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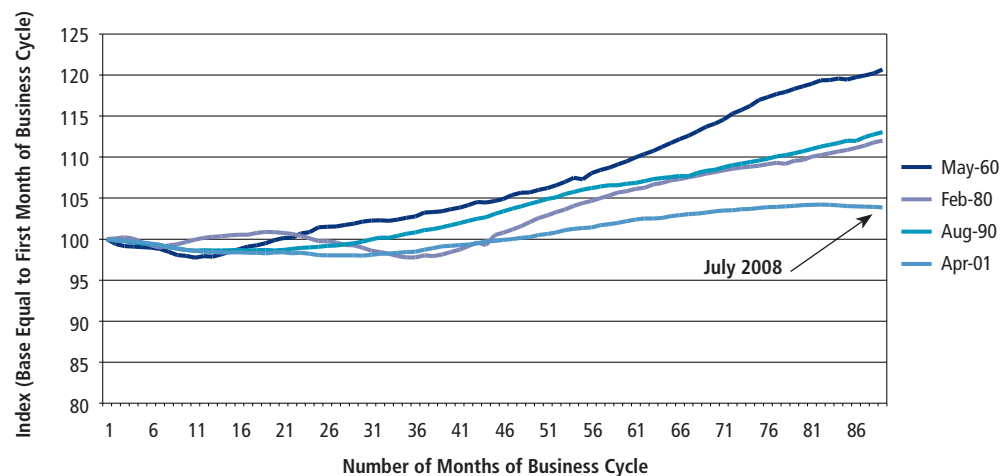
The U.S. economy is settling into a deepening slump with worsening economic pain for America's families. Seven months of job losses followed the slowest job growth since the Great Depression. Wages are close or even below where they were when this business cycle started in March 2001. At the same time, families have to pay a lot more for everything from gasoline to food, medical care, and college tuition. Paying more for life's necessities has become much harder as families are burdened with large amounts of debt.

More and more families are succumbing to the pressures by declaring bankruptcy and defaulting on their loans. Easing the burden on families will not be easy since massive trade deficits are draining our national resources, low innovation is preventing us from generating more of what we need, and long-term budget deficits due to tax cuts for the rich are posing obstacles to real solutions for America's families.

- 1. Job losses mount.** The United States lost a total of 463,000 jobs in the first seven months of 2008, including 51,000 jobs in July 2008. For the past 12 months, the United States lost on average 5,600 jobs each month after gaining an average of 125,800 in the 12 months before that and 185,800 in the 12 months before then.
- 2. The threat of unemployment looms.** In July 2008, the unemployment rate was 5.7%—the highest level since March 2004. The African-American unemployment rate stood at 9.7%, the Hispanic unemployment rate at 7.4%, and the unemployment rate for whites at 5.1% in July 2008.
- 3. Wages are flat.** Factoring in inflation, hourly wages were only 0.9% higher and weekly wages were actually 0.3% lower in June 2008 than in March 2001. Hourly wages in June 2008 were at their lowest level since August 2006 and weekly wages were at their lowest level since October 2005.
- 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 33.2% lower than a year earlier, and existing home sales were 15.5% lower. Prices for existing homes fell by 6.1% and prices for new homes by 2.6% from June 2007 to June 2008. The average monthly supply of homes for the six months ending in June was 10.2 months, the highest since the U.S. Census started to report residential sales in 1967.
- 7. Homeowners' losses continue.** The total values of all homes fell by 2.5% or \$417 billion in the first 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% in the first quarter of 2008.
- 8. Oil and gas prices stay high.** The price per barrel of light, sweet crude oil in early August 2008, which will be delivered in the next month, was still 64.6% higher than a year earlier. Gasoline prices increased by 36.7% during the same time. This difference will limit the declines in gasoline prices.
- 9. People are paying more for basics.** Transportation cost 11.4% more in June 2008 than a year earlier, college tuition was up by 6.4%, fuel and utilities by 12.3%, medical care by 4.0%, and food by 6.1%. Since March 2001, food prices have risen by 24.2%, fuels and utilities by 48.1%, medical care by 35.0%, transportation by 33.5%, and college tuition by 66.9%.
- 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 94.7% from an annualized 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 2.9 cases per 1,000 people in the first quarter of 2008. 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 10 months of the fiscal year 2008, which runs through September 30, the deficit amounted to \$371 billion, up from \$157 billion a year earlier.
- 12. The trade deficit remains high despite strong export growth.** In the second quarter of 2008, the trade deficit increased again to 5.2% of Gross Domestic Product—the highest level since the second quarter of 2008.

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

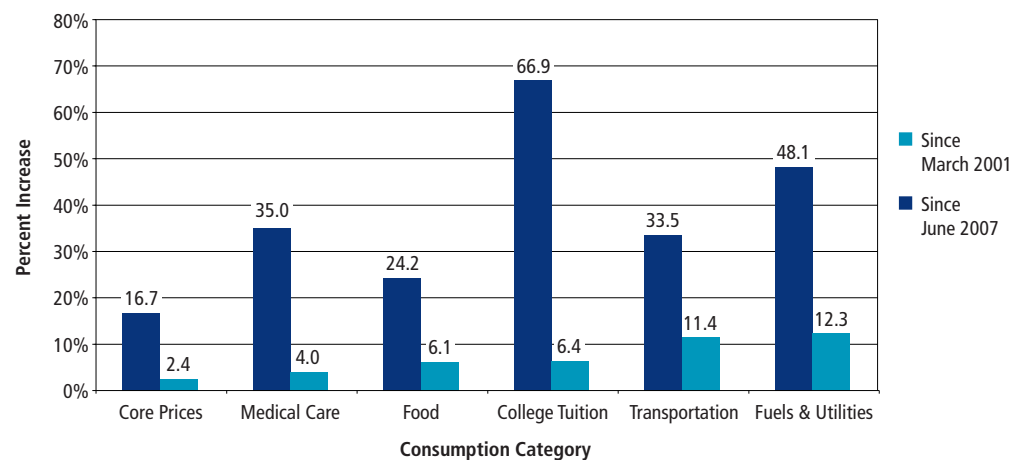
EMPLOYMENT GROWTH IN BUSINESS CYCLES THAT LASTED AT LEAST 88 MONTHS, INDEXED TO FIRST MONTH OF BUSINESS CYCLE



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

Job losses mount. The United States lost a total of 463,000 jobs in the first seven months of 2008, including 51,000 jobs in July 2008. For the past 12 months, the United States lost on average 5,600 jobs each month after gaining an average of 125,800 in the 12 months before that and 185,800 in the 12 months before then.

SELECT PRICE INCREASES DURING THE CURRENT BUSINESS CYCLE

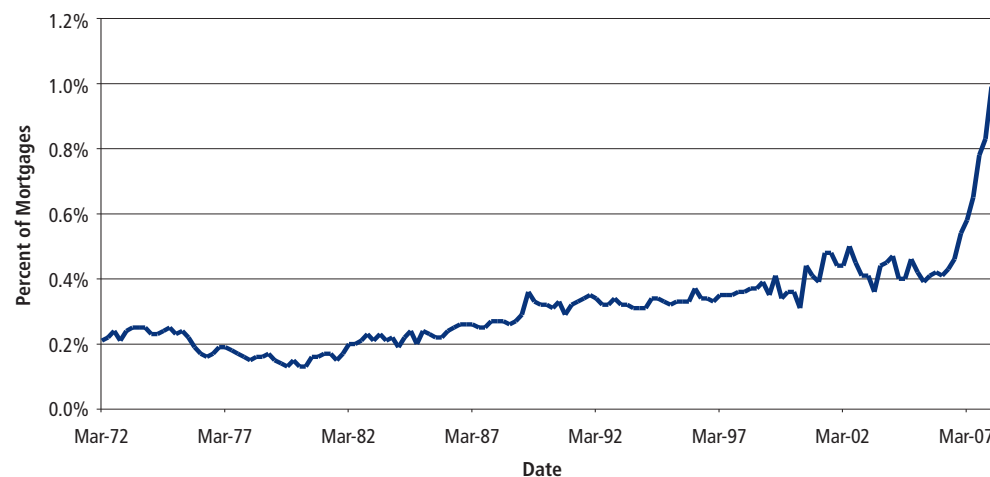


Source: Bureau of Labor Statistics, 2008, Consumer Price Index, Washington, D.C.: BLS. Core prices refer to CPI-U without food and energy.

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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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