

How Were So Many Economists So Wrong About the Recession?

Fears of a recession are fading fast, but the debate over the flaws of economic forecasting is just beginning.

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Last year at this time, 85% of economists in one poll predicted a recession this year – and that was an optimistic take compared to the 100% probability of a recession forecast two months earlier. Meanwhile US Federal Reserve Chair Jerome Powell, drawing upon the work of his highly able staff, expressed fear in March that bringing down the rate of inflation would cost millions of American jobs.

And yet none of this has happened. Both inflation and unemployment are headed in the right direction, and most economists expect the US to avoid a recession in 2024. Economists have yet to figure out why things went so well, but it is already clear