2020+ Overall Economic Employment Forecast©

by Kathy Graham

A global pandemic, world-wide recession, high U.S. wage inequality and social unrest, large-scale corporate and country debt…and yet my June 2020 economic employment forecast for the next 12-24 months is:

1. U.S. and global employment nature will permanently change with **AI and DIGITAL assuming a larger and growing share of all previous labor activities of a LOW TOUCH, LOW THOUGHT nature** (yes, my 2017-2019 forecast that AI and computers would be replacing labor/people in certain work was correct).
2. **Corporations, private/public, will integrate EESG** (Employees, Environment, Sustainability, Governance) **stakeholders**.
3. AI's and DIGITAL transformation's impact and corporations' acceptance of employees as stakeholders will shift **employees' focus towards personally MEANINGFUL work.**
4. **The U.S. GDP pie grows larger** as labor shifts to work that they are naturally best at and enjoy doing (i.e., meaningful work) as artificial barriers lessen for positions—from entry to corporate C-suite to corporate boards—due to corporate acceptance of EESG.

   Given that the U.S. and China account for nearly 40% of global GDP, nearly 25% of global trade, and even larger shares of capital goods AND the U.S., European Union, and China are the world's largest economies, A GROWING U.S. GDP should encourage a GROWING GLOBAL GDP.

These 4 incredibly unbelievable outcomes will occur because of…a global pandemic, world-wide recession, high U.S. wage inequality and social unrest, large-scale corporate and country debt—here's why.

PANDEMIC AND RECESSION POSITIVES

As mentioned in my 3/9/20 and 3/31/20 articles:

1. This 2020 pandemic is less deadly than **1918** one that **killed 675k, 0.8% of U.S. population**—the **2020** one has killed **122k, 0.04% of U.S. population.**
2. People do alter their behaviors: they're staying home, learning to use digital and online tools, changing to low contact spending, and demanding socially responsible brands.
3. Corporate decisions with negative impact potential were exposed**: supply chains for essential products** 100% produced in 1 foreign location (lithium, pharmaceuticals—the list is long, the consequences serious); **the contagion transmission role of mass transportation**—subways, airplanes, ships—the list is long, the consequences serious).
4. U.S. companies are ingenious. They're already adjusting to changing consumer appetites, making their services low contact, digital, and online to lower costs and increase customers' purchase ease, as well as starting to work on #3.
5. **This recession is the first one driven solely by a pandemic since 1870**. Previous recessions, including the 1918 pandemic, stemmed from financial blowups (including commodities, like oil) and wars.

PANDEMICS" V-SHAPED RECOVERIES are the norm.

The following sources see that V-shaped recovery for this pandemic (albeit with more zigs and zags than a straight smoothly rising slope) pattern in the data: McKinsey, Goldman Sachs CEO, many private forecasters (including me), ISM,

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ADP, The Conference Board Employment Trends Index, and The Federal Reserve Bank of Philadelphia' Survey of Professional Forecasters' Table 5—this "Anxious Index" is known for rising as recessions begin (it hit "98.11" for 2020 Q1) and declining when recovery is imminent (2020 Q3 and Q4 are 27.15 and 22.31).

U.S. INEQUALITIES & SOCIAL UNREST AS POSITIVES FOR A BIGGER GDP

The U.S. ranks in the top 20% of the largest wage inequality countries in the world. This wage inequality is likely to worsen given the multi-millions of jobs firms are and will be substituting AI/digital for labor.

Furthering the U.S. inequalities are that:

- **The pandemic has actually made the wealthy wealthier** as they cancelled trips and didn't eat out/entertain as much as usual while the **pandemic has resulted in the poor becoming poorer** because they are the ones losing more jobs, less likely to be able to work from home, less likely to have savings, more likely to have more debt proportionally than the wealthy…and the **poor are dying at much higher rate in this pandemic** and tend to be more proportionally non-white—**#1 death rate: African-Americans.**

- **TOTAL U.S. POPULATION:**

White men:	**30%.**	Men of Color:	20%.
White women:	30%.	Women of Color:	20%.
Total White:	**60%.**	**Total of Color:**	**40%.**

YET 2019 CORPORATE PIPELINE IS:

- **ENTRY LEVEL:**

White men:	**35%.**	Men of Color:	16%.
White Women:	30%.	Women of Color:	18%.
Total White:	**65%.**	**Total of Color:**	**34%.**

- **C-SUITE:**

White men:	**68%.**	Men of Color:	10%.
White Women:	18%.	Women of Color:	4%.
Total White:	**86%.**	**Total of Color:**	**14%.**

- **F100 BOARD OF DIRECTORS:**

White men:	**61%.**	Men of Color:	14%.
White Women:	19%.	Women of Color:	6%.
Total White:	**80%.**	**Total of Color:**	**20%.**

NOTE: Men/women: same education, experience, family leave, etc.

Because of:

- social media (DIGITAL IMPACT) ease and low/zero cost to report: companies are publicly praised/dinged, like restaurants on Yelp.
- consumers buying SOCIALLY RESPONSIBLE BRANDS
- MORE CONSUMERS USING DIGITAL/ONLINE
- the level of U.S. wealth, societal, and pandemic inequalities
- U.S. companies/THE BUSINESS ROUNDTABLE CHANGING THE PURPOSE OF A COMPANY (see my 12/8/19 article) to incorporate EESG stakeholders AND shareholders.

THE GOOD NEWS is that U.S. GDP CAN GROW!!!!: **IF**:

- **Corporate boards are made larger**—no eliminating white males—by **focusing on adding qualified white women and people of color for risk oversight of X** (be it audit, compensation, or a new "X" from EESG: human capital management, diversity and inclusion, cybersecurity, sustainability, reputation, climate, public policy, vendor relations, value chains, safety, etc.).

  Given all these new EESG functions needing apt risk oversight, perhaps the current board size might need more directors/more committees? If yes, what a great time to enhance corporate performance because more diversified boards/firms have proven track records of better profits and more effective risk mitigation.

- **With AI/DIGITAL TRANSFORMATION,** firms use EESG by:
  - Ensuring that ALL employees have opportunities to be hired into high touch/high thought positions where they are naturally best at and enjoy doing (i.e., meaningful work)—what a great way to incorporate diversity and inclusion, combat systemic racism and injustice, gain more profits!
  - Mandating that vendors are also in conformance with EESG metrics—what a great way to reduce risk!
  - Focusing on creating a customer centric corporate culture—see my 5/21/19 article—a great way to gain wins!

PRIVATE COMPANIES: EESG is here for you, too, IF:

- Need a bank line of credit? Big banks look at your EESGs.
- Interested in being a BIG FIRM's supplier? Ditto re EESGs.
- Adding private/public investors? Again, ditto re EESGs.
- Want to IPO? Goldman Sachs will look at your D&I first.

Yes, there are smaller players who are not YET requiring EESG metrics, but as Goldman Sachs, Amazon, etc. lead, others will soon follow, which means your corporate market could shrink or grow based upon your firm's EESG metrics decisions today.

CORPORATE & COUNTRY DEBT LEVELS AS POSITIVES FOR A BIGGER GDP

In a pandemic, there are winners and losers. Today there are companies that are soaring, companies that are working through their pivots, and those filing for bankruptcy or significantly shrinking. From an employment perspective, that means there are job opportunities for those needing/wanting to pivot from negatively impacted companies to those firms experiencing or pivoting towards growth. Also, of note:

- Private equity companies have plenty of powder to aid their companies deemed future winners.
- Zombies continue to limp along on Fed easy money, enabling the zombies to continue paying their 2+ million employees.
- As for countries: tried and true large scale debt restructuring?
- The best way out of this debt is the same answer as WWII debt—grow U.S. economy until debt shrinks in significance.

YES—A BIGGER GDP PIE is the answer, and getting GDP to grow bigger requires the **U.S. to get BETTER at eliminating some long-standing inequalities and GOING DIGITAL/AI.**

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