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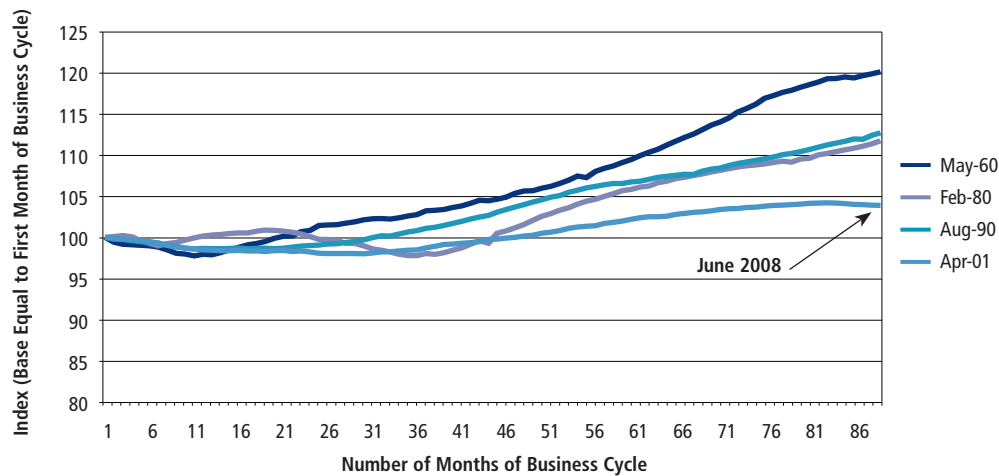
The bad economic news is mounting daily for America's families. Six straight months of job losses have followed the weakest job expansion since the Great Depression. Wages have fallen for much of the past two years, erasing most of the meager gains before then. And prices for large necessities are up sharply. At the same time, families still struggle with large amounts of debt. More and more families are succumbing to pressure to declare bankruptcy and default on their loans.

Easing the burden on families, though, will not be easy. The original economic imbalances that led to these conditions still loom large. Massive trade deficits drain our national resources, innovation is low—meaning we generate less of what we need—and long-term budget deficits created by short-sighted tax cuts for the rich pose obstacles to real solutions for America's families.

- 1) **Job losses mount.** The United States lost a total of 438,000 jobs in the first six months of 2008, including 62,000 jobs in June 2008. Average monthly job growth was only 1,300 jobs over the past 12 months, compared to 142,900 jobs in the previous 12 months, and 194,700 jobs in the 12 months before that.
- 2) **The threat of unemployment looms.** In June 2008, the unemployment rate was 5.5%—the highest level since October 2004. The African-American unemployment rate stood at 9.2%, the Hispanic unemployment rate at 7.7%, and the unemployment rate for whites at 4.9% in June 2008.
- 3) **Wages are flat.** Factoring in inflation, hourly wages were only 1.7% higher and weekly wages were only 0.6% higher in May 2008 than in March 2001. Wages in May 2008 were at their lowest level since August 2006.
- 4) **Fewer people have pensions and health insurance.** The share of private sector workers with a pension dropped from 50.3% in 2000 to 43.2% in 2006, and the share of people with employer-provided health insurance dropped from 64.2% to 59.7%.
- 5) **Family debt remains high.** Household debt averaged 132.4% of disposable income in the first quarter of 2008, down from a record high of 133.5% in the previous quarter, but higher than at any point prior to the second quarter of 2007.
- 6) **The housing crisis deepens.** New home sales in May 2008 were 40.7% lower than a year earlier, and existing home sales were 15.9% lower. The average monthly supply of homes for the six months ending in May was 10.3 months, the highest since the U.S. Census started to report residential sales in 1967.
- 7) **Homeowners' losses increase.** The total values of all homes fell by 2.5% in the fourth quarter of 2007 after accounting for inflation, the largest drop since the second quarter of 1974. Home equity as a share of home values also fell to a record low of 46.2%.
- 8) **Oil and gas prices rise.** The price per barrel of light, sweet crude oil in early June 2008, which will be delivered in the next month, was 86.8% above the same price a year earlier. Gasoline prices increased by 39.0% during the same time. This leaves a lot of room for further increases at the pump, even from current record high levels.
- 9) **People are paying more for basics.** Transportation cost 7.6% more in May 2008 than a year earlier, college tuition was up by 6.4%, fuel and utilities by 10.7%, medical care by 4.1%, and food by 5.8%. Since March 2001, food prices rose by 23.0%, fuels and utilities by 45.4%, medical care by 34.7%, transportation by 28.7%, and college tuition by 66.2%.
- 10) **Families feel the pressure.** The share of mortgages entering foreclosure was a record high 1.0% in the first quarter of 2008, and the share of all mortgages in foreclosure came to a record high of 2.5%. The bankruptcy rate rose by 85.2% from 1.5 cases per 1,000 people in the first quarter of 2006—the first quarter after the new bankruptcy law went into effect—to 2.7 cases per 1,000 people in the fourth quarter of 2007. Credit card defaults rose to 4.7% of all credit card debt by the first quarter of 2008, an increase of 50.2% from the first quarter of 2006.
- 11) **The budget deficit increases sharply.** In the first nine months of the fiscal year 2008, which runs through September 30, the deficit amounted to \$268 billion, up from \$121 billion a year earlier.
- 12) **The trade deficit remains high despite strong export growth.** In the first quarter of 2008, the trade deficit stayed at 5.0% of gross domestic product for the third quarter in a row.
- 13) **The dollar reaches new low.** By early July 2008, a dollar bought 44.1% fewer euros, 36.0% fewer Canadian dollars, 28.4% fewer British pounds, and 14.7% fewer Japanese yen than in March 2001.

# America's middle class continues to struggle and the economy remains on an unsustainable path.

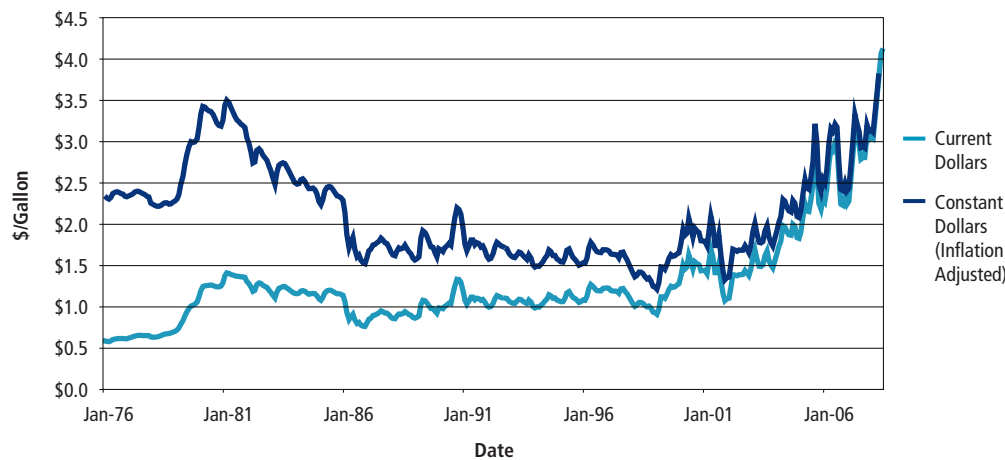
## EMPLOYMENT GROWTH IN BUSINESS CYCLES THAT LASTED AT LEAST 87 MONTHS, INDEXED TO FIRST MONTH OF BUSINESS CYCLE



Calculations based on Bureau of Labor Statistics, 2008, Current Employment Survey, Washington, D.C.: BLS.

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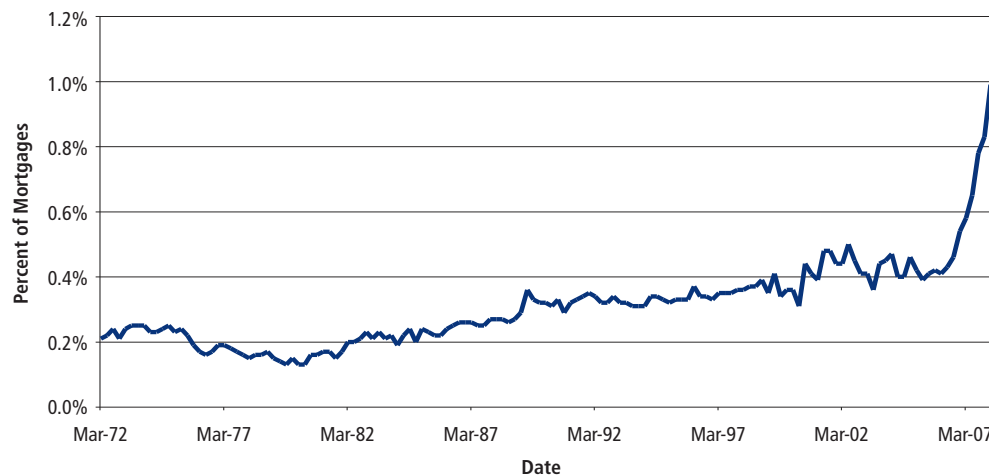
## NOMINAL AND INFLATION ADJUSTED GASOLINE PRICES (\$/GALLON), 1980 TO 2008



Source: Energy Information Administration, Department of Energy, 2008, Short-Term Energy Outlook, Washington, D.C.: EIA. CPI for July 2008 is EIA forecast.

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## SHARE OF MORTGAGES, WHERE FORECLOSURE HAS BEEN STARTED, 1972 TO 2008



Source: Mortgage Bankers Association, 2008, National Delinquency Survey, Washington, D.C.: MBAA.

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