

# Survey: No recession; weakness will endure

Economists say they are growing more pessimistic on jobs, spending

By Paul Wiseman

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WASHINGTON — Another recession isn't likely over the next 12 months, but neither is any meaningful improvement in the economy.

That's the picture that emerges from an Associated Press survey of leading economists who have grown more pessimistic in recent weeks. They say high unemployment and weak consumer spending will hold back the U.S. economy into 2012.

Their gloominess comes at a time when Europe's debt crisis threatens to infect the global financial system. It also coincides with an annual economic conference late this week in Jackson Hole, Wyo., and speculation about whether Federal Reserve Chairman Ben Bernanke will unveil any new steps there to help the economy.

Worries that another recession is nearing and that the European crisis will spread have led to a roughly 15 percent drop in stock prices in the past month. Economists say the Great Recession ended in June 2009.

What makes a solution so difficult is that the fear gripping investors isn't just a symptom of economic distress; it's also a cause of it. Sinking stock prices frighten consumers and businesses. They then spend and invest less. In-

vestors respond to lower corporate sales by selling stocks, worsening the market declines.

Each day that the stock market sinks "puts another nail in the coffin of the recovery," said Beth Ann Bovino, senior economist at Standard & Poor's.

"I had been saying it was half-speed recovery; now, it's a quarter-speed recovery," Bovino said.

She is among 43 private, corporate and academic economists surveyed this month by the AP. As a group, they are more downbeat than when surveyed eight weeks ago. Among their conclusions:

» The likelihood of a recession within the next 12 months is 26 percent. In June, the economists had put the likelihood at 15 percent.

» The economy will inch ahead at an annual rate of 2 percent in the July-September quarter and 2.2 percent from October through December. Though slightly stronger than the growth for the first half of 2011, that isn't enough to lower the unemployment rate much, if at all. And next year will barely be stronger.

» Weak consumer spending poses a "major" risk to the economy. In June, Americans cut their spending for the first time in nearly two years. And consumer spending fuels about 70 percent of the economy.