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Trying to Chart the Long Road Back

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Perhaps it should come as no surprise that after enduring the most brutal [recession](#) since [the Great Depression](#), the United States economy has emerged with a pronounced limp.

In an article today we [take a look](#) at this recession, and the recovery, and found little reason to cheer. Many indicators, from home prices and sales to commercial vacancies to jobs, jobs and more jobs, point to years rather than months before the economy recovers its old vigor.

In analyzing 30 years of real estate data, for instance, Steve Murray, editor of [Real Trends](#), an industry newsletter in Denver, found that the average number of homes sold in a given year works out to about 5 percent of all households. Given the current number of households in the United States — about 119 million — that means homeowners or developers should sell a total of about 5.9 million houses this year. At the current rate of sales, Mr. Murray figures the nation is on track to sell closer to 4.85 million this year.

As a measure of how out of whack things got during the boom, owners and home builders sold 8.3 million homes in 2005.

“We’d have to have 165 million households to justify those sales,” Mr. Murray said. “That’s not going to happen.” Mr. Murray estimates that at current population growth, it would take another 10 or 15 years before an annual rate of 8.3 million homes makes sense.

That’s a lot of calendar time.

We visited three states that once took their place among our economy's strongest horses, from the once perpetually fast-growing Arizona and Georgia, to New Jersey. These states are hurting, with high rates of unemployment, pension woes and the like.

[Elliott D. Pollack](#), an economic forecaster in Phoenix, is particularly trenchant on his state, and his speeches (you must register first) on the decrepit state of the state economy [are available](#) online (you must register). And in Georgia, the Atlanta Regional Commission [offers an abundance](#) of economic data.

It's inevitable in an election year that the party of the outs, the Republicans, would blame the party of the ins, the Democrats and [President Obama](#), for the state of the economy. And there is plenty of room for argument over steps that might have been taken or avoided, though nonpartisan evaluators have credited the president's [stimulus package](#) with saving or creating at least 1.5 million jobs.

But financial collapses of the sort that precipitated the Great Recession — a collapse at least a decade in the making — almost invariably lead to long, slow recoveries, with painful stumbles along the way. That, anyway, is a conclusion drawn from the work of two noted economists, [Carmen M. Reinhart](#) of the [University of Maryland](#) and [Kenneth S. Rogoff](#) of Harvard, in their book "[This Time Is Different: Eight Centuries of Financial Folly](#)." A [paper of theirs](#) also examines some of these questions.

Our article confines its rather dreary lens to the United States economy, but several prominent economists told us they take the view that neither is Europe's health assured. Desmond Lachman, a former managing director at Salomon Smith Barney and now a fellow with the [American Enterprise Institute](#), describes himself as "supergloomy" on the American and the European economies. "In my career, I have not seen imbalances like this," he told us. "It's practically a certainty that something is going to give. I don't know if you are talking 12 months or 18 months, but I see Europe blowing up, and that's going to make a dismal picture in the United States look much worse."

In a [paper](#) a year ago, Mr. Lachman's examined many of these themes, and more recently he [looked at the euro](#).

It should be emphasized that Mr. Lachman is a bit the gloomy outlier on Europe, and that a majority of economists take the view that the Continent will probably muddle through. But economic and fiscal land mines remain in place there as in the United States; at the very least, we have the misfortune of living in uncomfortably interesting times.