Economic recovery missing from paychecks

By Paul Davidson and John Waggoner, USA Today

Stock markets and corporate profits are breaking records. The economy suddenly looks brighter after the government's surprising report Friday that employers added 635,000 jobs the past three months.

But instead of celebrating, many working Americans are borrowing a line from the 1996 movie "Jerry Maguire" – "Show me the money."

Hourly wages ticked up 4 cents in April to an average $23.87, rising at about the same 2 percent annual pace since the recovery began in mid-2009.

But taking inflation into account, they're virtually flat. Workers who rely on paychecks for their income have been running in place, financially speaking. Adjusting for inflation, an average worker who was paid $49,650 at the end of 2009 is making about $545 less now – and that's before taxes and deductions.

Stagnant wages aren't only tough on workers – the American economy is paying a price, too. Living standards aren't rising. Consumer spending, which is 70 percent of the economy, is more restrained. And the recovery advances at a slower pace.

"Ultimately, for the economy to thrive we need everyone participating," said Mark Zandi, chief economist of Moody's Analytics.

The profits of Standard & Poor's 500 companies hit a record in the first quarter.

The roaring market is making the richest Americans richer and giving them more money to spend. But in 2010, only 31 percent of U.S. households had stock holdings of $10,000 or more, according to the Economic Policy Institute. During the first two years of the recovery, average net worth rose for the top 7 percent of households but fell for the other 93 percent, the Pew Research Center said.

“Don’t hold your breath” for employers to become more generous, said John Lonski, chief economist for Moody’s Investors Service. One reason, he said, is that revenue growth has been meager, up between 0.5 and 1 percent in the past year.