15 Reasons Why Americans Think We're Still in a Recession

By Mike Whitney
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Counter Punch

Region: USA
Theme: Global Economy

1: Wage Stagnation: Why America's Workers Need Faster Wage Growth—And What We Can Do About It, Elise Gould, EPI

Economic Policy Institute:

> "The hourly compensation of a typical worker grew in tandem with productivity from 1948-1973. …. After 1973, productivity grew strongly, especially after 1995, while the typical worker's compensation was relatively stagnant. This divergence of pay and productivity has meant that many workers were not benefitting from productivity growth—the economy could afford higher pay but it was not providing it.
>
> Between 1979 and 2013, productivity grew 64.9 percent, while hourly compensation of production and nonsupervisory workers, who comprise over 80 percent of the private-sector workforce, grew just 8.0 percent. Productivity thus grew eight times faster than typical worker compensation…" (EPI)

(Note: Flatlining wages are the Number 1 reason that the majority of Americans still think we're in a recession.)

2: Most people still haven't recouped what they lost in the crash: Typical Household Wealth Has Plunged 36% Since 2003, Zero Hedge

Zero Hedge:

> "According to a new study by the Russell Sage Foundation, the inflation-adjusted net worth for the typical household was $87,992 in 2003. Ten years later, it was only $56,335, or a 36% decline… Welcome to America's Lost Decade.
>
> Simply put, the NY Times notes, it's not merely an issue of the rich getting richer. The typical American household has been getting poorer, too.
>
> The reasons for these declines are complex and controversial, but one point seems clear: When only a few people are winning and more than half the population is losing, surely something is amiss. (chart)"

3: Most working people are still living hand-to-mouth: [76% of Americans are living paycheck-to-paycheck], CNN Money

CNN:

> "Roughly three-quarters of Americans are living paycheck-to-paycheck, with little to no emergency savings, according to a survey released by Bankrate.com Monday.
>
> Fewer than one in four Americans have enough money in their savings account to cover at least six months of expenses, enough to help cushion the blow of a job loss, medical emergency or some other unexpected event, according to the survey of 1,000 adults. Meanwhile, 50% of those surveyed have less than a three-month cushion and 27% had no savings at all…
>
> Last week, online lender CashNetUSA said 22% of the 1,000 people it recently surveyed had less than $100 in savings to cover an emergency, while 46% had less than $800. After paying debts and taking care of housing, car and child care-related expenses, the respondents said there just isn't enough money left over for saving more."

4: Millennials are Drowning in Red Ink: [Biggest economic threat? Student loan debt], USA Today

USA Today:

> "Total student loan debt has grown more than 150% since 2005… We have more than $1.2 trillion of student loan debt…
> And while 6.7 million borrowers in repayment mode are delinquent, the sad fact is that many lenders aren't exactly incentivized to work with borrowers. Unlike all other forms of debt, student loans can't be discharged in bankruptcy. Moreover, lenders can garnish wages and even Social Security benefits to get repaid…
>
> In 2005 student loans accounted for less than 13% of the total debt load for adults age 20-29. Today, student loans account for nearly 37% of that group's outstanding debt. Student loan debt's slice of the total debt pie for the age group nearly tripled! The average loan balance for that age group is now more than $25,500, up from $15,900 in 2005."

5: Downward mobility is the new reality: [Middle-Class Death Watch: As Poverty Spreads, 28 Percent of Americans Fall Out of Middle Class], Truthout

Truthout:

> "The promise of the American dream has given many hope that they themselves could one day rise up the economic ladder. But according to a study released those already in financially-stable circumstances should fear falling down a few rungs too. The study… found that nearly a third of Americans who were part of the middle class as teenagers in the 1970s have fallen out of it as adults… its findings suggest the relative ease with which people in the U.S. can end up in low-income, low-opportunity lifestyles — even if they started out with a number of advantages. Though the American middle class has been repeatedly invoked as a key factor in any economic turnaround,

> numerous reports have suggested that the middle class enjoys less existential security than it did a generation ago, thanks to stagnating incomes and the decline of the industrial sector."

6: People are more vulnerable than ever: "More Than Half Of All Americans Can't Come Up With $400 In Emergency Cash… Unless They Borrow", Personal Liberty

> "According to a Federal Reserve report on American households' "economic well-being" in 2013, fewer than half of all Americans said they'd be able to come up with four Benjamins on short notice to deal with an unexpected expense…
> Under a section titled "Savings," the report notes that "[s]avings are depleted for many households after the recession," and lists the following findings:
>
> *Among those who had savings prior to 2008, 57 percent reported using up some or all of their savings in the Great Recession and its aftermath.
>
> *39 percent of respondents reported having a rainy day fund adequate to cover three months of expenses.
>
> *Only 48 percent of respondents said that they would completely cover a hypothetical emergency expense costing $400 without selling something or borrowing money.

7: Working people are getting poorer: The Typical Household, Now Worth a Third, New York Times

NYT:

> "The inflation-adjusted net worth for the typical household was $87,992 in 2003. Ten years later, it was only $56,335, or a 36 percent decline, according to a study financed by the Russell Sage Foundation.
>
> Those are the figures for a household at the median point in the wealth distribution — the level at which there are an equal number of households whose worth is higher and lower. But during the same period, the net worth of wealthy households increased substantially…."The housing bubble basically hid a trend of declining financial wealth at the median that began in 2001," said Fabian T. Pfeffer, the University of Michigan professor who is lead author of the Russell Sage Foundation study.
>
> The reasons for these declines are complex and controversial, but one point seems clear: When only a few people are winning and more than half the population is losing, surely something is amiss."

8: Most people can't even afford to get their teeth fixed: 7 things the middle class can't afford anymore, USA Today

USA Today:

> "A vacation is an extra expense that many middle-earners cannot afford without sacrificing something else. A Statista survey found that this year 54% of people gave up purchasing big ticket items like TVs or electronics so they can go on a vacation. Others made sacrifices like reducing or eliminating their

trips to the movies (47%), reducing or eliminating trips out to restaurants (43%), or avoiding purchasing small ticket items like new clothing (43%).

2–New vehicles…
3–To pay off debt…
4–Emergency savings…
5–Retirement savings…
6–Medical care…
7–Dental work…

According to the U.S. Department of Health and Human Services, "the U.S. spends about $64 billion each year on oral health care — just 4% is paid by Government programs." About 108 million people in the U.S. have no dental coverage and even those who are covered may have trouble getting the care they need, the department reports."

9: The good, high-paying jobs have vanished: Recovery Has Created Far More Low-Wage Jobs Than Better-Paid Ones, New York Times

NYT:

"The deep recession wiped out primarily high-wage and middle-wage jobs. Yet the strongest employment growth during the sluggish recovery has been in low-wage work, at places like strip malls and fast-food restaurants.

In essence, the poor economy has replaced good jobs with bad ones. That is the conclusion of a new report from the National Employment Law Project, a research and advocacy group, analyzing employment trends four years into the recovery.

"Fast food is driving the bulk of the job growth at the low end — the job gains there are absolutely phenomenal," said Michael Evangelist, the report's author. "If this is the reality — if these jobs are here to stay and are going to be making up a considerable part of the economy — the question is, how do we make them better?"

10: More workers are throwing in the towel: Labor Participation Rate Drops To 36 Year Low; Record 92.6 Million Americans Not In Labor Force, Zero Hedge

Zero Hedge:

"For those curious why the US unemployment rate just slid once more to a meager 5.9%, the lowest print since the summer of 2008, the answer is the same one we have shown every month since 2010: the collapse in the labor force participation rate, which in September slid from an already three decade low 62.8% to 62.7% – the lowest in over 36 years, matching the February 1978 lows. And while according to the Household Survey, 232,000 people found jobs, what is more disturbing is that the people not in the labor force, rose to a new record high, increasing by 315,000 to 92.6 million!

Bottom line: Unemployment has gone down because more people aren't working and have fallen off the radar."

11: Nearly twice as many people still rely on Food Stamps than before the recession: Food-stamp use is falling from its peak, Marketwatch

Marketwatch:

> "Food-stamp use is finally moving away from the peak. At 46.1 million people, total food-stamp usage is down about 4% from its high in December 2012 of 47.8 million. Only eight states in March (the latest data available) were up from the same month of 2013.
>
> It's still not great news, however, considering there were 26.3 million people receiving food stamps in 2007…"

12: The ocean of red ink continues to grow: American Household Credit Card Debt Statistics: 2014, Nerd Wallet Finance

Nerd Wallet Finance:

> U.S. household consumer debt profile:
>
> *Average credit card debt: $15,607
>
> *Average mortgage debt: $153,500
>
> *Average student loan debt: $32,656
>
> In total, American consumers owe:
>
> *$11.63 trillion in debt
>
> *An increase of 3.8% from last year
>
> *$880.5 billion in credit card debt
>
> *$8.07 trillion in mortgages
>
> *$1,120.3 billion in student loans
>
> *An increase of 11.5% from last year

13: No Recovery for working people: The collapse of household income in the US, World Socialist Web Site

WSWS:

> "The US Federal Reserve's latest Survey of Consumer Finances, released last Thursday, documents a devastating decline in economic conditions for a large majority of the population during the so-called economic recovery.
>
> The report reveals that between 2007 and 2013, the income of a typical US household fell 12 percent. The median American household now earns $6,400 less per year than it did in 2007.

Source: Federal Reserve Survey of Consumer Finances

> Much of the decline occurred during the "recovery" presided over by the Obama administration. In the three years between 2010 and 2013, the annual income of a typical household fell by an additional 5 percent.
>
> The report also shows that wealth has become even more concentrated in the topmost economic layers. The wealth share of the top 3 percent climbed from 44.8 percent in 1989 to 54.4 percent in 2013. The share of wealth held by the bottom 90 percent fell from 33.2 percent in 1989 to 24.7 percent in 2013."

14: Most people will work until they die: The Greatest Retirement Crisis In American History, Forbes

Forbes:

> "We are on the precipice of the greatest retirement crisis in the history of the world. In the decades to come, we will witness millions of elderly Americans, the Baby Boomers and others, slipping into poverty.
>
> Too frail to work, too poor to retire will become the "new normal" for many elderly Americans.
>
> That dire prediction… is already coming true. Our national demographics, coupled with indisputable glaringly insufficient retirement savings and human physiology, suggest that a catastrophic outcome for at least a significant percentage of our elderly population is inevitable. With the average 401(k) balance for 65 year olds estimated at $25,000 by independent experts …the decades many elders will spend in forced or elected "retirement" will be grim…
>
> The signs of the coming retirement crisis are all around you. Who's bagging your groceries: a young high school kid or an older "retiree" who had to go back to work to supplement his income or qualify for health insurance?"

15: Americans are more pessimistic about the future, Polling Report

According to a CNN/ORC Poll May 29-June 1, 2014:

> "Do you agree or disagree? The American dream has become impossible for most people to achieve."
>
> Agree: 59%
>
> Disagree: 40%
>
> Unsure: 1%

According to a NBC News/Wall Street Journal Poll conducted by the polling organizations of Peter Hart (D) and Bill McInturff (R). April 23-27, 2014:

> "Do you agree or disagree with the following statement? Because of the

widening gap between the incomes of the wealthy and everyone else, America is no longer a country where everyone, regardless of their background, has an opportunity to get ahead and move up to a better standard of living."Agree: 54%

Disagree: 43%

Mixed: 2%

Unsure: 1%

Also, according to a CBS News Poll. Jan. 17-21, 2014. N=1,018 adults nationwide.

"Looking to the future, do you think most children in this country will grow up to be better off or worse off than their parents?"Better off: 34%

Worse off: 63%

Same: 2%

Unsure: 1%

The majority of people in the United States, no longer believe in the American dream, or that America is the land of opportunity, or that their children will have a better standard of living than their own. They've grown more pessimistic because they haven't seen the changes they were hoping for, and because their lives are just as hard as they were right after the crash. In fact, according to a 2014 Public Religion Research Institute poll– 72 percent of those surveyed said they think "the economy is still in recession."

Judging by the info in the 15 links above, they're probably right.

Mike Whitney lives in Washington state. He is a contributor to Hopeless: Barack Obama and the Politics of Illusion (AK Press). Hopeless is also available in a Kindle edition. He can be reached at fergiewhitney@msn.com.