
Welcome Remarks: Continuity and Change—The EOS at 36

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Good afternoon and welcome to the 36th annual Economic Outlook Symposium (EOS). The EOS is currently the Chicago Fed's longest-running conference series and has been held every December since 1987. Prior to the pandemic, the EOS was held in person, with many of you being regular attendees. We are very excited to be hosting our first hybrid symposium and are happy to welcome attendees on site for the first time since before the pandemic. Based on registrations, this will be our largest EOS audience ever. Over time, our audience has expanded significantly. Our original conference was by invitation only and hosted 26 local business economists, including Carl Tannenbaum, today's keynote speaker, who tells us that one of the other attendees at that first symposium was the chief economist from Sears. Earlier in-person meetings were limited to the seats available in the auditorium, which was always filled to capacity. With our new hybrid format, we are pleased to be able to welcome participants from across our District.¹ So, whether you are here with us in Chicago or participating remotely, we are really excited to have you join us.

This conference has always been an opportunity for us to hear from participants and presenters on the state of the economy. Thanks to our presenters today for sharing your expertise with us. A special thanks also to those of you in the audience who contribute

¹ The Seventh Federal Reserve District, which is served by the Chicago Fed, comprises most of Illinois, Indiana, Michigan, Wisconsin, and all of Iowa. Further details about the District are available online, <https://www.chicagofed.org/region/region>.

to our advisory councils, roundtables, surveys, and contact calls. The information we gather from our contacts on the ground has always been valuable and has been even more essential to our understanding of the rapidly changing economic environment over the past couple of years. To illustrate the importance we place on your input, we have worked hard to augment our contact base to include organizations serving households with low and moderate incomes. So many thanks to those of you who bring that important perspective.

After every symposium, we write a summary of the event and post it on our website.² These summaries provide an archive of the concerns people have for the coming year, and a review of them shows some interesting patterns: We have continually been concerned about the health of the Midwest's manufacturing base, the labor market, consumer attitudes and expectations, and balance sheets. However, some of the commentary changes over time and reflects where we are in the business cycle. I found a couple of past summaries particularly notable given some similarities and differences between the concerns expressed then and those expressed about today's economic environment. In 1988 growth was quite robust, and the summary of the outlook for 1989 pointed out that participants were, and I quote, "seeking a soft landing." It concluded that "the relatively favorable 1989 economy portrayed by the median forecast—with real GNP growth at a sustainable pace, little further acceleration of prices, and continued expansion of the nation's productive capacity—could be just such a soft landing."³

² These EOS summaries are available online, <https://www.chicagofed.org/events/eos-series>.

³ Cummins and Schnorbus (1989). GNP stands for gross national product, which is the value of all finished goods and services produced by the labor and property of a country's residents, both at home and abroad. More commonly reported than GNP these days is gross domestic product (GDP), which is the value of all finished goods and services produced within a country's borders. The U.S. Bureau of Economic Analysis began reporting GDP rather than GNP as the primary measure of U.S. production beginning in November 1991.

About a decade later, the symposium grappled with the question of where had all the workers gone. The summary of the outlook for 1998 noted that employers were struggling to find job applicants. One of the solutions proposed back then was “bringing retirees back into the work force.”⁴ With the labor force participation for older workers currently well below its pre-pandemic rate, this solution is being offered again to help address tight labor markets today. Across many years, EOS participants have remarked on the inflationary environment and, in particular, how energy prices were influencing overall inflation. For example, in late 2014, participants were anticipating inflation to remain low in the coming year partly because of low oil prices.⁵ As our own senior business economist Thom Walstrum will share in a moment, this year's participants are anticipating inflation to come down substantially, and I suspect that some of this reduction reflects the declines in energy prices from this summer's highs.

This year's conference has a wonderful combination of speakers—some of them are familiar faces, while others are new additions. You have a great afternoon ahead of you. Long-standing EOS participant Carl Tannenbaum, who is the chief economist for Northern Trust, will be giving a keynote outlook for the whole economy. Then we've got two great panels on important topics. In keeping with past years' formats, the first panel is going to cover the outlook for the manufacturing sector, with a focus on autos and heavy machinery. We'll also hear about freight and logistics—which are always crucial but have added relevance today given the supply chain snarls of the past year. The second panel is focused more on households. It includes experts who will discuss the

⁴ Strauss and Motycka (1998).

⁵ Strauss and Berman (2015).

consumer and labor markets. From a new addition to the program, which is part of the second panel, we will hear valuable perspectives on the challenges job seekers face and the difficulties households are encountering—particularly in regard to maintaining their health and well-being—as they come out of the pandemic.

I am now going to turn things over to Thom, who will share the results of last year's forecast competition, as well as this year's forecast. I find it pretty amazing that we have been doing that for 36 years!

References

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Strauss, William, and Keith Motycka, 1998, "Where have all the workers gone?—A summary of the 1998 Economic Outlook Symposium," *Chicago Fed Letter*, Federal Reserve Bank of Chicago, No. 126, February, available online, <https://www.chicagofed.org/publications/chicago-fed-letter/1998/february-126>.