



# Controlling the Economic Narrative ...

*...before it controls you*

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# RECESSION!!!!



## Renters Hit Breaking Point in a Sudden Reversal for Landlords

Affordability pressures and inflation are holding back tenants, forcing landlords to ease off big increases.

## Jamie Dimon Says JPMorgan Is Bracing Itself for Economic 'Hurricane'

- Says Fed actions, war in Europe create unprecedented challenge
- Still too soon to say how intense the storm will be. CEO says

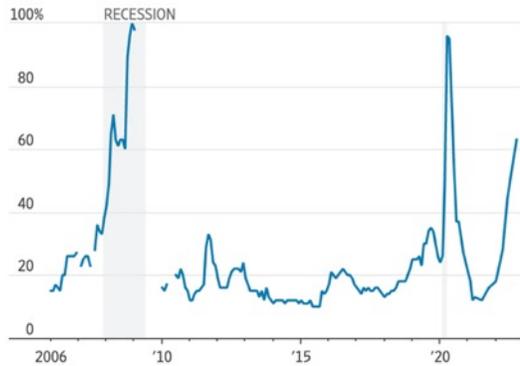
## There's a 98% chance of a global recession, research firm warns



By Matt Egan, CNN Business

Updated 11:27 AM EDT, Wed September 28, 2022

Probability the U.S. is in a recession in next 12 months including today



Note: Gaps indicate question not asked or data unavailable.  
Source: Wall Street Journal surveys of economists

FINANCE • HOUSING

## The housing market just slid into a full-blown correction, says top economist Mark Zandi

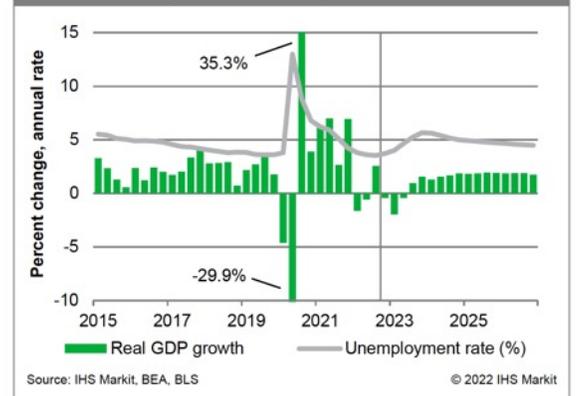
BY LANCE LAMBERT  
May 27, 2022 9:36 AM PDT

BUSINESS

## Stocks entered a bear market. Here's what that means

May 20, 2022 · 3:40 PM ET

Recession begins in 2022 Q4, runs thru 2023 Q2



## More Americans Are Going Hungry, and It Costs More to Feed Them

The director of the nation's largest network of food banks is seeing support dwindle as need rises: "You're in the middle of a battle, and people are leaving the field."



# 2019: The Year of the Bear

## For the U.S. Economy, Storm Clouds on the Horizon

Here's a list of recession signals that are flashing red

Real Estate Markets Cool Across The Country, And It's Not The Winter Effect

Economy at 'very real risk' of falling into recession in late 2020, UCLA forecast says

Real Estate Market Crisis 2.0: The Jury is Out

Goldman Sachs economists say fears rise that U.S.-China trade war leading to recession

Trump is heading into reelection with a deep manufacturing recession

Trump could bring more China tariffs, escalation, a recession will be here in 2 months

Global recession? Housing Is Already in a Slump. So It (Probably) Can't Cause a Recession

DoubleLine CEO Jeffrey Gundlach warns of recession driven by 'cocktail of factors'

How to solidify your financial plan in case the trade war sparks a recession

"The economy is on the precipice and this would just push us over into the abyss. I don't think we're very far from recession as it is,"

Moody's Analytics chief economist Mark Zandi tells me.



# Miserabilism:

the philosophy of pessimism.

# So where is the economy heading?

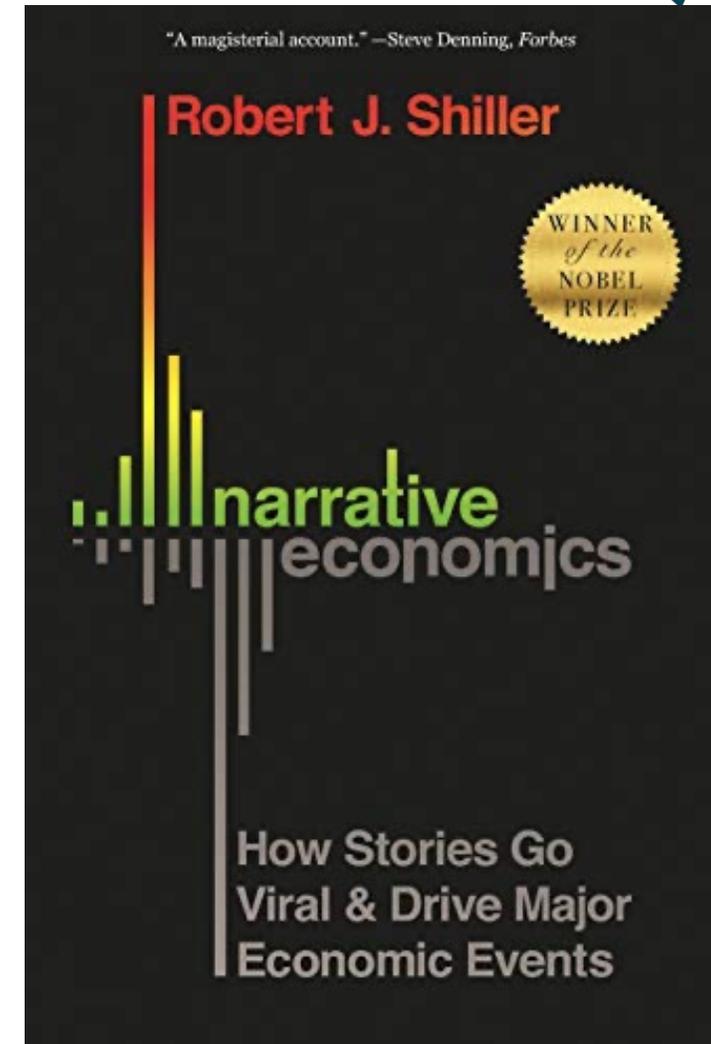


- **Miserabilism: A recession is nigh!**
  - Economy already in crisis due to ... (pick your favorite economic boogie man)
  - Inflation is crushing consumers, real estate collapse driven by mortgage rate hikes
- **The Reality: Recession highly unlikely in the next 2 years**
  - Current situation is requisite cooling after excessive pandemic stimulus surge
  - No major structural imbalances in the economy
  - Asset prices will continue to slowly deflate, yet fundamentals will remain strong
- **The Real Worries**
  - Collapse in filtering will intensify housing shortages
  - Labor shortages are now endemic
  - Public deficit challenges at state and federal levels
  - The ongoing gap between the narrative and the reality

# Beware the Narrative

“Trying to understand major economic events by looking only at data on changes in economic aggregates ... runs the risk of missing the underlying motivations for change. Doing so is like trying to understand a religious awakening by looking at the cost of printing religious tracts.”

— Robert J. Shiller, [Narrative Economics: How Stories Go Viral and Drive Major Economic Events](#)

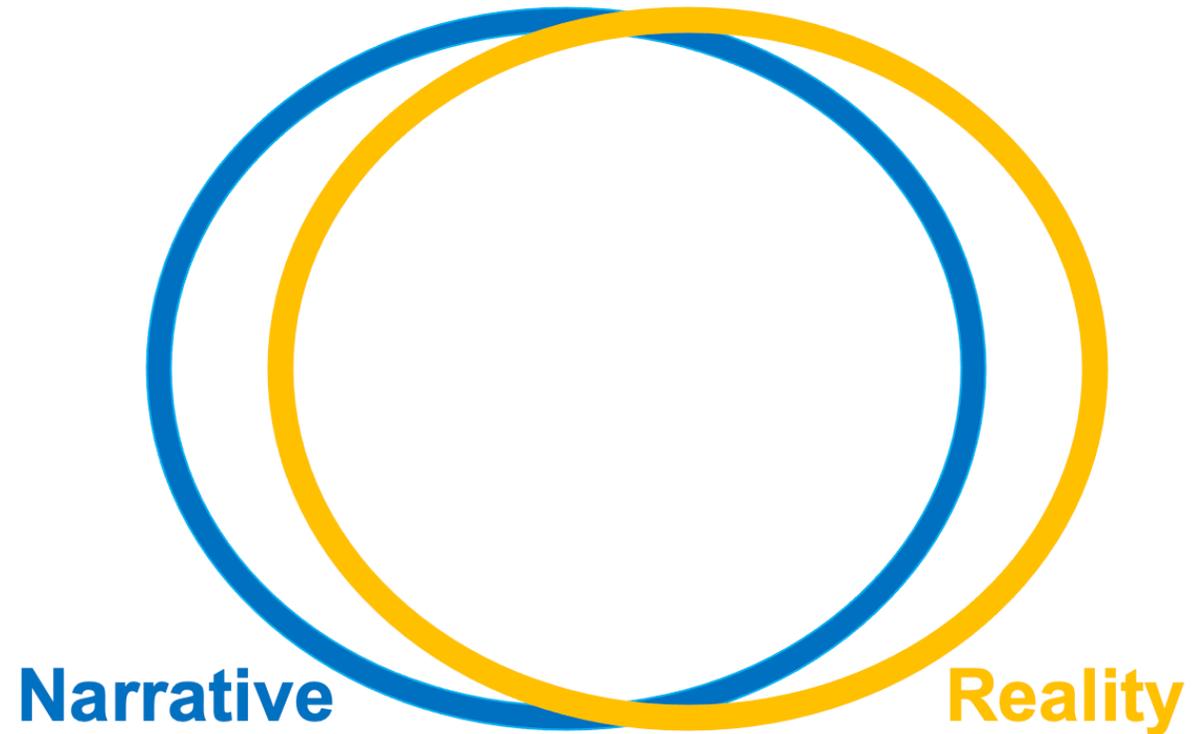




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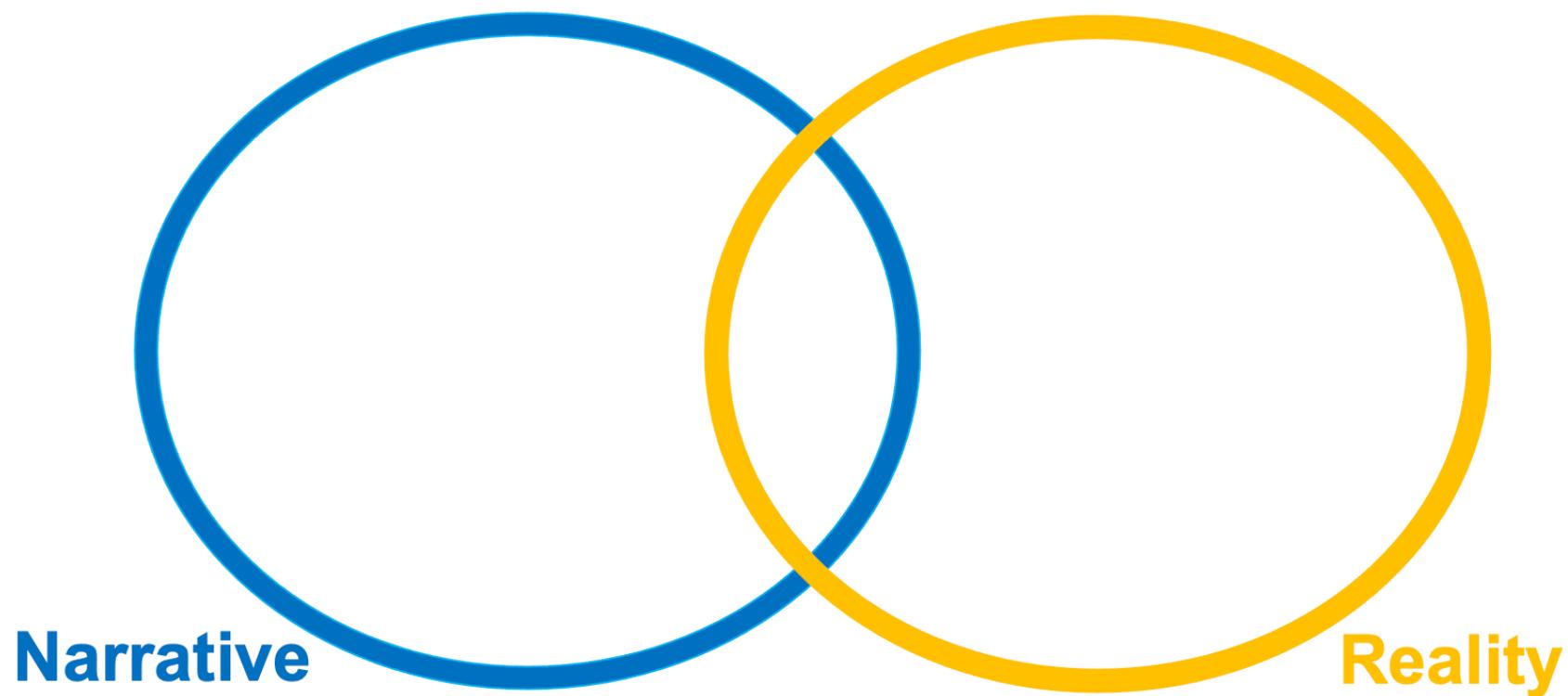


# ***Beware the Narrative!***





# ***Beware the Narrative!***



# Remembering the U or V Debate



Coronavirus to cause worst economic downturn since Great Depression, IMF forecasts

**CBO: Coronavirus pandemic will scar U.S. labor market for the next decade**

**30-40 Million People in America Could Be Evicted from Their Homes by the End of 2020**

As many as 30% of Americans with home loans — about **15 million** households — could stop paying if the U.S. economy remains closed through the summer or beyond, according to an estimate by Mark **Zandi**, chief economist for Moody's Analytics.

JPMorgan now sees economy contracting by 40% in second quarter, and unemployment reaching 20%

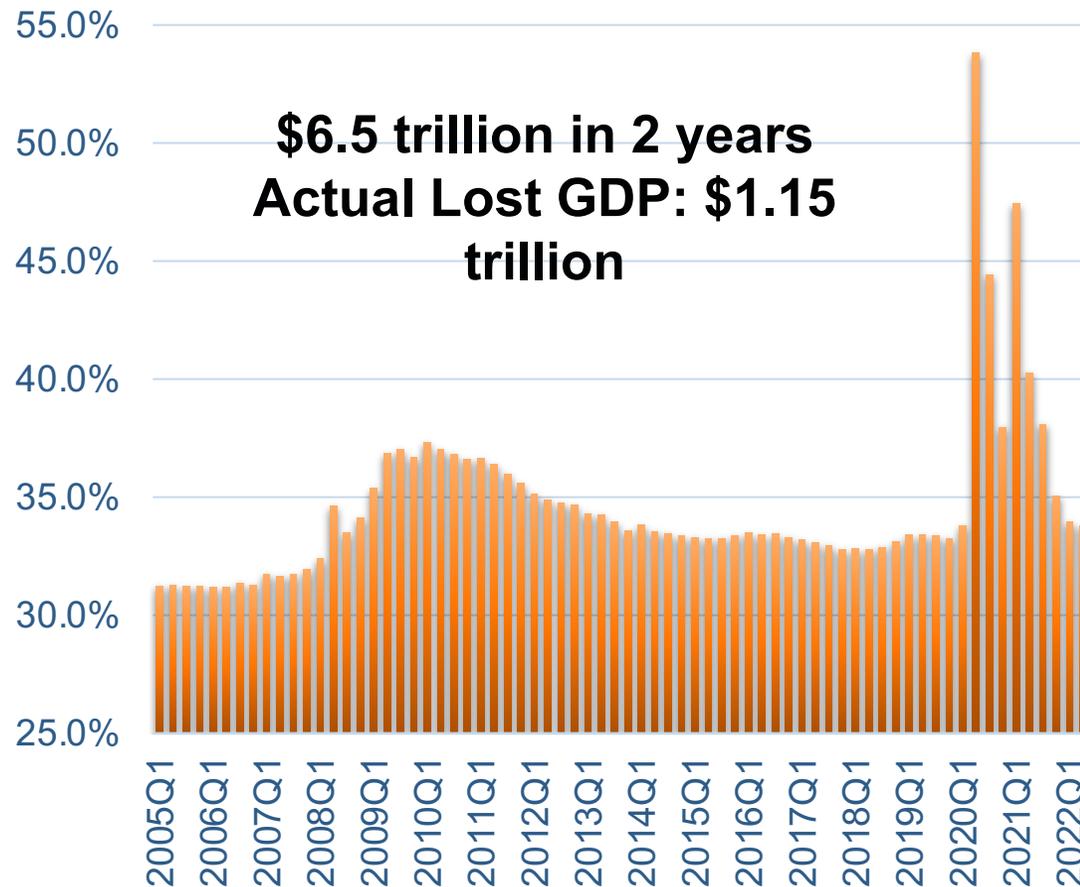
**Home prices rose in June, but they'll likely fall in 2021: CoreLogic**

**'Make no mistake...the pandemic morphed into a Depression-like crisis,' says UCLA economist, who predicts U.S. economy won't recover from coronavirus until 2023**

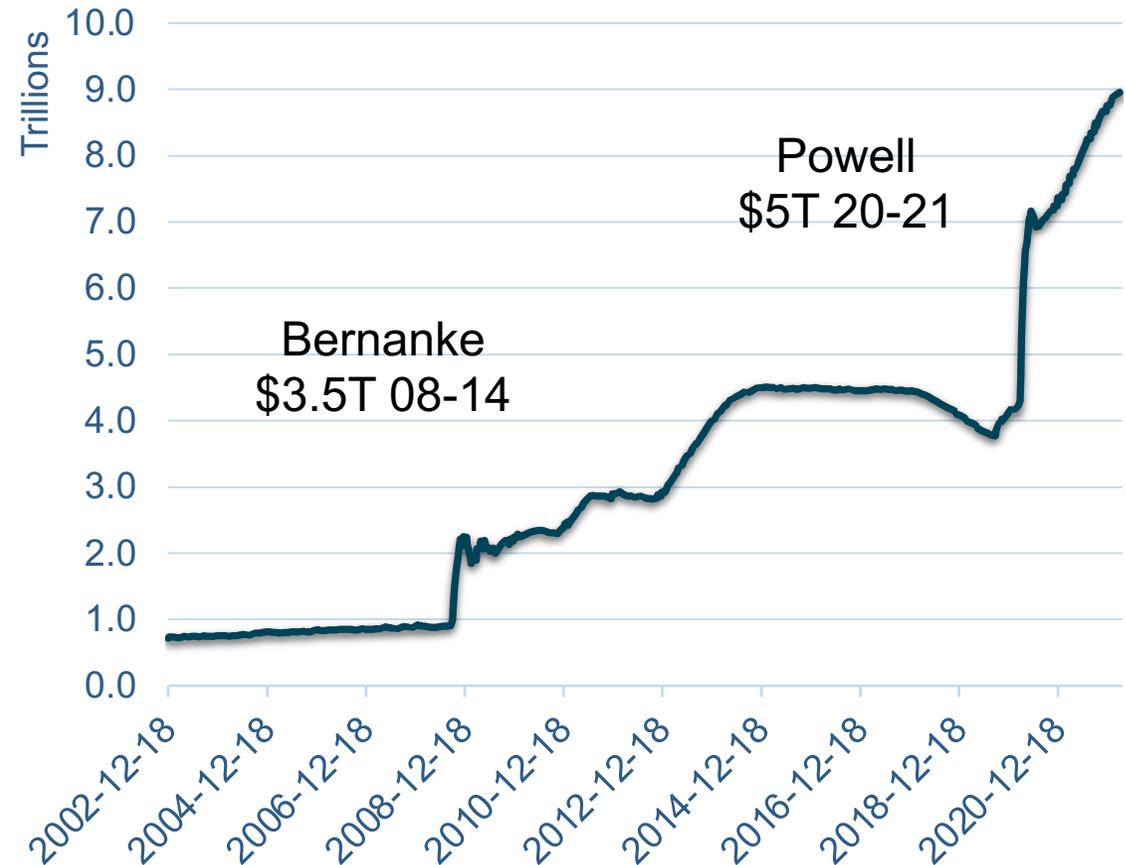
# Federal Fiscal (Over)reaction



### Federal Expenditures as a Share of GDP



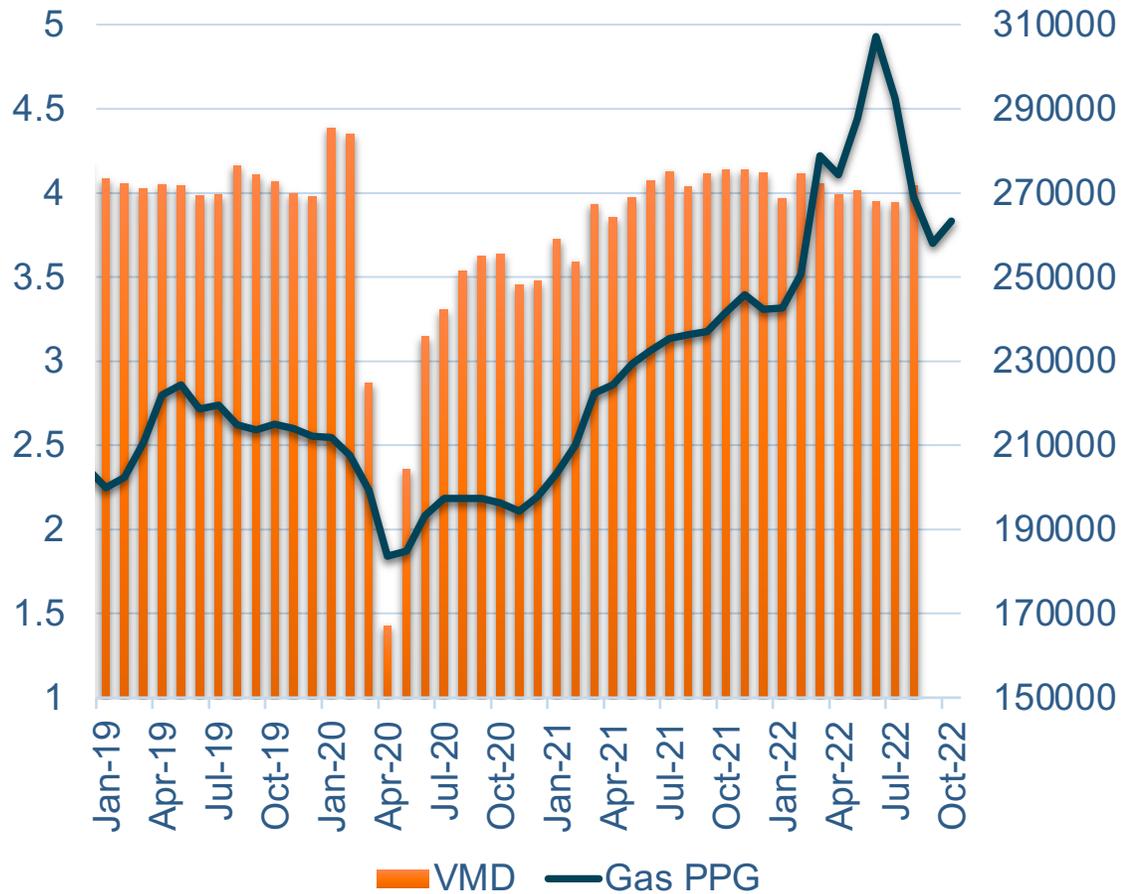
### Federal Reserve Balance Sheet Holdings of Government Debt



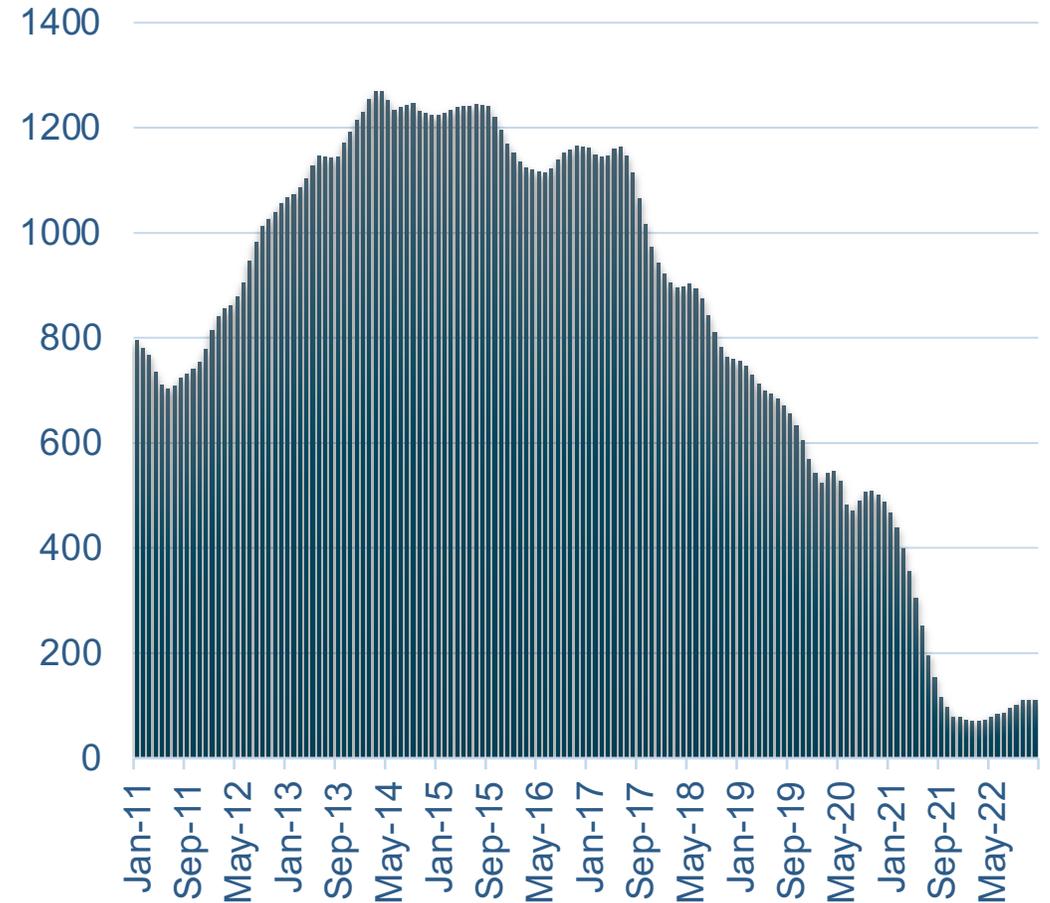
# Gas Prices: Supply or Demand?



### Gas Prices and VMD



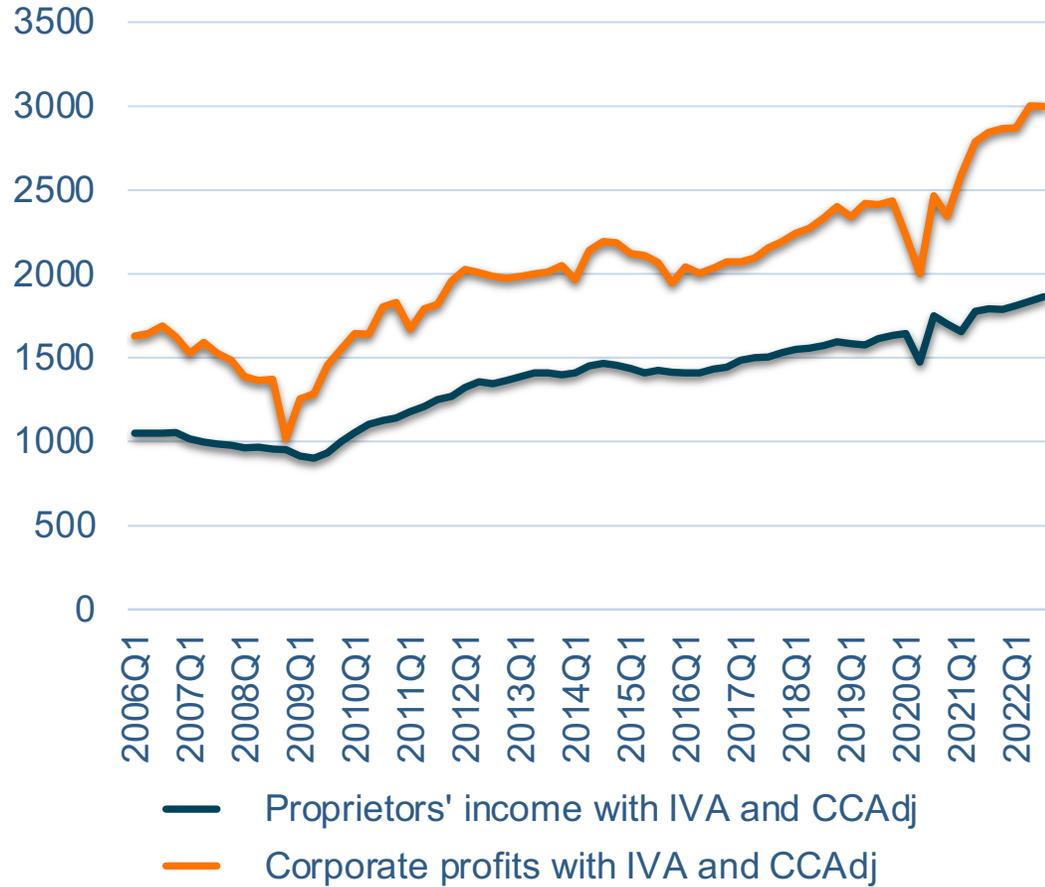
### Inventories of New Autos for Sale



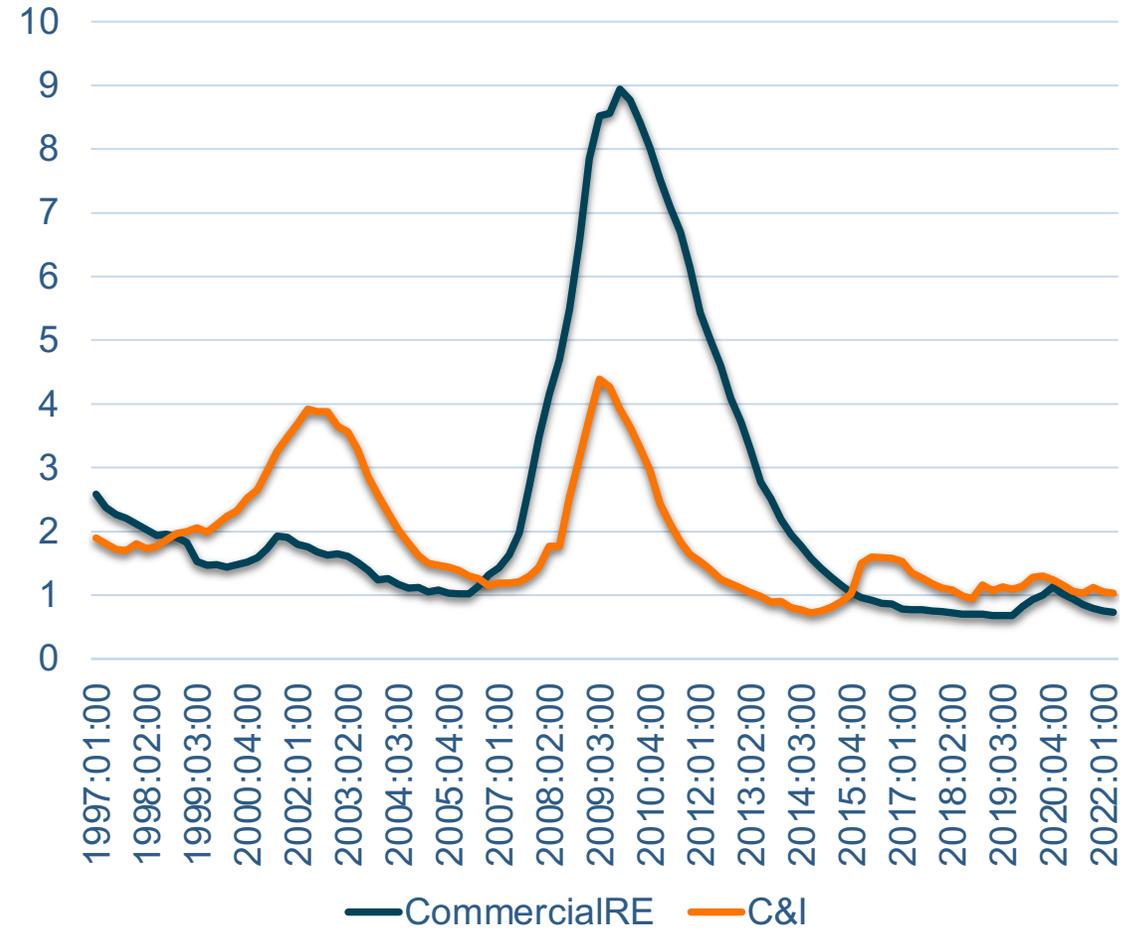
# Business problems?



### Business Profits



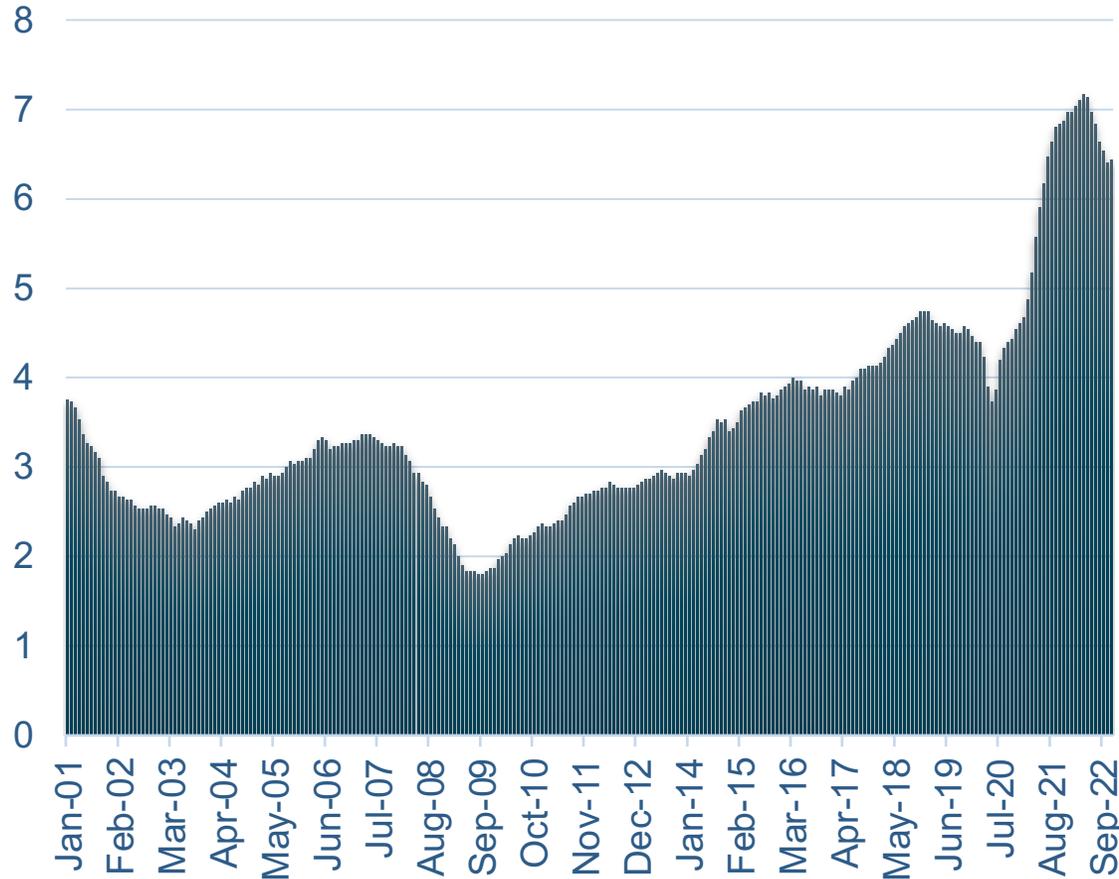
### Bank Delinquencies



# Business's real issue...



US Job Opening Rate

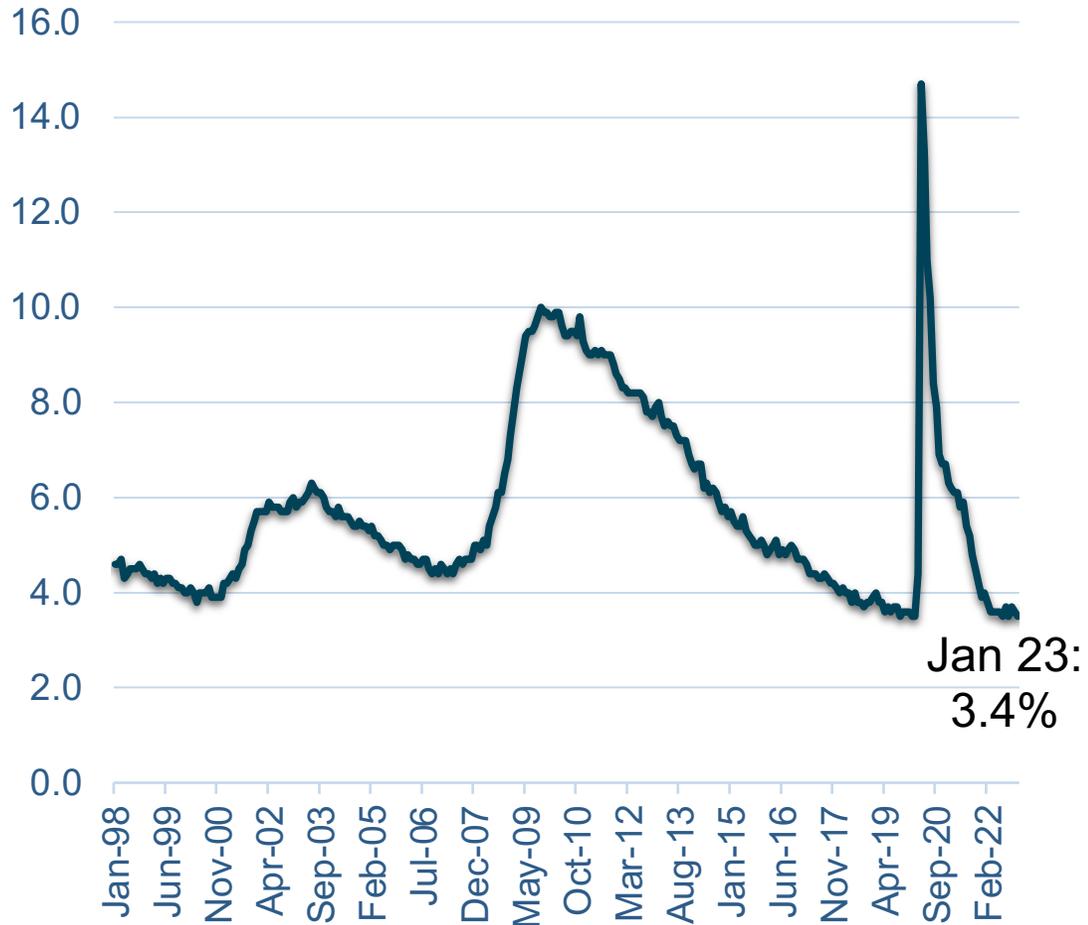


Job Openings Rate by Sector	Jul-19	Jul-22
Total private	4.2	7.7
Health care	2.8	9.3
Leisure hospitality	6.7	9.3
Professional	5.4	9.0
Logistics	3.9	8.0
Other services	3.7	7.5
Financial activities	2.6	7.0
Information	3.9	7.0
Retail trade	4.9	6.5
Manufacturing	2.5	6.2
Education	2.6	6.0
Mining and logging	3.7	5.7
Government	1.5	5.2
Wholesale trade	2.8	4.9
Local education	1.6	4.7
Construction	5.1	4.7

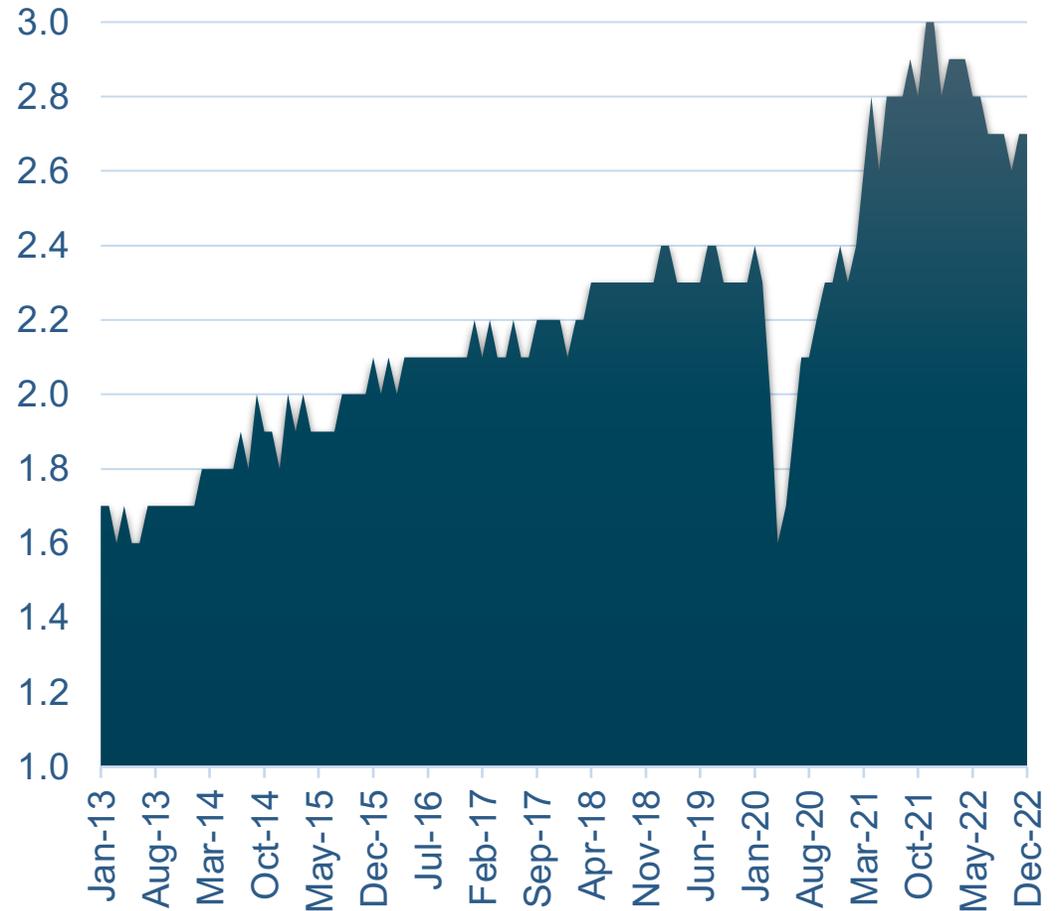
# Labor Issues



### Unemployment Rate



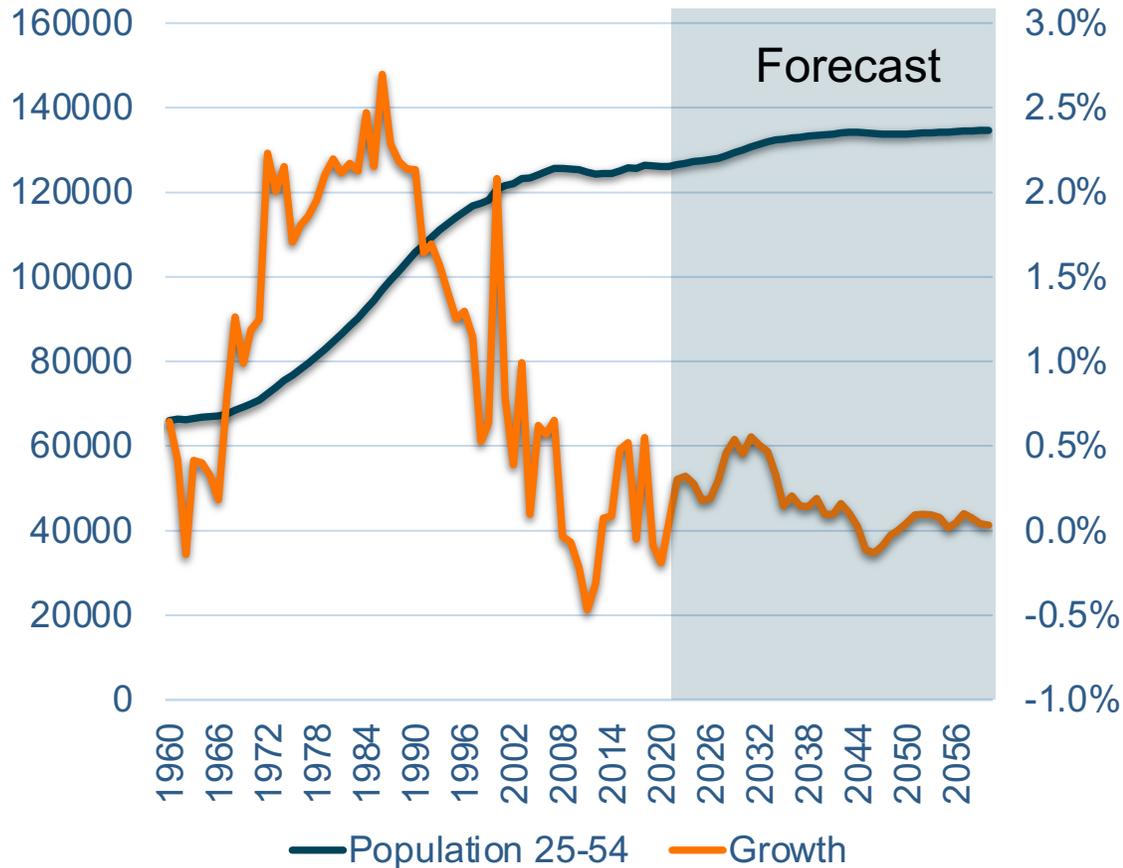
### US Quit Rate



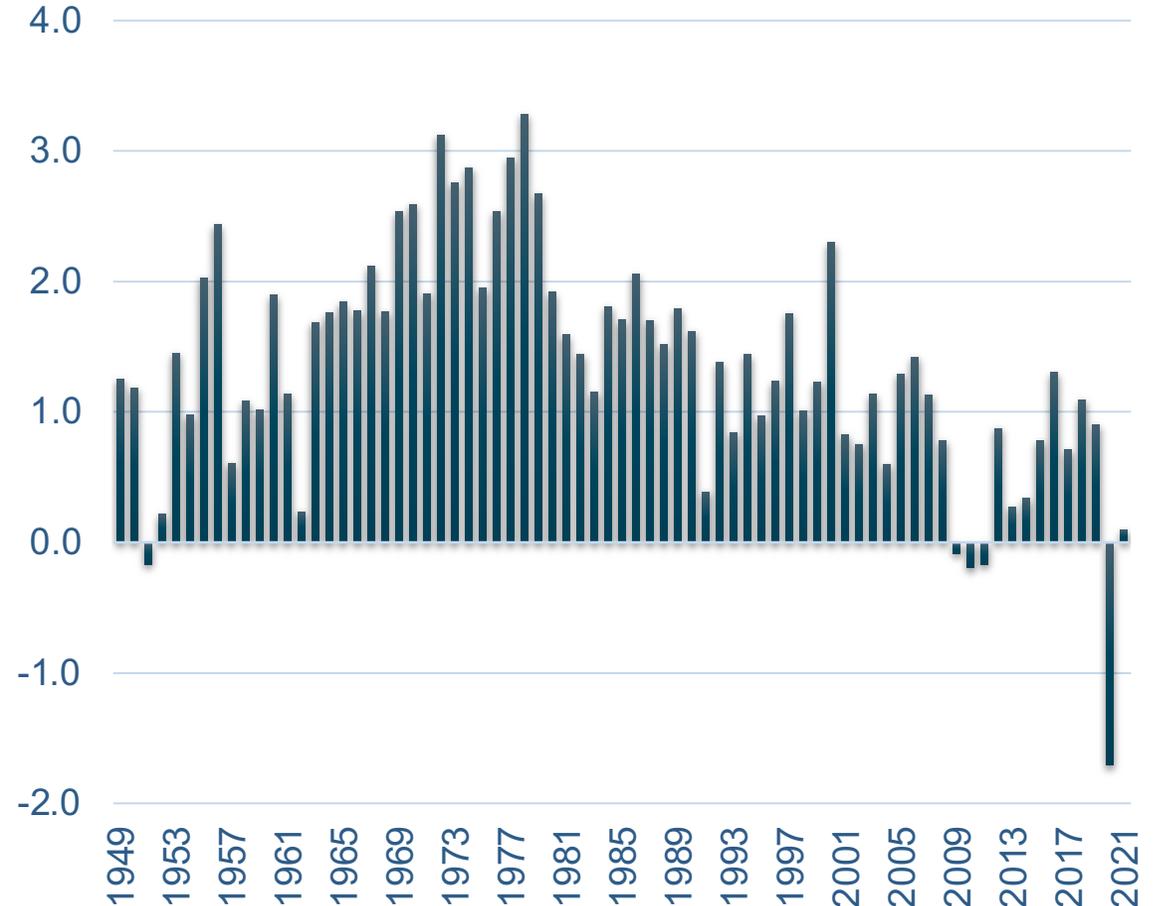
# The Era of Labor Shortages is Here



Prime Working Years Population Growth  
(Census Forecasts)



YoY Growth US Labor Force



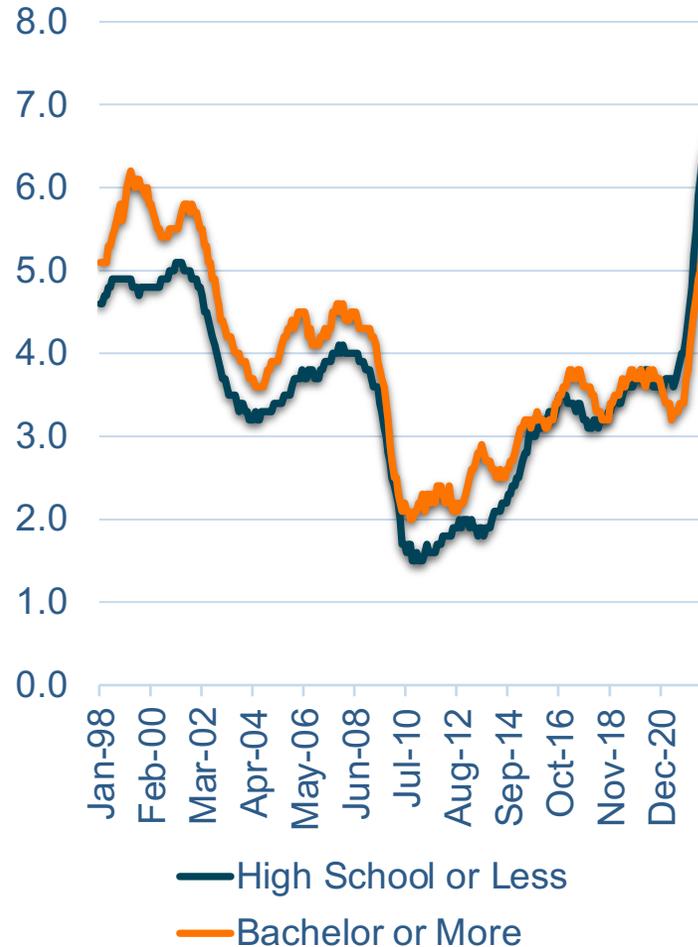
# A flipped labor market



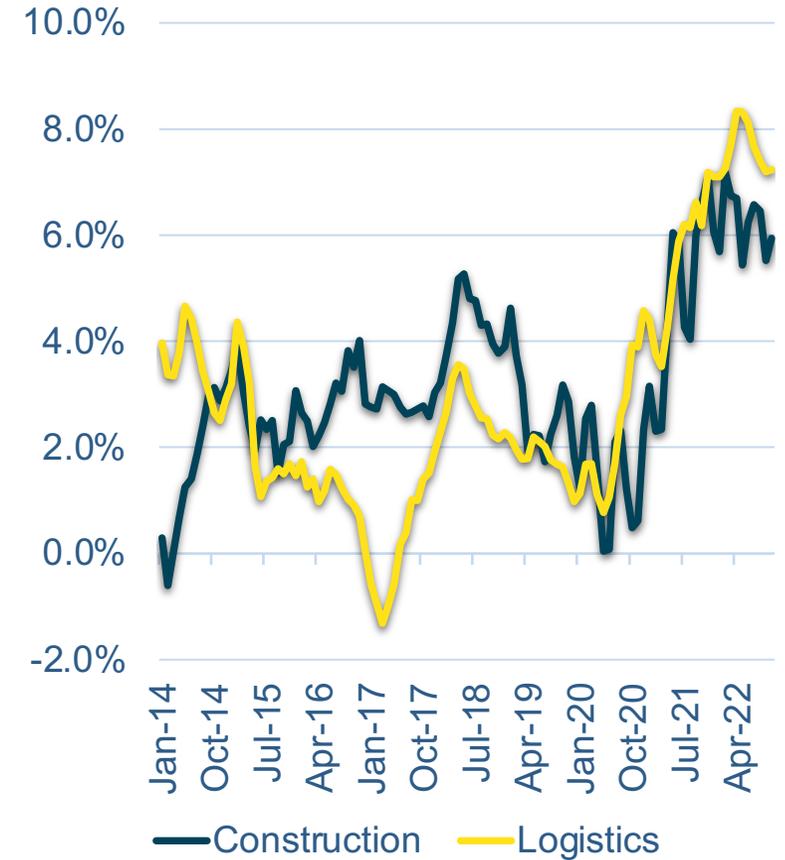
**Earnings Growth Gap:  
Bottom 50% to Top 50% of  
all Earners**



**YoY Growth Hourly Wages**



**YoY Growth Weekly Earnings  
for Non-Supervisory Workers**



# Labor Shortage Solutions

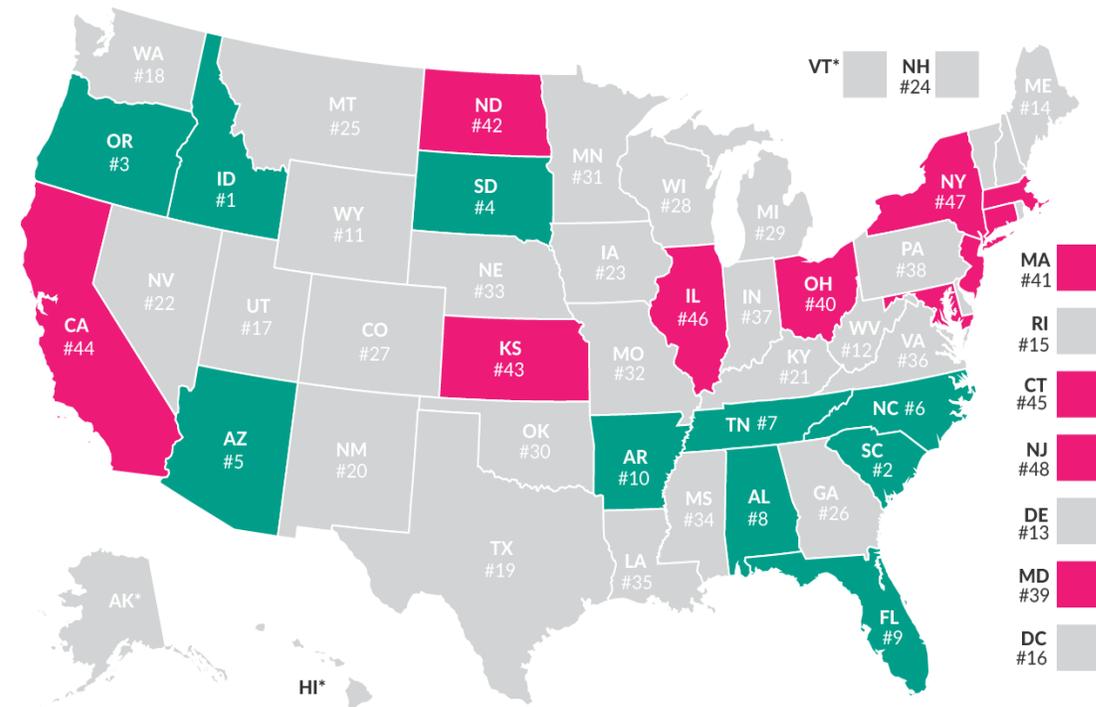


## ■ Solutions

- Extensive: Increasing labor force through immigration (SR) or birthrates (LR)
- Intensive: Raising participation rates among the existing population
- Productivity enhancements: capital investments / skill training

### Where Did Americans Move in 2020?

State Migration Patterns, from Most Inbound to Most Outbound, 2020



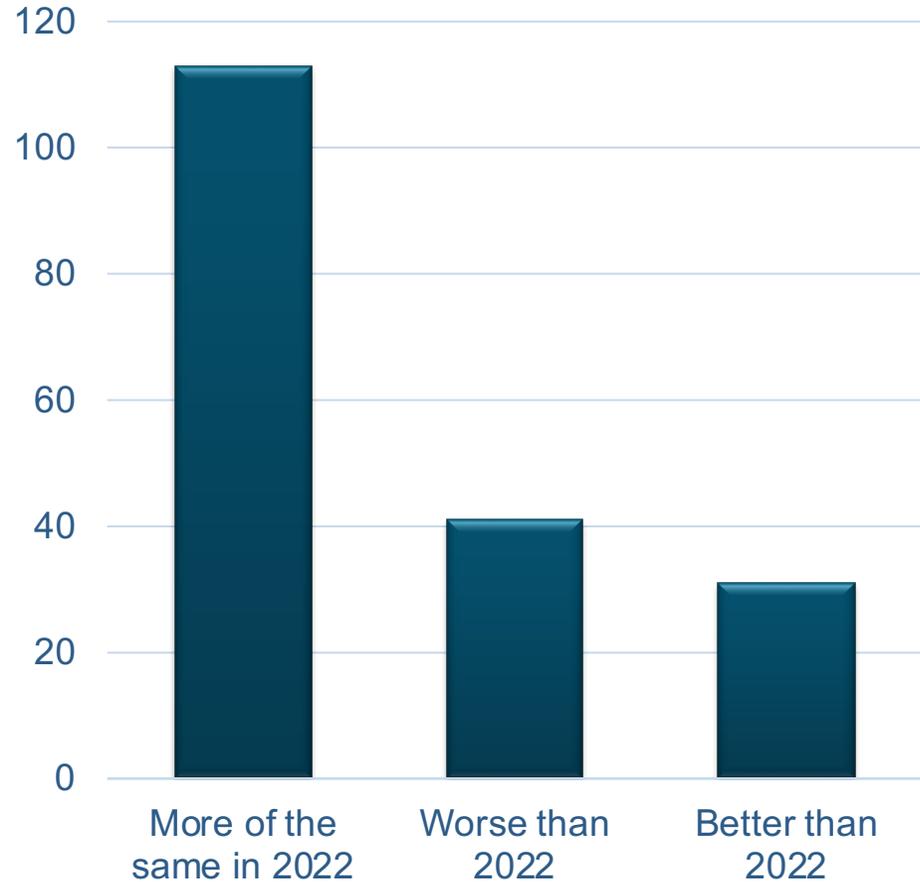
Note: Rankings are determined based on the number of inbound moves as a percentage of total moves in a state. DC is included in state rankings while Vermont is excluded because of its small sample size. Alaska and Hawaii are not included in the study.  
Source: United Van Lines, 2020 National Movers Study.

■ Top 10 States for Inbound Migration  
■ Top 10 States for Outbound Migration

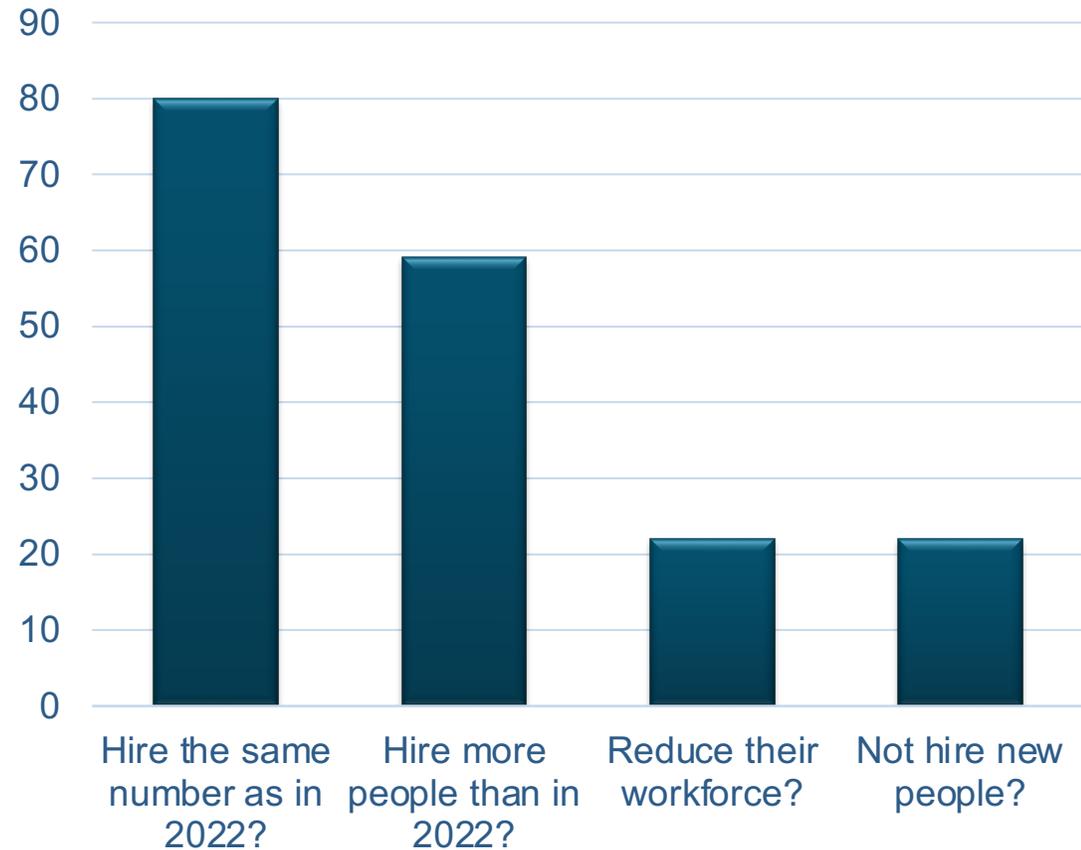
# Our W.A.C.E. Poll: Economic Outlook



In 2023 I feel the economy will be:



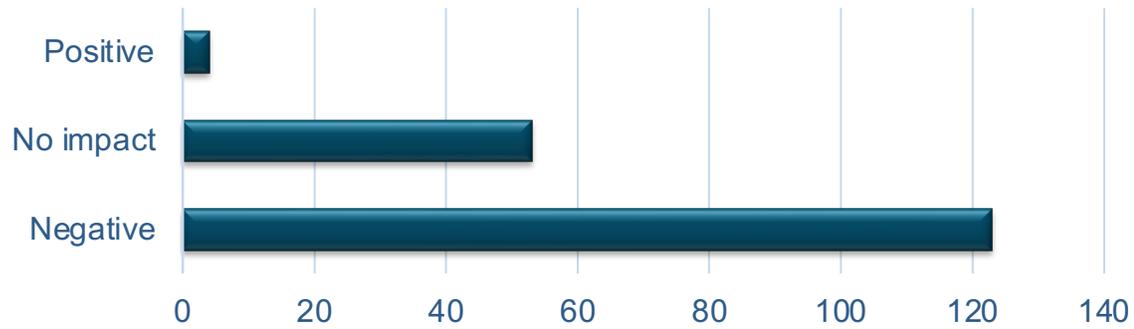
In 2023 do you expect your members will:



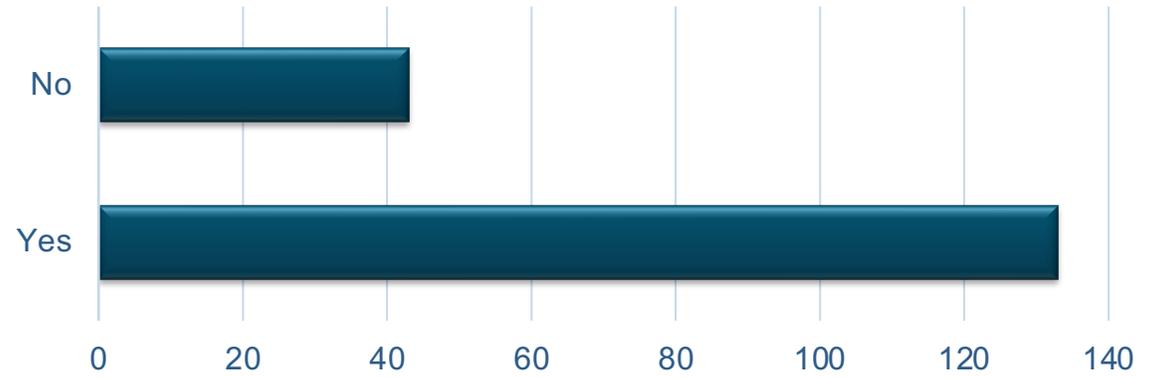
# Our W.A.C.E. Poll: A Changing Landscape



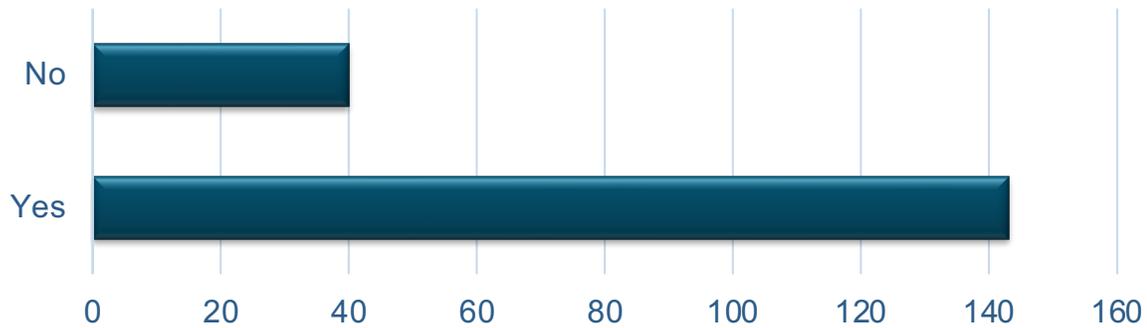
How does political partisanship impact your chambers ability to operate?



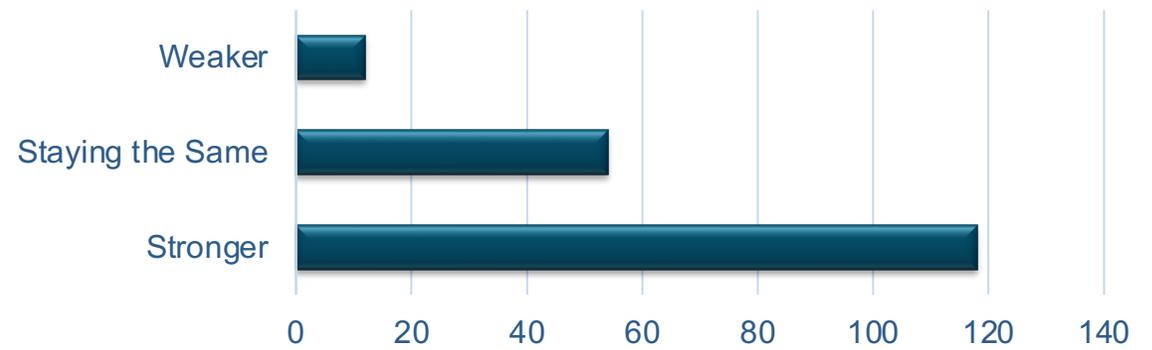
Does the business community have a responsibility to drive social change?



Do you feel Chambers are more pressured to take stands on social issues today than in the past?



Do you feel your Chamber's ability to influence public policy is becoming ...?



# Old tools in a new world



## What are your Chamber's top two preferred methods to influence policy?

Strategic Partnerships with Local Entities	146
Local Meet & Greet Events	100
Public Relations Campaigns	34
Direct Communication with elected officials	29
Analytical Reports & Research	27
PAC Spending on Favorable Candidates	21

## What two methods have helped your Chamber influence public sentiment the most?

Community Education Initiatives	107
Local Meet & Greets	95
Media Relations & Appearances	68
Publishing Policy Reports	41

**Reactive:** Responding to a narrative already pushing policy

**Proactive:** Assessing community concerns and building your own narrative

*Information no longer travels at the speed of sound, it travels at the speed of light...*

# The Housing Narrative



## 4. Tackling Housing Issues **Big Sur Room**

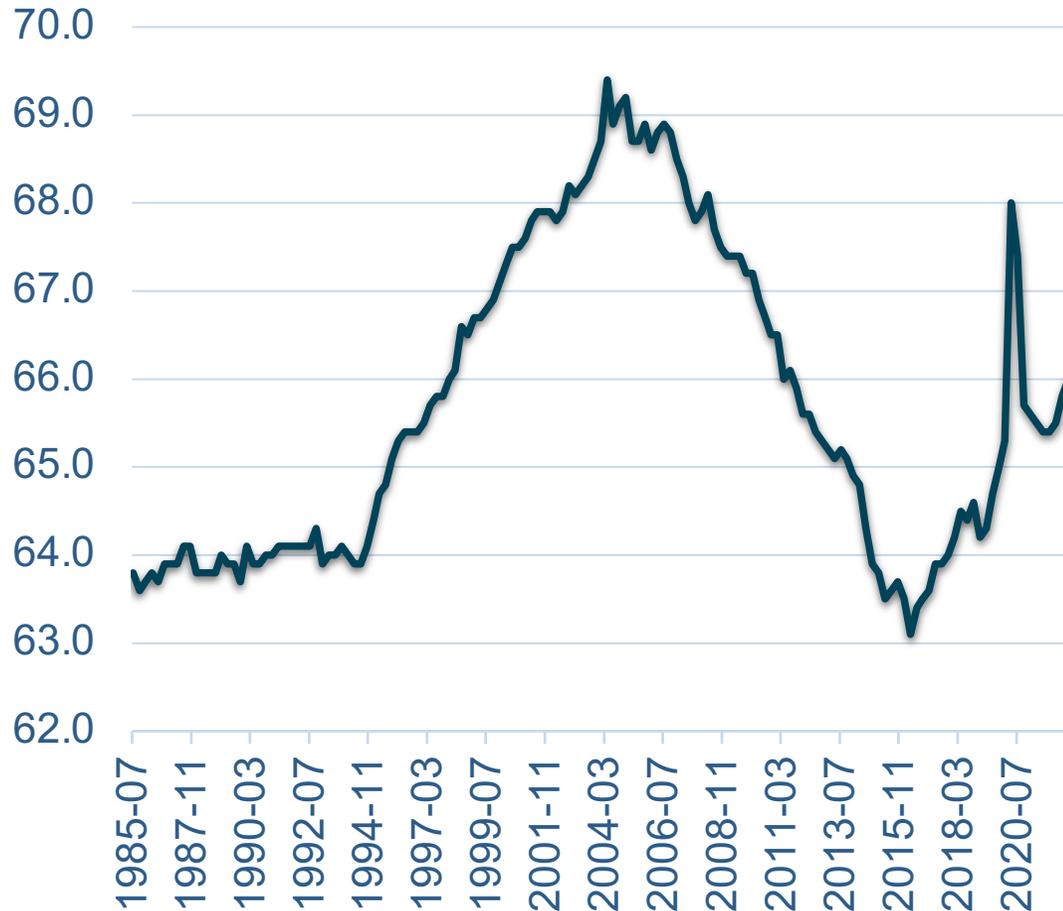
Prospective homebuyers across the United States have seen the prices surge and supply plummet. Amid these circumstances, about half of Americans (49%) say the availability of affordable housing in their local community is a major problem, up 10 percentage points from early 2018. What is a chamber to do about it? Join us to learn what chambers, in their role as a catalyst, have done to impact the housing crisis at the local level.

- **Ann Hutchison, CAE, Fort Collins Area (CO) Chamber**
- **Joe Rowan, Fort Collins Area (CO) Chamber**

# The State of Housing? It's Fine.



## US Homeownership Rate



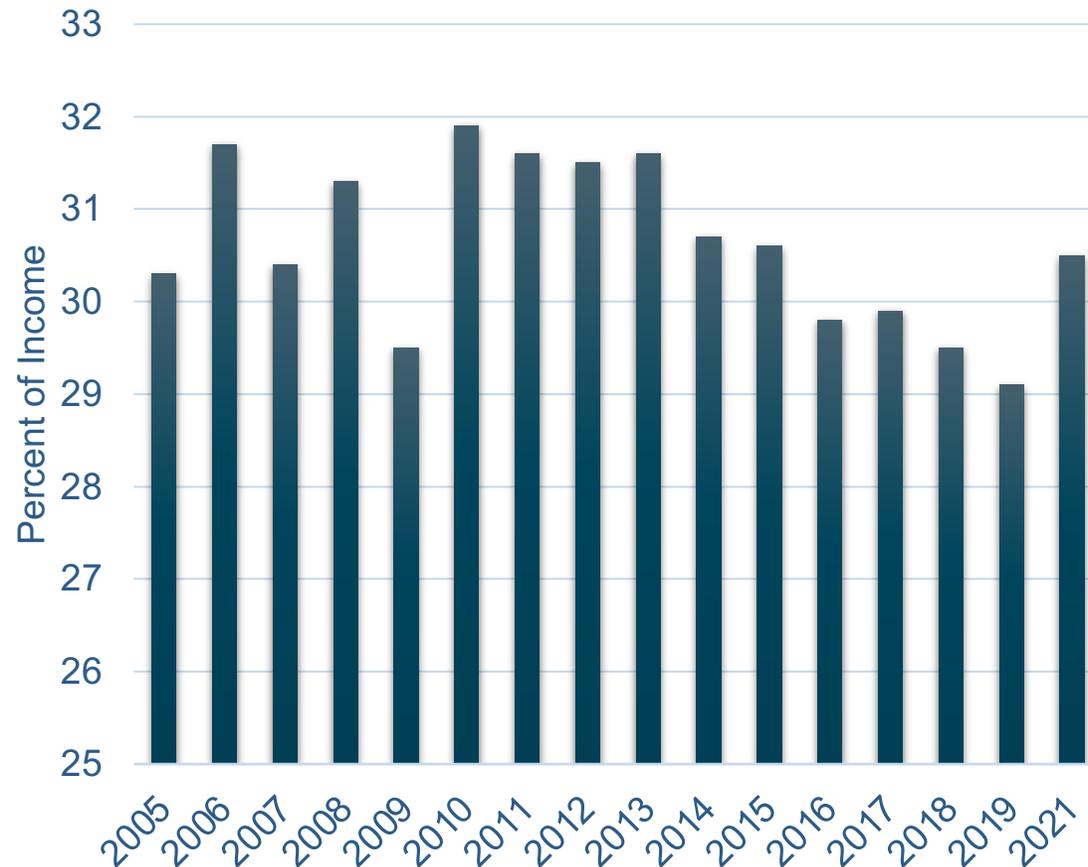
## US FOR (% of DPI)



# Affordability?



LA: Median Rent as % of HH Income



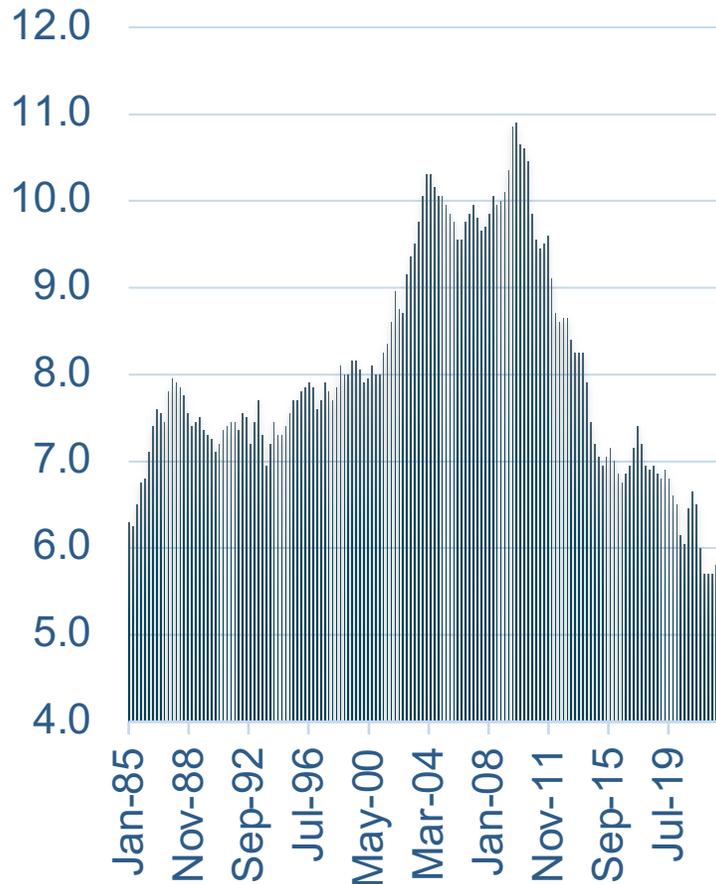
Share Households > 35% Housing Cost to Income

	Owners		Renters	
	2018	2021	2018	2021
California	29.4%	29.6%	45.4%	46.4%
Los Angeles	34.3%	35.2%	47.8%	49.6%
Riverside	31.9%	31.1%	51.6%	48.8%
San Bernardino	27.7%	28.6%	48.2%	46.8%
Sacramento	24.4%	24.2%	45.8%	46.0%
Fresno	24.5%	25.5%	46.9%	44.9%
Santa Clara	25.5%	25.3%	36.4%	34.7%

# Its Supply, Supply, Supply...



### US Rental Vacancy Rate



### Vacant Units For Sale



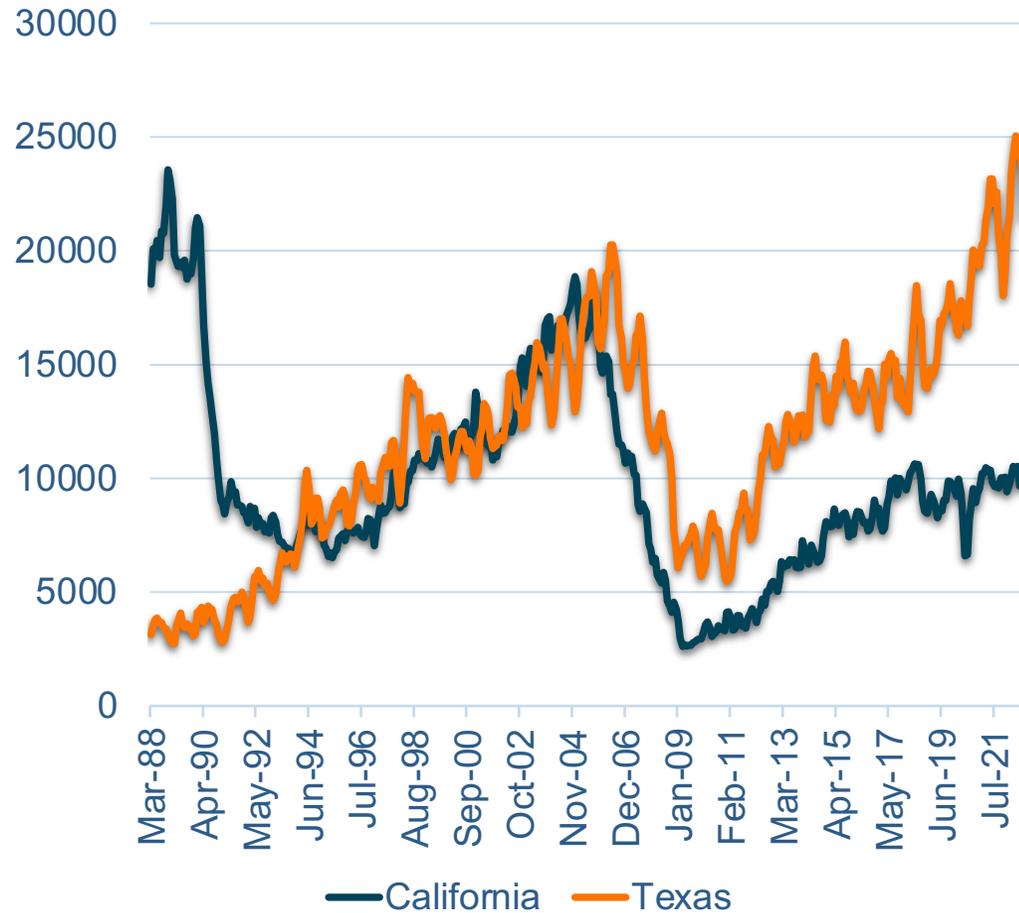
### Overall Housing Vacancy

	NE	MW	South	West
Vacant Year Round 2022 For Sale / Rent	7.6%	7.4%	9.6%	6.6%
Vacant Year Round 2012 For Sale / Rent	8.9%	9.9%	12.6%	9.0%
Vacant Year Round 2008 For Sale / Rent	8.6%	9.8%	12.3%	8.4%
Vacant Year Round 2022 For Sale / Rent	2.0%	2.4%	2.7%	2.0%
Vacant Year Round 2012 For Sale / Rent	3.3%	4.0%	4.7%	3.5%
Vacant Year Round 2008 For Sale / Rent	3.6%	4.9%	5.3%	3.6%

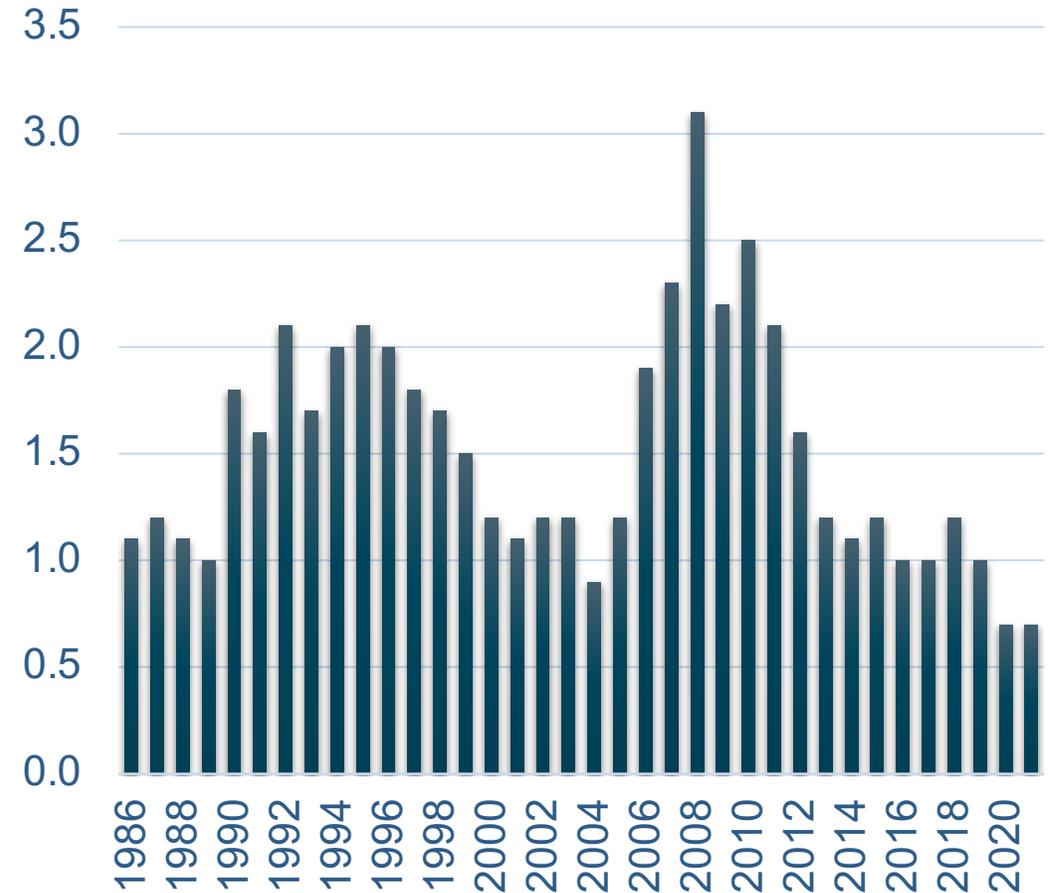
# The Real Texas v California story



### Private Housing Permits



### California Housing Vacancy

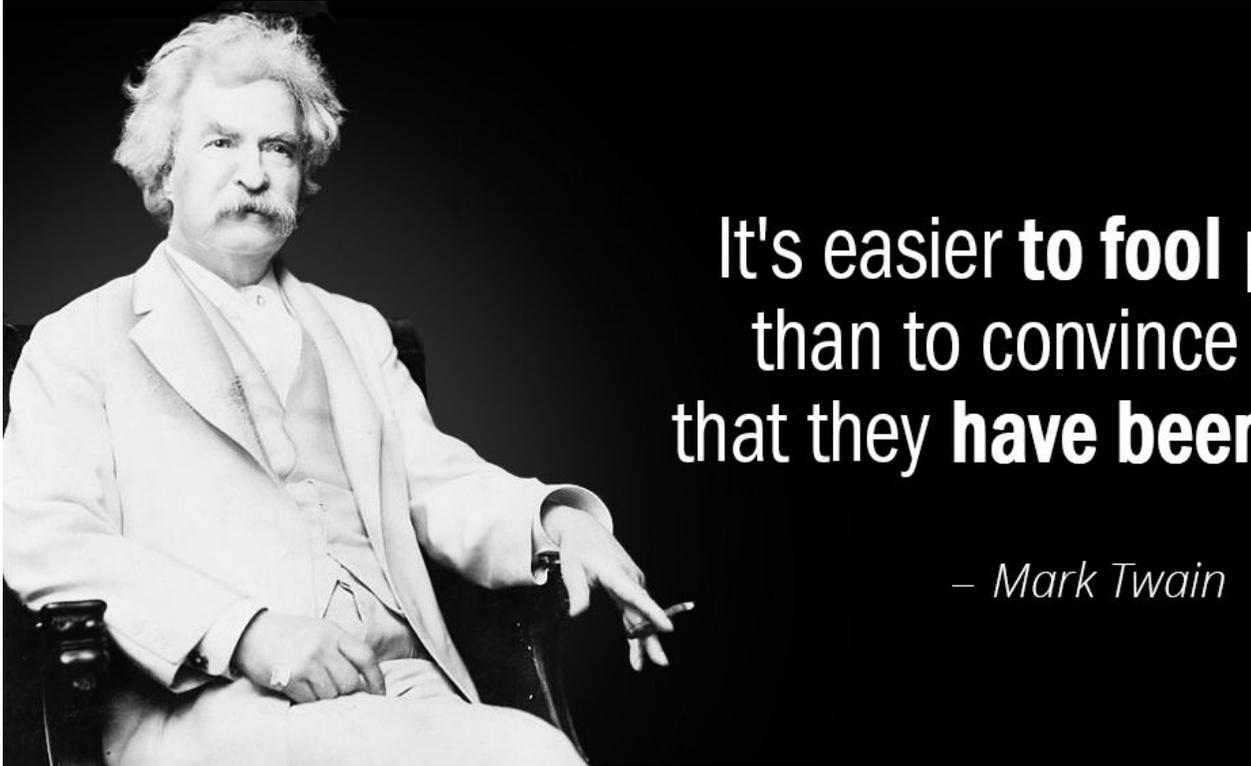


# A Chamber Call to Action



- **The Economy is fine**
  - It's the narrative that's broken
  - Policy will continue to stray far from fundamentals
  - Its hard to ask for good policy in a world of shrieking crises
- **The Narrative moves faster and faster**
  - Social media, ubiquitous data, the meme generation
  - Traditional responses to public opinion shifts are too slow
  - Chambers need to proactively tell the true narrative to be able to influence policy
- **Controlling your narrative...**
  - Informal polling, headline searches, political connections to select the issues
  - Invest in data, info-metrics, dashboards to tell the right story
  - Regular output, always redefining the story rather than reacting to it

# The Problem of Narratives...



It's easier **to fool** people  
than to convince them  
that they **have been fooled**.

– *Mark Twain*

"The glory which is built upon a lie soon becomes a most unpleasant incumbrance. ... How easy it is to make people believe a lie, and how hard it is to undo that work again!" - *Autobiography of Mark Twain, Volume 2*



# Thank You

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Information on how  
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define your narrative