

## Chapter 2, Section 2. U.S. Economy ~ Drive for Recovery's Missing: Very Stagnant Personal Consumption & its Background (1) ~

- In 2011, the recovery pace was much slower (Fig. 38). In the background to this, there is weak household consumption, which comprises 70% of GDP, a weak housing market, decreasing government expenditures due to a worse state and local fiscal conditions, etc.
- Much Weaker Personal Consumption (Fig. 39): Its growth rate slowed since April 2011, and was in a declining trend from spring to summer. The background includes a decrease in real income and assets due to the late recovery in employment, continuing balance sheet adjustments, etc.
  - Growth in real income stagnated: Since 2008, household median income decreased (Fig. 40), and income disparities grew. Real disposable income decreased since mid-2011 (Fig. 41).
  - Feeling of heavy debt burden: In an environment with housing prices still in a downward trend, household assets are decreasing. Debt balances continue at high levels (Fig. 42).

Fig. 38 Real Economic Growth

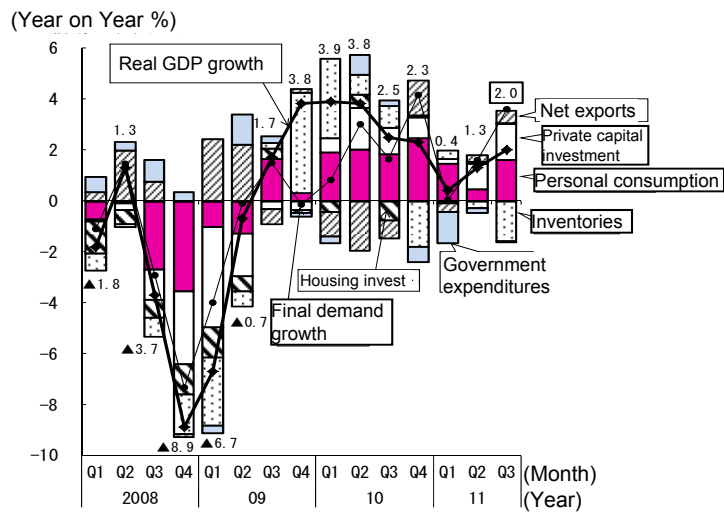


Fig. 40 Household Median Income

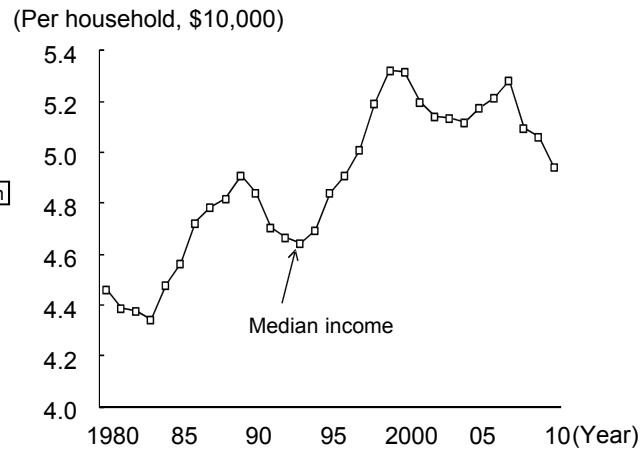


Fig. 42 Feeling of Household Debt Burden

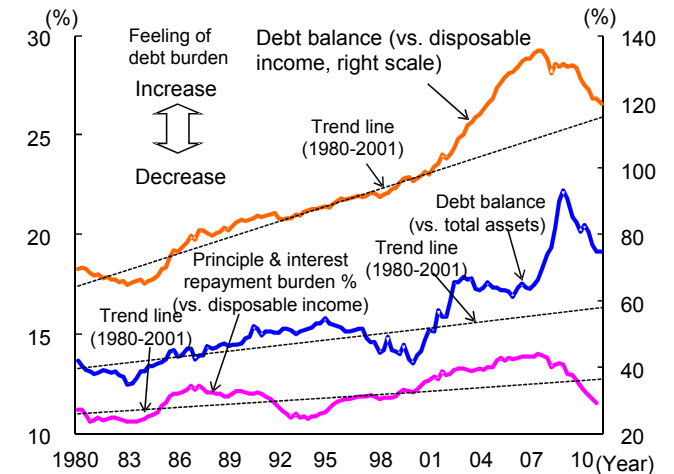


Fig. 39 Personal Consumption Contribution Components

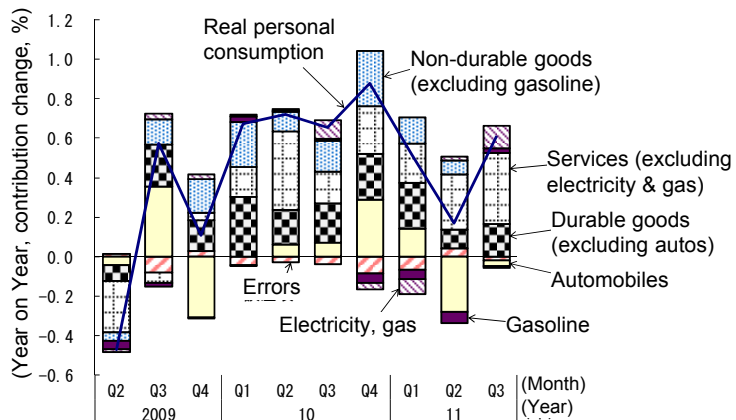
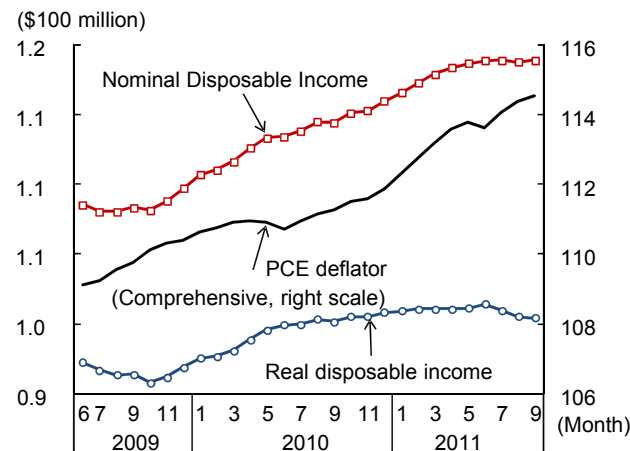
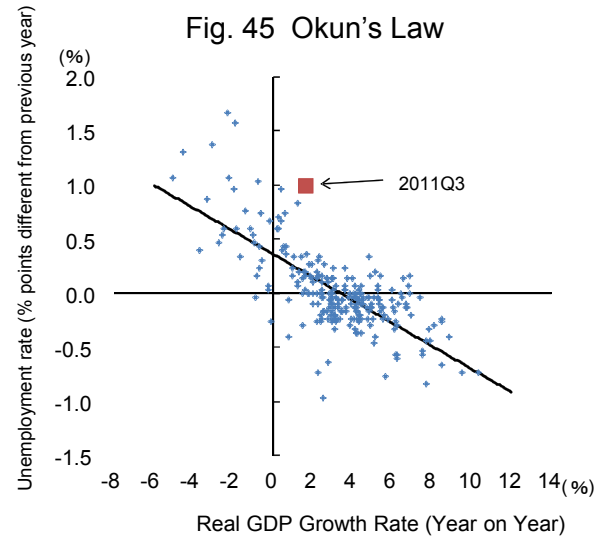
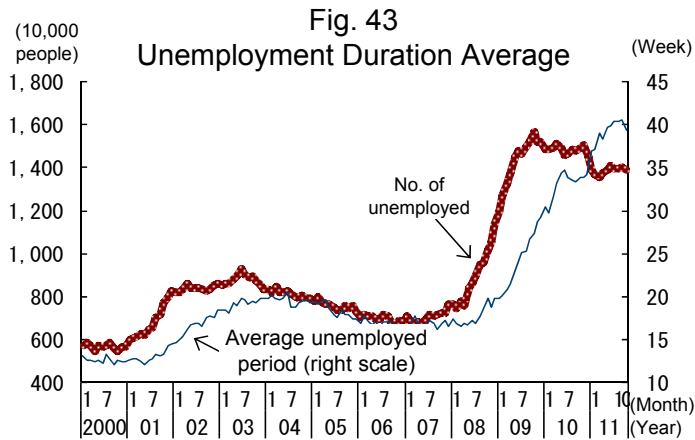


Fig. 41 Real Disposable Income

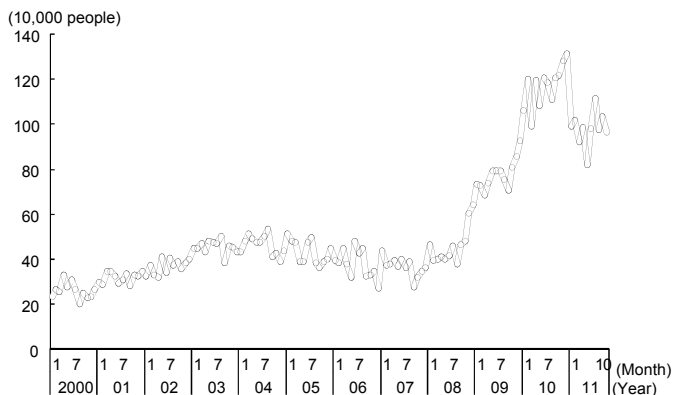


## Chapter 2, Section 2. U.S. Economy ~ Drive for Recovery's Missing: Very Stagnant Personal Consumption & its Background (2) ~

- Late Recovery in Employment: The number of employees was growing by about 200,000 monthly from February to April 2011, but they grew by less than 100,000 monthly on average from May to October. Also, the unemployment rate remains high, at over 9%.
  - Unemployment Status also Worse: The unemployment duration average was the longest ever. The number of long term unemployed rose to over 40% of all unemployed. And the number of people who stopped looking for work remains high. (Figures 43 & 44)
  - The unemployment rate remains high compared to the GDP growth rate and vacancy rate, possibly due to economic cyclical causes and structural causes (Fig. 45).
    - Manufacturing employment is falling despite the economic recovery. Manufacturing is generating fewer jobs, due to outsourcing overseas and higher labor productivity, etc. On the other hand, education and medical employment is growing unrelated to the economic cycle. (Fig. 46)
  - In 2011, people submitting new applications for unemployment insurance did not decrease, while there was a decrease in people receiving unemployment benefits for a long time. This may be due to an increase in the number of unemployed who exceeded the allowed period for receiving unemployment benefits, and due to unemployed dropping out of the labor market as long term unemployment reduced their skills and desire to seek work.



**Fig. 44 People Who Stopped Looking for Work**



**Fig. 46 No. of Employees, by Industrial Sector**

