us and we are confident that others will pursue research projects: setting an example counts much more than mere words. It is a fascinating challenge: winning the challenge does not mean defeating someone, but achieving a position in a market where there is room for every company that does research.

The goddess of hope is the last one to die, we will keep her alive because it is necessary for all of us, but we must hurry up because the sooner we succeed the less we will suffer.

Thank you for your attention, my warmest regards

Augusto Cattani