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The following article appeared in the October 31, 2011 issue of *The Wall Street Journal*. It describes a portrait of a possibly (very) slowing recovering U.S. economy, with various statistics, including, importantly, income statistics over the past several years.

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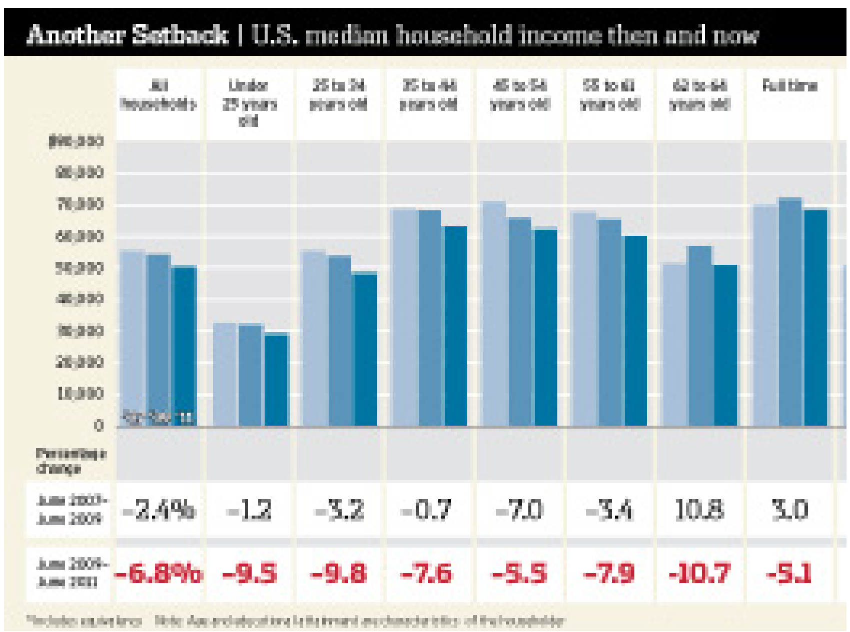
Slow Recovery Feels Like Recession

By BRENDA CRONIN

Americans are two years into a recovery that doesn't feel much different to many of them from life during the most bruising recession in seven decades. Scenes of the long haul back from the slump show a nation struggling to rebuild after a battering that crossed ages, regions and occupations.

A sobering set of economic statistics is at the heart of tales of Americans moving in with relatives, switching careers and dialing back on spending to cope with straitened circumstances amid the fitful rebound.



One benchmark, income of the median household—meaning the one in the very middle of the middle—declined 3.2% to $53,518 during the 2007-2009 recession and fell a further 6.7% to $49,909 between June 2009 and June 2011, according to an analysis of monthly Census Bureau numbers. According to a study done by former Bureau staffer Gordon Green and others at data-crunching firm Sentier Research, the income of the typical American household, adjusted for inflation and in 2011 dollars, has dropped well below the January 2000 level ($55,836).

Other data paint a similarly bleak picture. No recession since the Great Depression was deeper or longer than the most recent. It has taken two years for the nation's total output of goods and services to return to pre-recession levels, longer than after any recession since World War II. And on a per-capita basis, the Commerce Department said Thursday, output remains 3% lower than it was at the end of 2007.

Since the recession's end in mid-2009, the economy has been expanding but it isn't adding jobs at a fast-enough pace—at least 150,000 a month—to absorb the growing population. The unemployment rate stands at 9.1%, and nearly half the unemployed have been out of work for six months or more. Housing, the most fragile sector, has yet to rebound. As of June, home prices were 10.1% below mid-2009 levels. One in five mortgage borrowers has a loan bigger than the value of the underlying home.

Education, once a reliable means to employment and earning power, has been no insurance against declining incomes during the recovery. Between June 2009 and June 2011, the median income of households led by high school graduates fell 8.2%, Sentier estimates. Households led by people with two-year associates degrees saw incomes fall even more: 11.2%. And even those led by individuals with bachelor's degrees were squeezed: down 5.9%.

Recoveries are hard-pressed to take hold when earnings tread water or fall behind. Consumers who have less income and smaller retirement accounts—or who are underwater on their mortgages—are likely to spend less. Worries about finding or losing a job, or paying back debts, translate into cautious spending. Only 21% of Americans responding to the October Wall Street Journal/NBC News poll said they expected the economy to improve in the next 12 months. In the latest Wall Street Journal survey of economists, respondents said it would take more than a decade for median income to return to pre-recession levels.

Amid meager, if any, income growth, U.S. households are gradually whittling down their debt burdens. Americans are roughly halfway through efforts to reduce their debt, according to Jerry Webman, senior investment officer and chief economist at Oppenheimer Funds. Based on data such as consumer-credit levels, "it looks like we're at a bottoming point," he said. Until that process is over, it will constrain the economy, even if the U.S. is spared additional adverse shocks, leaving Americans groping for a way through an uneven recovery.

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