

ALERT

SoCalGas Top Exec to Chair CalChamber Board in 2025



Maryam S. Brown

Maryam S. Brown, incoming CEO and president of the Southern California Gas Company (SoCalGas), has been elected as the 2025 chair of the

California Chamber of Commerce Board of Directors.

“I’m deeply honored to take on this role and work alongside the Board and staff to champion California’s businesses and employers,” said Brown. “As the leader of one of the country’s largest

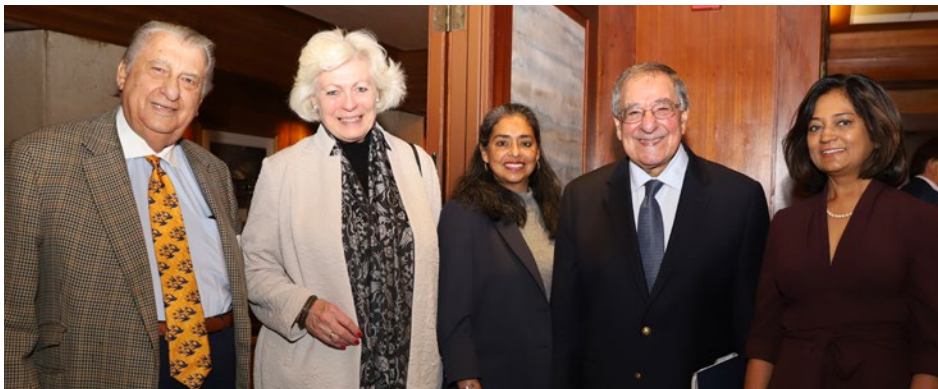
energy providers, every day I see the dedication that our over 8,000 employees bring to delivering safe, reliable, and affordable energy to over 21 million Californians. This perspective, combined with a shared vision for a strong California economy amidst evolving state policies, will guide my tenure as Chair, and I’m excited to make meaningful progress together.”

Serving with Brown as 2025 officers of the CalChamber Board are:

- **First Vice Chair John A. Stowell**, senior vice president, The Walt Disney Company;
- **Second Vice Chair Frank Washington**, CEO, Crossings TV; and
- **Third Vice Chair Fiona Hutton**, founder and CEO, Fiona Hutton & Associates.

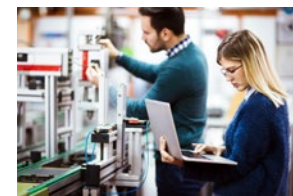
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Former Defense Secretary Panetta Speaks at CalChamber-Hosted International Breakfast



Pausing after an international breakfast meeting hosted by the CalChamber on December 13 are (from left) Ted Balestreri, chairman and CEO, Cannery Row Company, and Panetta Institute Board member; Susanne T. Stirling, CalChamber senior vice president, international affairs; Monica Lal, president and CEO, Monterey Peninsula Chamber of Commerce; Leon Panetta, chairman, Panetta Institute; Sima Patel, CEO, Ridgmont Hospitality, and chair, CalChamber Council for International Trade. See story on Page 5.

Business Leaders Urge Newsom to Restore R&D Tax Credit



The California Chamber of Commerce and a coalition of business leaders

are urging Governor Gavin Newsom to consider restoring California’s research and development (R&D) tax credit as he prepares for his January budget proposal.

Along with the CalChamber, the coalition includes the California Manufacturers & Technology Association, California Life Sciences, TechNet, Los Angeles County Economic Development Corporation, San Jose Chamber and Bicom California.

In a recent letter, the coalition stressed that the tax credit, which was suspended in the 2024–2025 State budget, is crucial to nurture innovative businesses that generate good-paying jobs, create a circle of related economic activity in the broader R&D community, enhance productivity and attract investment to California.

Now that State tax revenues are tracking ahead of projections for the next state budget cycle, the Governor should consider the R&D tax credit restoration a top priority, the coalition urged.

The coalition pointed out that 34 other states offer tax credits and other enticements for companies to locate or relocate

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Labor Law Corner

‘Paid Family Leave’ — Who Can Request It; How It Works



David Leporiere
Employment Law
Expert

I own a small business, and I have an employee who has been with my company for a few months. He came to me this morning and said that he needs to take Paid Family Leave starting on Monday to care for his mother, and that he would be gone for 8 weeks. I told him I didn't think he was eligible for a leave of absence, but he was insistent that he's entitled to Paid Family Leave as soon as he begins working for an employer. Do I need to give him the time off?

This is a very common area of confusion for employees and employers. “Paid Family Leave” (despite its name) does not provide an employee with the right to take a leave of absence from work but is merely a partial wage replacement benefit from the state of California.

Paid Family Leave is administered by the Employment Development Department (EDD) and provides individuals with a partial wage replacement when that person cannot work because he or she is caring for a close family member or is bonding with a new child.

An employee is entitled to the monetary benefit on his or her first day of employment, provided he or she has earned at least \$300 in wages.

However, an employer is not obligated to give an employee time off to care for a family member until the employee has worked for the employer for at least one year and has performed 1,250 hours of work for the employer in the 12 months preceding the requested time off. For employers with more than 5 but fewer than 50 employees, this leave

of absence is governed by the California Family Rights Act (CFRA).

If your employee has not yet worked for a year or has not performed 1,250 hours of work for your company in the last 12 months, he is not eligible for a leave of absence under the CFRA. As a result, you are not required by law to give the employee the time off from work.

If you feel as though you would like to give the employee the time off, you can grant him a personal leave of absence, but you are not compelled to do so by either state or federal law.

If you choose to grant the employee the time off, he would be eligible to receive the Paid Family Leave benefit from the state while he is away from work, for up to 8 weeks.

Column based on questions asked by callers on the Labor Law Helpline, a service to California Chamber of Commerce preferred members and above. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

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More information at www.calchamber.com.
Human Resources

2025 Employment Law Updates.
CalChamber. January 7, 2025, Online; January 9, 2025, Online; January 10, 2025, Online; January 14, 2025, Long Beach; January 16, 2025, Sacramento and Online; January 23, 2025, Online. (800) 331-8877.

International Trade

Canada-California Energy Collaboration: Advancing Carbon Removal & Hydrogen Innovation. Government of Canada, Province of Alberta, CalChamber. January 14, 2025, Sacramento. intlevents@calchamber.com.

TIMTOS Show — A Global Leading Smart Manufacturing & Machine Tool Expo. Taiwan External Trade Development Council and Taiwan Association of Machinery Industry.

March 3–8, 2025, Taipei City, Taiwan. (415) 362-7680 #500.

2025 Sports and Fitness Taiwan (TaiSPO) Exhibition. Taiwan External Trade Development Council. March 26–29, 2025, Taipei City, Taiwan.

Exim 2025 Annual Conference.

Export-Import Bank of the United States. April 29, 2025–April 30, 2025, Washington, D.C. In-person only.

Registration will open later in 2024.

14th World Chambers Congress. World Chambers Congress. September 2, 2025–September 4, 2025, Melbourne, Australia. <https://wcc.iccwbo.org/>.

Next Alert: January 10, 2025

The Workplace

Boosting Workplace Performance Through Emotional Intelligence



In **Episode 210** of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts and emotional

intelligence expert and keynote speaker **Jen Shirkani** discuss how successful managers and leaders leverage the power of emotional intelligence to engage and motivate their employees and associates.

What Is Emotional Intelligence?

Emotional intelligence, or emotional quotient (EQ), is the ability to recognize and manage one’s own emotions, understand others’ emotions, and respond appropriately in different situations, Shirkani says. It is an essential skill for leadership success, as it fosters self-awareness, empathy, and self-control.

She explains that while some aspects of EQ are inherent, it is also a learnable skill. This is good news for managers, as research shows that emotional intelligence can be developed over time, especially in professional settings. Unlike IQ (intelligence quotient), which peaks around age 20, EQ can continue to grow, offering a long-term advantage for those looking to improve their leadership skills.

So how does EQ differ from IQ, Roberts asks?

Shirkani answers that while IQ measures specific cognitive abilities like spatial reasoning, math and number skills, EQ is more closely tied to a person’s ability to navigate interpersonal relationships, manage stress, and engage with others in emotionally intelligent ways.

Ego: Barrier to EQ

Shirkani highlights that leaders often struggle with an inflated sense of self due to limited feedback, which can hinder their ability to connect with their team.

By managing their ego and cultivating emotional intelligence, leaders can better understand how their behavior affects others and adjust accordingly.

Benefits of EQ

Shirkani explains the tangible benefits of EQ, noting that emotionally intelligent leaders are more resilient, adaptable, and better equipped to handle stress.

She points to several studies showing that high EQ is linked to better performance, higher employee engagement, and improved retention rates.

EQ in the Workplace

For managers seeking to leverage EQ in their organizations, Shirkani suggests incorporating EQ assessments during hiring processes. Interview questions can reveal the presence or absence of emotional intelligence.

“I can coach it, I can teach it. But if I can hire somebody with emotional intelligence, you can see how ahead of the game you are, right there,” she says.

Another way to leverage EQ is with employee engagement. Leaders should pay attention to how well employees accomplish their tasks and how they like to be rewarded or recognized. These are the little things that drive loyalty and typically higher retention, she tells Roberts.

Shirkani gives an example of a leader who wanted to give company employees a gift card, and gave everyone the same \$10 Starbucks gift card, not realizing that not all of the employees drink coffee.

It was a “missed opportunity there, because it really sent a message to everybody, like, ‘I don’t really know you that well,’ or ‘I really don’t care where you like to go; this was easiest for me to just give you all the same,’” Shirkani says.

Employees, she stressed, like individuality and tailored rewards show employees their leaders see them and value them.

Investing in EQ

Shirkani encourages company leaders interested in investing in emotional intelligence to create a business case for its development. This can be done by analyzing performance reviews, observing high performers to identify key EQ traits that contribute to success, and reviewing turnover rates.

The Workplace

Practical Emotional Intelligence Applications for HR Pros, Leaders



In **Episode 211** of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts and emotional intel-

ligence expert and keynote speaker Jen Shirkani share valuable insights on how emotional intelligence (EQ) can transform workplace dynamics, and discuss practical applications for leaders and HR professionals.

Shirkani explains that emotional intelligence, also known as “emotional quotient” (EQ), involves three key components:

- **Recognizing yourself:** Understanding one’s strengths, weaknesses and how one’s moods affect one’s reactions/listening abilities;
- **Reading others:** Being socially aware and being able to read others’ cues; and
- **Responding appropriately to surroundings:** Being able to tailoring one’s interactions based on the situation.

Ego vs. EQ

In discussing managers who may have a low EQ, Shirkani explains that a manager’s communication style may affect their EQ. She shares an example of a leader who was direct and blunt with his team, expecting others to adjust to his communication style. While he was aware of his directness, he lacked the empathy to adjust his approach to different personalities on his team, which could negatively affect morale.

In contrast, a leader with high EQ

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SoCalGas Incoming CEO/President to Chair CalChamber Board in 2025

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Maryam S. Brown

As CEO and president, Maryam Brown will oversee all operations across SoCalGas' 24,000-square mile territory, guiding the company in its delivery of reliable, affordable, and safe energy.

Before taking on the combined CEO and president role, Brown served as SoCalGas' president for five years, executing the company's strategic vision and advancing clean renewable hydrogen with initiatives like the Angeles Link dedicated hydrogen pipeline project.

Brown has 25 years of experience in the energy industry in engineering, legal, policy, and regulatory roles. She joined SoCalGas in 2019 from SoCalGas' corporate parent Sempra, a diversified energy services company based in San Diego, where she was vice president, federal government affairs.

Prior to Sempra, Brown amassed a decade of legislative and policy expertise working on Capitol Hill in senior staff roles in both the U.S. House of Representatives and the U.S. Senate. She served as senior energy and environment counsel for two Speakers of the U.S. House of Representatives and as chief energy counsel to the House Committee on Energy and Commerce.

In addition to serving as 2025 chair of the California Chamber of Commerce, Brown serves on the U.S. Department of Energy National Petroleum Council, on the board of Stifel Financial Corp. and is a trustee of the American Gas Foundation.

Brown started her career as an engineer in the petroleum refining sector before becoming a corporate securities associate attorney at Pillsbury Winthrop Shaw Pittman LLP. She earned her bachelor's degree in mechanical engineering and her law degree (Order of the Coif) from Louisiana State University.

2024 Officers of CalChamber Board of Directors



John A. Stowell



Frank Washington



Fiona Hutton

2024 At-Large Members of CalChamber Executive Committee



Tom Hutchinson



Rashmi Menon



Kevin Tilden

Executive Committee

The CalChamber Board also approved three directors as at-large members of the CalChamber Executive Committee:

- **Tom Hutchinson**, vice president, finance, Google;
- **Rashmi Menon**, vice president and general manager, Burns & McDonnell Engineering Co., Inc; and
- **Kevin Tilden**, president, California American Water.

In addition to the at-large members and current officers, the Executive Committee includes three past chairs of

the CalChamber Board: **Janet A. Liang**, executive vice president, group president and COO, care delivery, Kaiser Foundation Health Plan, Inc. and Hospitals; **Greg Bielli**, president and CEO, Tejon Ranch Company; and **Kailesh Karavadra**, partner for Ernst & Young LLP.

The Executive Committee works with top CalChamber management to determine policy, financial and program direction, including, when necessary, providing policy guidance between the regular quarterly meetings of the CalChamber Board.

Staff Contact: Nicole Wasyliw

Business Leaders Urge Newsom to Restore R&D Tax Credit

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R&D facilities in their state, and California should restore its credits to stay competitive.

In 2021, more than 700,000 jobs were directly related to R&D activities in California, including roles like researchers,

technicians, and support staff. Additionally, California's universities, think tanks and government agencies all benefit from their collaboration with R&D facilities across the state.

Restoring the tax credit will also reinforce California's role in artificial intelli-

gence, biotechnology, chip development and alternative energy, the coalition said.

"The R&D tax credit certainly creates much more revenue flowing into state coffers than it costs," it said.

Former Defense Secretary Panetta Calls for End to ‘Leadership by Crisis’



The quality of U.S. leadership will determine whether the world will see an American renaissance in coming years or

an America in decline, former Defense Secretary Leon Panetta told an international breakfast audience hosted by the CalChamber Board last week.

Among the nearly 60 attendees at the December 13 gathering were representatives from the Consulates General of Canada, Ireland, Italy, India, Japan, Singapore and Ukraine.

For too long, Panetta said, rather than showing leadership, government leaders instead have “governed by crisis.” One example, he said, is the lack of fiscal discipline shown by both parties in dealing with the nation’s record \$36 trillion debt.

That style of governing means the parties have a hard time doing what is needed because they wait for crisis, Panetta said, and “when the crisis gets so bad, you just blame [the] crisis, and you kick the can down the road.”

The price of that approach, he warned, is losing the trust of the American people. “That’s why we have a lot of anger and frustration with our system of government.”

Panetta, now chairman of the [Panetta Institute for Public Policy](#) in Monterey, recalled experiences dealing with budgetary concerns as a former member of Congress, CIA director and defense secretary.

The system of checks and balances built by America’s forefathers means leaders have to come together, have patience, be willing to listen and be willing to work together, he said.

Noting that he has seen Washington at its best and its worst, Panetta said he “saw Washington work” when he got elected to Congress. Although there were political differences, “We worked together on big issues and we were able to deal with challenges” to support a

strong economy, strong defense and develop a strong democracy.”

Global ‘Flash Points’

The United States faces a “pivotal moment” abroad as well, with more “flash points” in the world today than since World War II, Panetta said. For example:

- The “axis of autocrats” working together in “unlimited partnership” to go after democracy. Russian President Vladimir Putin invaded Ukraine, a sovereign democracy in Europe, the way Adolf

States being able to continue providing the leadership that no other country can, Panetta said. In these endeavors, he said, the nation must pursue “peace through strength.”

Positive signs in Europe, he said, include:

- The NATO alliance is stronger today than in the past and unified in support of Ukraine.

- Russia has been weakened by its invasion of Ukraine, with 600,000–700,000 casualties. Having to bring in 10,000 North Koreans to fight is a sign

of weakness. Working with U.S. allies to give Ukraine the support it needs will provide leverage to enable the nation to negotiate with Russia for a peaceful resolution to the conflict.

Similarly, the United States must deal with China from strength, not weakness, Panetta asserted. He highlighted the importance of the United States having strong allies in Asia: Australia, India, South Korea and Japan.

To achieve the international goals of the United States raises the challenge of mobilizing the American people, Panetta said.

Nation’s Strength

The real strength of this country, he asserted, is not in Washington, but in the spirit, resilience, courage and hard work of “our people in community after community across this country.”

He said he has seen that strength in the eyes of the men and women in uniform he had to deploy into harm’s way in Iraq and Afghanistan, willing to “fight and die in order to protect our country.”

The United States needs “a little bit of that strength in our elected leadership, so they are willing to put their lives on the line in order to do the right thing for America,” he said. The country, he said, needs that courage, that will to fight and “achieve the American dream that our parents sought, to make an America in renaissance and to truly have a government of, by and for all people.”

Staff Contact: Susanne T. Stirling



Leon Panetta, chairman, Panetta Institute for Public Policy

Hitler moved into Poland and across Europe, Panetta said.

- Terrorist groups like Hamas and Hezbollah attacking Israel “because they do not believe it has the right to exist.”

- China threatening democracy in Taiwan.

- North Korea threatening democracy in South Korea.

- Iran spreading instability in the Middle East and beyond.

Add cyberthreats, artificial intelligence (AI) and nuclear proliferation to these examples and the dangerous world in which we live is evident, Panetta said.

Signs of Hope

Signs of hope do exist for the United

CalChamber Joins Effort to Prevent Supply Chain, Ports Disruption in New Year



The California Chamber of Commerce has joined a coalition of 267

federal, state and local trade associations in urging East/Gulf Coast labor and management leaders to resume port labor negotiations.

The goal of returning to the bargaining table should be agreeing on a new labor contract before the current one expires on January 15, 2025, the coalition said in its [December 6 letter](#) to Harold Daggett, president of the International Longshoremen's Association (ILA) and David Adam, chairman and CEO of the United States Maritime Alliance, Ltd. (USMX).

The letter stated that the continuing start and stop of the negotiations leads to further uncertainty in the supply chain, which continues to cause challenges.

The coalition represents U.S. manufacturers, farmers and agribusinesses, wholesalers, retailers, restaurants, importers, exporters, distributors, transportation and logistics providers, and other supply chain stakeholders.

The letter acknowledges that automation and technology continues to be the biggest issue of disagreement between the ILA and USMX but argues there is a path forward for the parties to address this issue.

The coalition asserts that it is critical that ports and terminals have the ability to modernize their systems and processes to remain globally competitive and be able to handle the continuing rise of trade volumes, both imports and exports, through the nation's ports.

Modernization can happen only through true partnership between labor and management, as well as the other supply chain stakeholders that rely on these ports. Modernization efforts will benefit all parties and are essential to address current and future issues.

From the past strike in October, it is clear that President Joe Biden won't take any action to end a strike. It is unclear what President-Elect Donald Trump will do when he takes office on January 20,

2025, although he has clearly indicated support for the ILA.

Past Strike

On Thursday, October 3, three days after the strike began, joint statements from the ILA and the USMX management group, representing shipping lines, terminal operators and port authorities, announced a tentative agreement that extended the current master contract to January 15, 2025.

The tentative agreement includes a 61.5% wage increase over the life of the six-year contract — raising average wages from \$39 an hour to about \$63 an hour. The ILA originally had requested 77%, and the USMX countered with 50% earlier in the week.

The union members went back to work on Friday, October 4 while the final details were worked out in a full agreement. The subjects of health care and automation continue to be a point of contention. European ports have addressed automation with an agreement to no layoffs, early pensions, and extensive retraining.

The ILA strike affected 45,000 dockworkers at 36 container ports from Texas to Maine — including New York/New Jersey, Houston, and Savannah, Georgia. The contract in question covers six of the 10 busiest U.S. ports, which collectively handle more than 13 million containers annually.

The strike had the potential to disrupt U.S. supply chains, pose national security implications, and in general terms, paralyze as much as half the nation's seaborne trade volumes.

Shipping Data

Nearly 70% of U.S. exports and 56% of containerized U.S. imports come through East Coast and Gulf Coast ports, according to data cited by the National Association of Manufacturers. More specifically:

- More than 68% of all containerized exports and more than 56% of containerized imports flow through East and Gulf Coast ports, representing an average daily trade value of more than \$2.1 billion.

- They handle more than 91% of containerized imports and 69% of

containerized exports of pharmaceutical products.

- They also process more than 76% of containerized vehicle exports and more than 54% of containerized vehicle imports.

- For aircraft and spacecraft, more than 77% of containerized exports and more than 51% of containerized imports go through these ports.

Products Potentially Affected

Perishable food imports, wine, auto parts and pharmaceuticals from Europe can be greatly affected. Ports on the East and Gulf coasts handle roughly 75% of the bananas that enter the United States. There is a no strike pledge for U.S. military goods and passenger cruise vessels would not have been affected. The ILA had not gone on strike since 1977.

Potential West Coast Impact

A prolonged shutdown could affect West Coast ports, eventually leading to capacity and empty container shortages.

A potential strike would come at a challenging time for ocean supply chains, which already have faced significant disruptions with the drought in the Panama Canal, the Baltimore Bridge collapse, and the Red Sea conflict. There is talk of West Coast workers being unwilling to unload cargo originally bound for the East Coast and a worst-case scenario if the West Coast dock workers walked out in solidarity.

The Federal Maritime Commission (FMC) had warned carriers and operators against imposing excessive detention and demurrage fees during the strike, to protect shippers from unfair charges such as occurred during the pandemic-related port congestions.

CalChamber Position

The CalChamber believes a resolution to this negotiation is needed for the East Coast, and the nation as a whole. The CalChamber knows from recent history that any blip in the supply chain disrupts commerce, delays critical goods from reaching the market, and drives up costs for businesses and consumers.

Staff Contact: [Susanne T. Stirling](#)

Social Narratives, Reality, Economic Data and How They Mesh with Election Results

Who Should We Credit for Trump's Big Win? Jerome Powell Of Course...

The red wave that swept Donald Trump to a second term took most everybody by surprise. Unsurprisingly, the big win has sparked vitriolic finger-pointing within the Democratic Party, a sense of elation within the Republican Party, and panic in political pollster circles, where yet another big miss has been notched.

However, it's easy to over-interpret what this means for the U.S. economy and "our democracy" moving forward. Many are interpreting this sweeping election win as a mandate to enact the Republican's platform. Yet a cursory look at the data shows it is more likely a reflection of voters acting on that age-old question: What have you done for me lately?

Realistically, the Democrats never stood a chance—not because of their platform, but because of prevailing social narratives about the U.S. economy.

Driving Force in Elections

First, appreciate that while the edges of the political spectrum are the noisiest, they are not the driving force in election outcomes. As the platforms of both major parties have become more polarized in recent decades, a greater share of the population now declare themselves Independent—43% according to Gallup in 2023.

Most Americans don't like either party. It is this neutral mass in the center that determines the outcome of major elections. This dynamic has led both parties to approach elections by throwing endless policy fishhooks into the middle, hoping to pull some of these centrist voters in their direction.

While this competitive fishing contest captures the attention of the media and pollsters, it's secondary to the bigger picture. What the mass in the middle really cares about is whether they *feel* better off than they did four years ago—yes, that old canard. If the answer is "no," then it's time to throw the bums out and

try something new, regardless of what that "new" might actually be.

Consumer Sentiment Index

If this sounds crass, it's a view that aligns almost perfectly with the data. Consider the University of Michigan Index of Consumer Sentiment (ICS) as a simple measure of the current social narrative about the health of the U.S. economy. Then consider how the change in this metric over

seven elections were clearcut.

On the other hand, whenever there was a sharp drop in the ICS during an administration, the incumbent party lost, running 0 for 6, and usually by a wide margin. It is worth noting that both Democrats and Republicans have suffered equally from such declines, splitting the losses across these 6 bad runs.

This pattern held true for the last two elections, affecting Donald Trump in 2020 just as much as it hit Kamala Harris in 2024—albeit the sources of the decline in sentiment were different in each case. Trump was hit by the pandemic downturn and Biden by the inflation narrative. In both cases, even if there had been a strong candidate and a polished platform, they likely would have lost.

Policy Platforms

The data tells us that the result of the 2024 election should have been largely anticipated (and in some

betting markets, it absolutely was). The takeaway is clear: a candidate's policy platform doesn't seem to matter much.

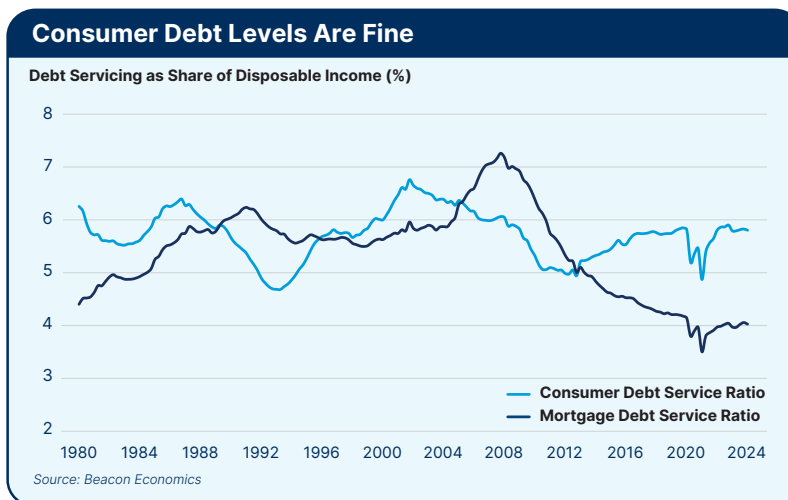
When consumer sentiment falls over the course of an administration, the incumbent party is almost certainly going to lose; if it rises, they have a pretty good chance of winning. This brings us full circle to the well-worn phrase: "It's the economy, stupid."

And the exit polls for this election repeatedly show that the economy, particularly inflation, is one of the main reasons people chose the Republican ticket.

Narratives vs. Reality

And this is where things start to get interesting. We can see how the gap that sometimes exists between narratives *about* the economy and what is *actually* happening can have critical effects on the course of political and economic history. In many of the 6 losses, it's easy to explain the decline in consumer sentiment by the very real decline in the economy.

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the course of any one presidential administration relates to election outcomes.

Specifically, we look at the change in the ICS from the second quarter of a new administration's term (post-honeymoon) to the last three months before the next election (up to September). We then compare this change to whether the incumbent party won or lost the election.

These sentiment changes are ranked from highest to lowest, for the **last 16 U.S. presidential elections**. In 10 of those election years, the ICS rose over the course of the incumbent party's administration, ranging from a low of 1.8% during Reagan's second term to a high of 33% during his first. In 7 out of those 10 contests, the incumbent party won the election, suggesting that better times can help the incumbent party, but does not guarantee success.

Losses to the incumbent party happened in 1976 (Ford), 2000 (Gore) and 2016 (Clinton). It is worth noting that these three losses were very close (3 of the 4 tightest races). The wins in the other

Social Narratives, Reality, Economic Data and Election Results

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For example, the decline in sentiment over the course of the Carter administration can be linked to the misfortunes of an economy beset by inflation and to then Fed Chairman Paul Volker's even worse cure, which set off the recession of 1980. The decline in sentiment at that time reflected true economic distress.

This time, in contrast, the U.S. economy has not been doing badly. In fact, it has been performing well. The unemployment rate is still just 4.2%, real gross domestic product (GDP) growth has been strong, and both real incomes and net worth are rising, even as consumer debt-to-income and debt payment-to-income ratios have fallen to the lowest level in decades.

The decline in consumer confidence also accompanied a leap in the stock market to all-time high levels. Americans, at least on paper, seem to have very little to complain about—but they were indeed unhappy, much to the dismay of the Democratic Party.

Source of Negative Sentiments

There is little mystery as to the source of today's negative sentiments—the bout of inflation from 2021 to 2023. It's important to remember, however, that these price hikes were fueled by a surge in consumer demand—driven in turn by subsidies and by the massive asset bubble created when \$5 trillion in quantitative easing (QE) was unleashed by the Federal Reserve during that time.

Consumers weren't victims of inflation; they were the ones who caused it. But the fact that consumer sentiment fell as their own higher demand drove inflation clearly shows that consumers see it the other way around.

Inflation seems to exert an outsized influence on consumer sentiment—outsized in the sense that rising prices have a more negative effect than an equivalent rise in incomes. In other words, if prices and incomes both increased by 5%, leaving consumers technically in the same position, consumer confidence would still decline—the increase in prices seems to exert a heavier psychological cost.

This bias precisely explains the dichotomy between the narrative and the reality of today's economy—and the red wave that has now left President-Elect Trump with control of both the House and Senate.

Inflation Causes

What caused the jump in inflation? As Milton Friedman famously stated, "Inflation is always and everywhere a monetary phenomenon."

We need look no further than the 40% increase in the U.S. money supply that occurred between 2020 and late 2021,

bit like asking whether the active efforts of Russian and Chinese agents to sow misinformation on U.S. social media sites have managed to influence consumer sentiment, and, by extension, our election outcomes. It's hard to say. As social scientists, we still don't fully understand how certain false narratives take hold and spread.

It does seem as though consumer sentiment reacted more negatively to inflation this time than it did back in the 1970s, when theory would suggest the opposite—today's higher real incomes and savings should mean that inflation has less impact on the American narrative.

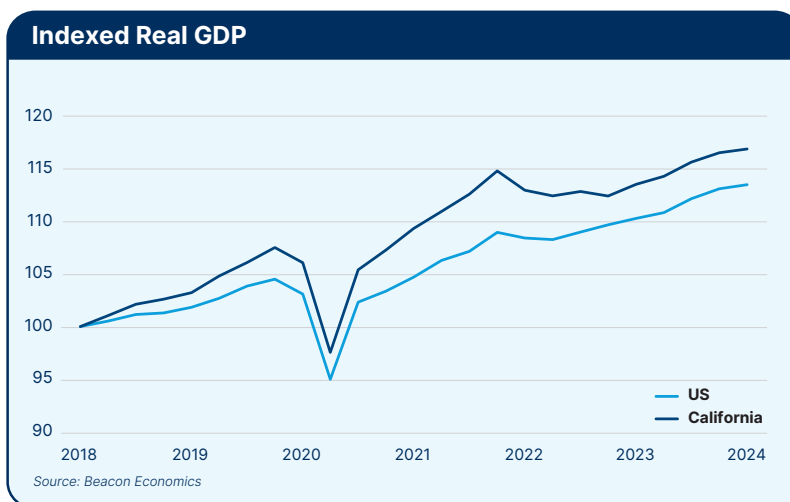
One could argue that social media, misinformation, and the polarization of news media have caused the greater-than-expected effect. But then again, it might simply be that the United States has not seen any inflation for a long time and people simply aren't used to it. Hence, they reacted viscerally. Clearly, this calls for more thorough study.

Impact on 2028?

The bigger question is what it all means for 2028. Will Trump leave his party with enough momentum for another win? If the next four years prove stable and calm, it seems likely, since consumer confidence will likely rise over the next couple years as the inflation shock fades.

But with that said, such a scenario is far from certain. Trump's proposed policies, including tariff-induced trade wars and mass deportations, could create large disruptions. On top of that, the ballooning federal deficit and the asset bubble that swelled even more after the election are challenges waiting to unfold.

The Democrats might have a chance to roar back in 2028—though they could end up inheriting an economy reminiscent of the chaos Barack Obama faced in late 2008. Be careful what you wish for—it might come true.



courtesy of \$5 trillion in quantitative easing. Yes, Trump's big win in 2024 can be attributed mainly to the Federal Reserve's choice to massively overreact to the pandemic in 2020.

How wonderfully ironic, then, that the President-Elect has made no effort to hide his disdain for Fed Chairman Jerome Powell—the man he originally appointed to the role—who seems to have inadvertently helped Trump to reclaim the presidency.

This begs the question: could the Democrats have done something to help consumer sentiment rise faster? Was there some magic marketing elixir that could have given them the needed lift? Quite a few pundits have asked why the Democrats didn't try harder to illustrate how well the U.S. economy was doing—but that's a difficult message to convey off a progressive, redistributive platform.

And it points to a broader issue we must confront—whether the narrative can be actively manipulated, independent of real economic influences. It's a

This economic outlook report is adapted from the special report presented to the CalChamber Board of Directors by Christopher Thornberg, Ph.D., founding partner of Beacon Economics.

Visit California CEO Explains Why Travel Matters to Everyone



Caroline Beteta, president and CEO of Visit California, presents an update on the status of the tourism industry at the CalChamber Board of Directors dinner on December 12 in Monterey. Travel matters to people outside the industry, she says, for three reasons: First, because it is a vital part of the state's economic engine. The transient occupancy tax generates enough revenue so that Californians pay \$1,900 less per year in taxes. Second, destination promotion drives business/economic development because site selection specialists are influenced by where they travel for leisure. Third, tourism is a service export. International visitors spend \$28 billion a year in California; they are served by the hospitality industry and then go home. She reports that the industry has recovered from the pandemic-forced shutdown. Visitor spending is at \$150 billion per year, generating \$12.7 billion in tax revenue and 1 million good jobs.

Hong Kong Business Associations Elect Margaret Wong as Chairman



Margaret Wong

Associations (HKBA) Worldwide on December 4.

The vote was held during the organi-

Margaret Wong, president and founder of mwConnect (formerly McWong International), was elected chairman of the Federation of Hong Kong Business

zation's 25th-anniversary celebration in Hong Kong.

Wong has been a member of the California Chamber of Commerce Board of Directors since April 2011. She founded [McWong International, Inc.](#) in 1984.

The HKBA was established in November 2000 with the support of the Hong Kong Trade Development Council, made up of 48 overseas Hong Kong business associations spanning 37 countries and regions, with nearly 11,000 members. These members are local business elites and are considered Hong Kong's closest allies and partners in global markets.

Wong was nominated by and representing the U.S. as a candidate by the

HK Associations of 12 U.S. chapters and participated in the final election held in Hong Kong on December 4. Following two intense rounds of anonymous voting by representatives from 37 countries, she was elected to chair the HKBA for a three-year term.

Born in Hong Kong, Wong graduated from the University of Hong Kong before establishing mwConnect in the United States. She has dedicated more than 40 years to serving U.S./China trade and has received numerous accolades in various sectors, including environmental protection, energy, and food.

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Panelists Weigh the Issues Arising from Antitrust Legislation/Regulations



(From left) Moderator Kurt Oneto, partner, Nielsen, Merksamer, Parrinello, Gross & Leoni, LLP, poses questions about the issues raised by misguided antitrust legislative and regulatory efforts to Erik Enson, partner, Crowell & Moring, LLP; Aaron Benjamin, Google's head of competition policy for the US and Americas; and Lois Richardson, vice president and legal counsel, California Hospital Association. The panelists agreed existing law promotes healthy competition and changes such as those being proposed by the California Law Revision Commission, the Attorney General and others could have devastating consequences for many firms outside the tech industry, as well as nonprofit hospitals in underserved areas. The panelists cited details from their own experience to illustrate the difficulties that are arising. They explained that the federal attitude is that underenforcing anticompetition laws is better to allow aggressive competition and innovation, whereas California is taking the opposite approach. Moving the focus of antitrust policy from what is good for consumers to protecting competitors will result in government picking winners and losers, leaving consumers with fewer choices, panelists said.

Politico Senior Columnist Analyzes Causes Behind Election Results



Jonathan Martin, politics bureau chief and senior political columnist for Politico, tells the CalChamber Board of Directors on December 13 that the November election results, including the return of President-Elect Donald Trump and resurgence of Republican candidates across the country, is evidence that class is a much bigger driver of 21st century voter behavior than race, ancestry or ethnicity. To gain supporters, he says, the Democratic Party needs to change to appeal to blue collar voters or risk being out of power for decades to come.

Practical Emotional Intelligence Applications for HR Pros, Leaders

From Page 1

would recognize the need to adapt their communication style depending on the audience, fostering better relationships and stronger team dynamics.

Impact on Morale, Productivity

Shirkani also discusses how EQ can have a positive impact on organizational morale. She cites that research shows that leaders who demonstrate humility are 22 times more likely to inspire trust than those who do not show that humility.

Generational Challenges

Research shows that EQ and IQ scores are declining by generation, Shirkani says. She believes that in the coming years, a big separator of successful companies will be those investing in EQ workforce training and development. “This will become a big separator,

in my mind, of those that are building success, that are the talent magnets, the employees that everybody wants to have, or the leader everybody wants to work for,” she tells Roberts.

Workplace Conflict

Shirkani also discusses the importance of proactively addressing workplace conflict by focusing on emotional intelligence. With higher EQ, individuals develop better self-awareness, which helps them understand how their mood affects interactions and responses. This self-awareness allows them to be more open to feedback, take responsibility for their actions, and avoid impulsive reactions, leading to less conflict.

She also highlights the need to balance assertiveness and empathy in communication — too much assertiveness can come across as domineering,

while too much empathy can result in weak boundaries. By framing performance feedback in terms of emotional intelligence, teams can better understand how to improve collaboration and address issues more effectively.

Resources, Assessments

More than ever before, there are many websites and online resources available that discuss EQ and provide assessments so people can measure their emotional intelligence. Shirkani recommends Daniel Goleman’s books on EQ, as they are backed by extensive research.

Additionally, Shirkani’s website, penumbra.com, contains a resources section that includes links to articles, books, webinars and content related to EQ.



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