

Jerry Howard:

Welcome to Housing Developments. I'm Jerry Howard.

Jim Tobin:

And I'm Jim Tobin. Hello, Jerry.

Jerry Howard:

James, how are you my man?

Jim Tobin:

I'm doing fine. Another gloomy day after a gloomy weekend, but hopefully spring is right around the corner and we'll start drying out a little bit. It seems like all it does is rain for 48 or 72 hours around here.

Jerry Howard:

Yeah, I know. Spring, when a young man's thoughts turned to high school football, my son is practicing hard. I guess they're going to have a shortened season for some of these kids to get noticed hopefully by college recruiters. For all of these high school students they've given up, and college students have given up so much of such important parts of their lives. I really hope that we can get through this.

Jim Tobin:

Yeah, agreed. I'm hopeful that by June that many of our listeners, if not all of our listeners are going to have the vaccine or at least have the opportunity to have it and that we can get back to some more normal lives around here. So I'm with you. I share your optimism and it's funny to hear about football in the spring. I know spring football is kind of a fun time when you're starting to fill up the new team and keep in shape.

Jerry Howard:

Yeah. But let me say this, all of this underscores the value that NAHB brought to its members just about a year ago at this time when the lockdown first started, and we were able to get residential construction put on the list that the Federal Government sent to the States. And I think that has made a world of difference to our members and a world of difference to our economy and that's something that's really, really good. And I hope that our listeners pass that on to others in the industry out there as a reason for being part of this great federation, signing up for NAHB and getting active.

Jim Tobin:

Yeah, that's absolutely right, Jerry. I mean, we're coming up on, what? March 13th, I think was our last official day in the office, so to speak. So it's a weird milestone, a couple of weeks ahead of us here and the fact that this industry has kept this economy afloat during this very dark period and continues to thrive, despite some of these headwinds that our good friend, Rob Dietz talks about with lumber prices.

Jim Tobin:

Now we're hearing issues with steel prices and just general supply chain issues. The fact that we are still going hard is really a testimony to the fortitude of our industry, but also the importance of it. And our members' ability to keep working. Working with our state local governments, also working with the

Federal Government to make sure that we're able to do that in a safe manner. And I think that's been probably the most important thing that we've done, is prove that our job sites and our employees can continue to do their job of building American shelter safely in health environments.

Jerry Howard:

Yeah. I had a conversation with Rob this morning. It's interesting you mentioned steel shortages. Steel, concrete, different appliances that are supposed to be going into housing. Shortages are developing all along the supply chain and all along the various different components that go into not only construction, but manufacturing. And Rob and I were talking about this. I mean, we have to be concerned now about inflation. Inflation, not only in house prices, but in a general sense is not the traditional response to an inflationary time. No, the answer now is that we get back to a normal course of doing business throughout every sector of the economy to make sure that capital is being spread evenly throughout and that'll help us keep inflation down.

Jim Tobin:

Yeah. That's right. President Biden issued an executive order last week about looking at the supply chain. Unfortunately, the only issue that seemed to get any press coverage were semiconductors and trucks that are rolling off the assembly lines. But burying an executive order is a broader review of all the supply chains. Most importantly, the agriculture department is going to be looking at agricultural commodities and that's where lumber fits. And so we're going to be petitioning the secretary of agriculture to make sure that he is studying the supply, the lumber supply chain in America to find out why the prices have spiked here, but also the underlying causes, to make sure this doesn't happen again. Remember, this is the second time in just three years where we've seen these abnormally high prices in lumber and the government needs to take a really hard look at it and investigate what the hell is going on here.

Jerry Howard:

Well, actually, I'm going to be having a conversation at a little while later this afternoon, with the prime minister of the province of Quebec, I'll talk to the. The big lumber producing province is in Canada. And a lot of our listeners may not be aware that their form of government up there, their provinces have more specific power of then do our States. Their provinces can negotiate independent treaties and independent trade agreements with different countries. And I want to talk to Quebec because they've always been an outlier. They haven't always been on the same page as some of the other provinces and see what their take on what's going on in Canada is.

Jerry Howard:

We know that the administration has already signaling to us and to pretty much everybody that they don't intend to do any international trade negotiations at a high level of during the first year of the administration. That's bad news for housing, it's bad news for our economy, but maybe if we can get the Canadians either through Quebec or Quebec putting pressure in Ottawa on the other provinces to take the lead on this and really come to the United States and say, let's talk, that's got to be one avenue that we're going to approach. And I'm going to talk to the prime minister about it today.

Jim Tobin:

Well, that's great. I mean, we need to have a multi-pronged approach to the American economy. We need to focus internally, domestically on vaccine supply and rollout. We need to make sure that the

economy is moving, but we cannot, especially an industry like ours that depends on a good, strong international trade system, especially with our neighbor to the North and to our neighbor to the South, for so many of our components that go into our homes and apartments, we need them to multitask here, right? This is an important time. And I think that we're kind of balanced on the knife's edge for the industry right now, if supply chain issues continue to put upward pressure on prices, eventually something's got to give, and it's going to be in the form of slowed construction and slow sales.

Jerry Howard:

You're exactly right. I think that most Americans, most people in the world understand the need for our world leaders right now to continue to focus on COVID. But with the approval over the weekend of this new Johnson & Johnson vaccine, I think the vaccination process, the fact we're coming into summer and the fact that some medical experts are starting to talk about herd immunity. I think we can see a light at the end of the tunnel. And I think that we need to really start focusing on how to make sure that our economy is up and running faster if possible, than any of our international competitors, particularly with respect to China, which is responsible when their economy's up and running, they're responsible for a good bit of the import export trade throughout the world and they're a huge competitor to the United States. So I would encourage Congress and all leaders to begin thinking about economic recovery on a full scale. Getting the supply chain fixed.

Jim Tobin:

Yeah. I couldn't agree with you more Jerry, but speaking of international leaders, I want to get your thoughts about the news that dominated this weekend. And that was president Trump returned to the national stage, his first public comments, or at least his first appearance since leaving the presidency in mid January. And just get your thoughts about where you think the Republican Party is headed. Clearly Trump set up, the first thing he announced no new party. I think if you're a Republican, that's a welcome sign. He talked about splitting the vote, and that would take a power away from the GOP. But where do you think the president's role is moving forward vis-a-vis the congressional leadership and what I'll call the establishment?

Jerry Howard:

Well, Jim, first of all, he's the first president to come out so strongly so soon and play a major role. In fact, he hinted several times that he may run again in three and a half years. Actually, those people who are going to run in '24 are already starting that process, and maybe that's what he was hinting at. And that's interesting, and that's fine with me, but let's see how that plays out over time. When I listened to that speech with an ear towards, was what's going to happen in '22? Where the house is very close to tipping through the Republicans, where the Senate is a 50-50 tie and where you're going to have some really interesting elections. If I am a Republican loyalist, I want president Trump to help make as much money and raise as much money as he can for Republican candidates, but what I don't want him to do and unfortunately he did this, was call out and select Republican candidates that he's unhappy with, and that he wants to see defeated.

Jerry Howard:

I wished that he would let that process play out in the state parties. I wish he would acknowledge that an ultra conservative may be able to be elected in some States, but in other States getting elected, a Republican who may not be able to side with the arch conservatives all the time, but it's still going to be there for the key votes. Those are the kinds of candidates that really tipped the balance of power in

Washington. But the reality is we talked about China back in the days of Mausi Tum, China used to go through what they would call a cultural revolution every so often. And that generally meant there would be a wholesale shift in the leaders of communist China with the exception of Mausi Tum, everybody else would fade away, but hopefully for all of them and their families that's what they did, was just fade away.

Jerry Howard:

But the reality is both of our political parties are in a cultural war right now. You have in the Republican Party, the establishment Republican Party, which would still I think be manifested by Mitch McConnell and even George W. Bush, if he wants to stay active. And then you have the Trump wing of the Republican Party, and those two need to come to some reconciliation if they are going to be a factor in the 2022 elections. Likewise, on the Democratic side, you have a culture, where you have Nancy Pelosi and AOC turning on governor Cuomo, the governor of one of the biggest democratic States in the nation. And you have AOC turning on the moderate wing of the democratic party. So both parties are still in disarray. And I think that's really interesting because the battle lines for 2022 are being drawn and on either side of the battle lines, there's still some internecine warfare going on that needs to be addressed.

Jim Tobin:

Yeah, I couldn't agree with you more. I certainly from watching what the Republican leaders in Washington say they want to focus more on ideas and more about being the opposition party to president Biden for the next two years and focus on policy differences, not necessarily sort of personality differences. I think the president is always been about personality and obviously he's done some good things in his four years of his term from a policy perspective, but it's always been about how he sells it and how he's out in front of people. And George W. Bush took the tack of not openly criticizing president Obama and then president Obama, I think recognizing that magnanimous did the same thing for president Trump. Generally, I don't think Joe Biden is going to get the same deference by former president Trump. I think president Trump is going to continue to use whatever platform is there to not only to criticize, but to really mold the GOP into his likeness.

Jim Tobin:

And there's a lot that are going to go for him. He's backed by large majority, want to see him run again, and they certainly want the party to reflect his vision of America. So you said soul-searching on both sides. And then look at looking ahead, not only to Congress, but like you said, people are running for 2024 already, whether it's Josh Hawley or Ted Cruz, or Marco Rubio, your favorite Nikki Haley and where each one of them falls in the spectrum of, in or out of favor with president Trump, he's going to drive this party for the next four years, whether or not he runs again. And there's going to be a lot of rink kissing down in Mar-a-Lago over the next four years. And in the meantime, over the next two years of who he's endorsed, he's already come out and endorsed Republicans, primary opponents to sitting members of Congress who voted for impeachment. So the battle lines are being drawn and I don't know if we're quite at civil war territory but the revolution as you mentioned, it's on in both parties.

Jerry Howard:

Absolutely. Absolutely. Well, we're going to be starting to look not only at the '22 election cycle, we're going to continue to look at what may get done in Congress this year. It's a tight window to get anything done and with the votes, the way they're set up, it's going to have to be something a very much rifle

shot in terms of legislation, I think we both agree on that. Or I think we're also going to start taking a look at the, what's going on in the States? We already had the mayor of Colorado Springs on a couple of weeks ago. We're going to have a few of those types of guests coming on as well. And then we'll shift toward the end of the year, this summer, maybe more directly toward the impending elections.

Jerry Howard:

There are already elections in off years in a couple of States, our state of Virginia being one of them. And we'll monitor those closely as we continue to advance through the year. But in the meantime, I would like to let our listeners know that a, we apologize for the shortcomings of the IBSx that we had anticipated being a wild success. We will be soon announcing an alternative to IBSx for NAHB members where you can still take part in a virtual experience with NAHB's loyal exhibitors and suppliers and we'll let people know about that. And I think that's important, Jim, that our members be aware of that as we see through the end of winter and the beginning of the rainy season here.

Jim Tobin:

That's right. That's right. And I just want to point out to our listeners who were affected by the storms that swept through the Southeast a couple of weeks ago. Our friends in Texas, are such an important part of the housing economy nationwide with all the building you're doing down there but also wishing you all the best for your families and for your businesses. And again, that storm is going to have lasting impacts on the economy. Certainly lumber producing and as we rebuild down there, there's going to be a lot of resources that flow to that area. So I just want to say on behalf of NAHB, we're here for you, whatever we can do for you. I know you've talked to our team. Our team has been in contact with you, but know our thoughts and prayers with you as you continue to rebuild and the sooner we get you back online, the better.

Jerry Howard:

Agreed, agreed. And we'd also like to remind everybody that as always, you can subscribe to this podcast, which we'll make sure that Jim and I are gainfully employed for the near term. So please do so if you enjoy listening. And with that, I'd like to say goodbye for now. This is Jerry Howard.

Jim Tobin:

And this is Jim Tobin.

Jerry Howard:

Thanks a lot.

Jim Tobin:

Thanks.