

# 2020+ OVERALL ECONOMIC EMPLOYMENT FORECAST<sup>©</sup>

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** (E\_mployees, E\_nvironment, S\_ustainability, G\_overnance) **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,

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:**

<b>White men:</b> 30%.	Men of Color:	20%.	
White women:	30%.	Women of Color:	20%.
<b>Total White:</b> 60%.	<b>Total of Color:</b>	40%.	

**YET 2019 CORPORATE PIPELINE IS:**

**• ENTRY LEVEL:**

<b>White men:</b> 35%.	Men of Color:	16%.	
White Women:	30%.	Women of Color:	18%.
<b>Total White:</b> 65%.	<b>Total of Color:</b>	34%.	

**• C-SUITE:**

<b>White men:</b> 68%.	Men of Color:	10%.	
White Women:	18%.	Women of Color:	4%.
<b>Total White:</b> 86%.	<b>Total of Color:</b>	14%.	

**• F100 BOARD OF DIRECTORS:**

<b>White men:</b> 61%.	Men of Color:	14%.	
White Women:	19%.	Women of Color:	6%.
<b>Total White:</b> 80%.	<b>Total of Color:</b>	20%.	

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

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 commitment to EESG metrics 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.**

SOURCES

ADP Research Institute, "ADP National Employment Report," January 2020 and May 2020, [adpemploymentreport.com](http://adpemploymentreport.com).

Appel, Benjamin (Michigan State University), *The Conversation*, "To fight US racism, research prescribes a nationwide healing process," June 24, 2020, [theconversation.com](http://theconversation.com).

AXIOS, "Zombie" companies may soon represent 20% of U.S. firms," June 15, 2020, [axios.com](http://axios.com)

Bangham, George et.al., Standard Life Foundation and Resolution Foundation, "Rainy Days: An audit of household wealth and the initial effects of the coronavirus crisis on saving and spending in Great Britain." June 2020, [resolutionfoundation.org](http://resolutionfoundation.org).

Barro, Robert et.al., National Bureau of Economic Research, "The Coronavirus and the Great Influenza Pandemic: Lessons From the "Spanish Flu" for the Coronavirus 's Potential Effects on Mortality and Economic Activity," March 2020, [nber.org](http://nber.org).

Black Demographics, "Population: Black Male Statistics," June 27, 2020, [blackdemographics.com](http://blackdemographics.com).

Bobeia, Lilian (Fitchburg State University), *The Conversation*, "George Floyd protests aren't just anti-racist – they are anti-authoritarian," June 22, 2020, [theconversation.com](http://theconversation.com).

Boone, Laurence, Organization for Economic Cooperation and Development, "OECD Economic Outlook: Editorial - After the lockdown, a tightrope walk toward recovery," June 10, 2020, [oecd-ilibrary.org](http://oecd-ilibrary.org).

*Catalyst*, "Women of Color in the United States: Quick Take," March 19, 2020, [catalyst.org](http://catalyst.org).

Chappell, Bill, NPR, "U.S. Income Inequality Worsens, Widening To A New Gap," September 26, 2019, [npr.org](http://npr.org).

Chia, Douglas. Harvard Law School Forum on Corporate Governance, "Asian Americans in the Boardroom," May 7, 2020, [corpgov.law.harvard.edu](http://corpgov.law.harvard.edu).

Condon, Christopher and Dave Merrill, *Bloomberg*, "U.S. Debt to Surge Past Wartime Record, Deficit to Quadruple," April 21, 2020, [bloomberg.com](http://bloomberg.com).

Congdon, Tim, *EconVue*, "USA's annual money growth exceeds 25%, the highest in its modern peacetime history," June 10, 2020, [econvue.com](http://econvue.com).

Cox, Jeff, CNBC, "Highly indebted "zombie" companies control more than 2 million U.S. jobs," May 20, 2020, [cnbc.com](http://cnbc.com).

DeHaas, Deb et.al., Harvard Law School Forum on Corporate Governance, "Missing Pieces Report: The 2018 Board Diversity Census of Women and Minorities on Fortune 500 Boards," February 5, 2019, [corpgov.law.harvard.edu](http://corpgov.law.harvard.edu).

Deloitte, "Women and Minorities on Fortune 500 Boards: More Room to Grow," March 12, 2019, [deloitte.wsj.com](http://deloitte.wsj.com).

Dingle, Derek, *Black Enterprise*, "Power in the Boardroom: Blacks in Corporate Governance," October 9, 2019, [blackenterprise.com](http://blackenterprise.com).

Dvorkin, Maximiliano et.al., Federal Reserve Bank of St. Louis, "Declining Labor Share and U.S. Industries," December 2019, [stlouisfed.org](http://stlouisfed.org).

Federal Reserve Bank of Chicago, "Chicago Fed National Activity Index: Index suggests economic growth increased substantially in May 2020," June 22, 2020, [chicagofed.org/cfnai](http://chicagofed.org/cfnai).

Federal Reserve Bank of Philadelphia, "Survey of Professional Forecasters – Second Quarter 2020: Sharply Lower Growth in the Current Quarter, Followed by Recovery," May 15, 2020, [philadelphiafed.org](http://philadelphiafed.org).

Foutty, Janet et.al., Deloitte, "Safety: An essential ingredient to your recover strategy," 2020, [deloitte.com](http://deloitte.com).

Gandhi, Monica (University of California, San Francisco), *The Conversation*, "Can people spread the coronavirus if they don't have symptoms?: 5 questions answered about asymptomatic COVID-19," June 23, 2020, [theconversation.com](http://theconversation.com).

Garrett, Thomas A., Federal Reserve Bank of St. Louis, "Economic Effects of the 1918 Influenza Pandemic: Implications for a Modern-Day Pandemic," November 2007, [www.stlouisfed.org/community/other\\_pubs.html](http://www.stlouisfed.org/community/other_pubs.html).

Graham, Kathy, The HQ Companies, Inc., *HQ Financial Views*, "Overall Economic Employment Forecasts Research, 2008–2020," [thehqcompanies.com](http://thehqcompanies.com).

Hernandez, Daniela et.al., *Wall Street Journal*, "How Exactly Do You Catch Covid-19?: There Is a Growing Consensus," June 16, 2020, [wsj.com](http://wsj.com).

Hughes, Lyric, *EconVue*, *EconVue Spotlight*, "Are We There Yet?" June 23, 2020, [econvue.com](http://econvue.com).

Institute for Supply Management, December 2019 and May 2020, "Manufacturing ISM Report on Business: Production, New Orders, and Employment Contracting," January 3, 2020 and June 1, 2020, [instituteforsupplymanagement.org](http://instituteforsupplymanagement.org).

Institute for Supply Management, December 2019 and May 2020, "Non-Manufacturing ISM Report on Business," January 7, 2020 and June 3, 2020, [instituteforsupplymanagement.org](http://instituteforsupplymanagement.org).

International Monetary Fund, "World Economic Outlook Update: Tentative Stabilization, Sluggish Recovery?," January 20, 2020, [imf.org](http://imf.org).

*Investment Week*, "Coronavirus Monitor: UK rolls out next phase of lifting lockdown," June 24, 2020, [investmentweek.co.uk](http://investmentweek.co.uk).

Israel, Spenser, Benzinga, "The Head of Fidelity Institutional Outlines the 4 Macro Trends Taking Over Financial Services Right Now," October 29, 2019, [benzinga.com](http://benzinga.com).

Jain, Surbhi, Market Realist, "Why the distressed ratio is an important indicator of recovery," March 7, 2014, [marketrealist.com](http://marketrealist.com).

Khan Academy, "Richard Nixon As President," "1970s Stagflation and the Oil Crisis," "Liberation Movements of the 1970s," [khanacademy.org](http://khanacademy.org).

Koba, Mark, CNBC, "Recession: CNBC Explains," April 30, 2013, [cnbc.com](http://cnbc.com).

Kramer, Leslie, Investopedia, "How the Great Inflation of the 1970s Happened," April 29, 2020, [investopedia.com](http://investopedia.com).

Leslie, Lisa, *Academy of Management Review*, "Diversity Initiative Effectiveness: Research finds 4 signals to watch that can make diversity initiatives succeed," June 14, 2020, [fastcompany.com](http://fastcompany.com).



**SOURCES (cont.)**

Lynch, David, *The Washington Post*, "Here's one more economic problem the government's response to the virus has unleashed: Zombie firms," June 23, 2020, washingtonpost.com.

Matthews, Jeanna (Clarkson University), *The Conversation*, "How fake accounts constantly manipulate what you see on social media—and what you can do about it," June 24, 2020, theconversation.com.

McKinsey & Company and LeanIn.Org, "Women in the Workplace 2019," 2019, womenintheworkplace.com.

McKinsey & Company, "COVID-19: Implications for business." March 2020, mckinsey.com.

McKinsey & Company, "Consumer sentiment is evolving as countries around the world begin to reopen," June 5, 2020, mckinsey.com.

McKinsey Global Institute, "A new look at the declining labor share of income in the United States," May 2019, mckinsey.com/mgi.

Moody's, "Default Trends and Rating Transitions," June 18, 2020, moodys.com.

Niessing, Joerg, INSEAD Business School, "The Three Essentials of B2B Digital Transformation," June 16, 2020, knowledge.insead.edu.

Noy, Ilan (Victoria University of Wellington), *The Conversation*, "Past pandemics show how coronavirus budgets can drive faster economic recovery," May 7, 2020, theconversation.com.

OECD Data, "Income Distribution – Income Inequality: Statistical Data 2015–2019," 2020, data.oecd.org.

Organization for Economic Cooperation and Development – OECD, "Global Outlook: Pandemic, Recession – The Global Economy in Crisis," June 2020, oecd-ilibrary.org.

Patel, Hiral and Emily Morrison, Barclays Equity Research, "Generation Z: Step Aside Millennials," June 28, 2018, barclays.com.

Phillips, Matt, *The Atlantic*, "The Long Story of U.S. Debt, From 1790 to 2011, in 1 Little Chart: U.S. public debt as a percentage of GDP," November 13, 2012, theatlantic.com.

*PitchBook News*, "The Weekend Pitch," June 28, 2020, pitchbook.com.

*PitchBook*, "Pandemic's VC deal toll: Midyear perspective," June 29, 2020, pitchbook.com.

PitchBook – National Venture Capital Association (NVCA), "PitchBook-NVCA Venture Monitor: Quarter 1 2020," April 2020, nvca.org.

*Private Debt Investor*, "Friday Letter: From theory to reality – the next crisis is here," March 13, 2020, privatedebtinvestor.com.

Roberts, David, *The New York Times*, "Putting the Risk of Covid-19 in Perspective," May 23, 2020, nytimes.com.

Roos, Dave, The History Channel, "How the U.S. Got Out of 12 Economic Recessions Since World War II," April 29, 2020, history.com.

Rosov, Sviatoslav, CFA Institute, "Capital Formation: The Evolving Role of Public and Private Markets," 2018, cfainstitute.org.

Serino, Nicole et.al., S&P Global Ratings, "Credit Trends: The Oil and Gas Distress Ratio Hits Historic High On Global Fears and Price Volatility," March 19, 2020, spglobal.com.

Smit, Sven et.al., McKinsey & Company, "Safeguarding our lives and our livelihoods: The imperative of our time," March 2020, mckinsey.com.

Sneader, Kevin, McKinsey & Company, "The future is not what it used to be: Thoughts on the shape of the next normal," April 2020, mckinsey.com.

Sneader, Kevin, McKinsey & Company, "From thinking about the next normal to making it work: What to stop, start, and accelerate," May 2020, mckinsey.com.

The Conference Board, "Coronavirus – Implications for Business: COVID-19 recession shows different recovery path than global financial crisis," May 13, 2020, conference-board.org.

The Conference Board, "The Conference Board Employment Trends Index (ETI) Increased in May: Employment will continue growing through the summer," June 8, 2020, conference-board.org.

United States Census Bureau, "Quick Facts – United States," 2020, uscensus.gov.

Vande Berg, Marsha, *EconVue*, "Moral Mentors: Sustainability and Corporate Responsibility in Era of Covid-19 and Black Lives Matter," June 19, 2020, econvue.com.

Various legal experts regarding ESG Tools, COVID-19, Cybersecurity, Risk Management, Board of Directors.

Wikipedia, "1973-1975 Recession," "Early 1980s Recession," "Race and ethnicity in the United States," wikipedia.org.

Wiltermuth, Joy, MarketWatch, "There's now a \$32 billion pile of commercial real estate loans in special servicing," May 23, 2020, marketwatch.com.

Winck, Ben, Business Insider, "Goldman Sachs CEO David Solomon sees V-shaped recovery into 2021 before comeback slows," June 24, 2020, businessinsider.com.+

Witte, Peter and Greg Brown, EY, "A new equilibrium: Private equity's growing role in capital formation and the critical implications for investors," October 2019, ey.com.

Witte, Peter and Andrew Wollaston, EY, "Why private equity can endure the next economic downturn," March 2020, ey.com.

World Bank Group, "Global Economic Prospects: Slow Growth, Policy Challenges," January 2020, worldbank.org.

Wucker, Michele, The Gray Rhino, "Will the Stock Market Burn Down the Real Market?" June 5, 2020, thegrayrhino.com.

Wucker, Michele, The Gray Rhino, "The Coming Sovereign Debt Crisis," June 22, 2020, thegrayrhino.com.

Young, Stephen B., Caux Round Table for Moral Capitalism, "American Capitalism and American Racism Since 1965?" June 24, 2020, cauxroundtable.net.

Zweig, Jason, Jason Zweig, "Learning From the Bear Market of 1973-1974," December 11, 2016, jasonzweig.com.