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Americans, Gradually, Feel Grip of Recession
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The recession that started in March is gradually intruding on people's lives, forcing them to cut back in ways that contribute to the downturn.

Young people just out of college find themselves unable to land jobs in their chosen careers, or to afford rent for their first homes. Retirees try to get by on suddenly shrunken incomes. Immigrants send less money to relatives back home, or cut their own expenses. And a growing number of middle-income people, having lost jobs or bonuses or raises, squeeze luxury out of their lives.

But if the number of Americans untouched by recession is diminishing, optimism is not. The expectation of most forecasters – that the economy will be rising by June – is shared by many Americans who see their new hardship as temporary and therefore bearable. That mix of optimism and pain showed up in two dozen interviews with people in all walks of life across the country.

"People see this recession as a temporary adjustment after a long expansion that could not go on forever," said Tom W. Smith, a director at the University of Chicago's National Opinion Research Center. "The message we get is that people are hurting; they are finally beginning to experience the recession in their daily lives. But they view the economy as fundamentally sound."

Only a minority of the population, roughly 17 percent, feel directly affected by the recession, said Humphrey Taylor, chairman of Louis Harris & Associates, the polling firm. But that is up from 10 percent last summer and is growing rapidly, deepening the downturn as people are drawn in and spend less.

New college graduates are especially touched, people like Anne Turner Gunnison, who is unable to find a job in her chosen field. Andrew Mickish and Karen Griffin, a couple in their early 30's, had a solid foothold in the dot-com world, plummeted into unemployment, then made it only partway back, and shifted to a simpler lifestyle.

Daniel Mejia, an immigrant who worries that his job as a van driver is about to vanish, has stopped sending money to his grown children in El Salvador.

Preston S. Smith, a marketing executive at the wealthier end of the spectrum, is cutting back on vacations and other purchases, but is betting on a bull market soon. The Henkenius family of rural Iowa, earning well but feeling recession all around them, are trimming their already modest expenses. And Philip Colombo, a recent retiree hoping to move smoothly into a new job, is finding the road rather bumpy.

The poor, meanwhile, who suffer in good times as well as bad, seem less affected than higher-income people. Unemployment has barely risen in the past year among people who make less than $20,000, the Labor Department reports. That is not much consolation for Tony Acevedo, who has many fewer customers for his $10 boardwalk massages, although he shows up in the statistics as employed.

Through most of last fall, attention focused more on the terrorist attacks and the national response than on the economy. But now opinion polls show that the recession is surging back into public focus, along with an unexpected optimism.

"There is this tremendous sense of resiliency and resourcefulness," Mr. Smith, the pollster, said. "We will get the terrorists and we will work our way through the recession."

Challenges for the Class of 2001

No group appears to be experiencing the recession with more surprise, and pain, than the Class of 2001, caught off guard as they started careers. For Ms. Gunnison, 22, an art history major, the recession was under way when she graduated from Stanford in June. But she did not notice. She moved quickly into an ideal job: classifying early 20th-century Indonesian textiles at the Cantor Center for Visual Arts at Stanford. There was even a salary, $10 an hour, for this opening burst in her career.

But when the textile project ended in October, Ms. Gunnison tried to move along. “I thought the next job was out there,” she said, “and it wasn’t.”

With art sales shrinking, museums and galleries stopped hiring, and numerous applications for jobs in her field turned up no openings. The one she did find – explaining contemporary art to gallery visitors at $15 an hour – drew 80 applicants. Ms. Gunnison was one of two finalists, but did not get the job.

Giving up plans to take an apartment in San Francisco, she soon moved back to her parents’ home in Sacramento, lowering her sights as she retreated. “I am aware now of the recession, but I cannot understand why I cannot find any job,” she said. In her latest attempt, she applied for an opening at a bakery, which did not bother to call her back.

Ms. Gunnison’s pain is shared by young people a decade older, like Mr. Mickish and Ms. Griffin. Their income soared to $143,000 last January as they swung from dot-com to dot-com in Pittsburgh’s high-technology world, and then they slid into unemployment.

Fleeing the debacle, they moved in September to Miami, where they have put together $90,000 in family income, he as a software engineer at a dot-com, she as a coordinator for a nonprofit organization that offers water sports for disabled vacationers and residents.

“We found in The South Florida Business Journal a little write-up about a software company that was running in the black; no venture capital, no lines of credit,” said Ms. Griffin, who is 31, two years younger than her husband. “We decided that was the only sort of dot-com that could survive, so Andy applied and got a job.”

He earns $70,000. Gone now is the dining out in fine restaurants and the season tickets to jazz concerts, the symphony, the theater – the life left behind in Pittsburgh. The second car is gone, and the $20,000 in credit card debt is nearly paid off, mostly by draining savings. The couple’s biggest expense is $1,200 a month rent on their bungalow, but most months they get a discount by doing work on the building.

“The recession is bringing us a different conception of life,” Ms. Griffin said. “We worked our heads off for money and it ended up being an illusion. So we made the decision to live simpler lives.”

Added Pressure on Immigrants

What brought the recession into the life of Mr. Mejia, an immigrant from El Salvador, was a letter that Massachusetts sent to state employees in December warning that because tax revenues were falling, 5,000 jobs would be cut, including jobs in the Department of Mental Health, where Mr. Mejia works as a minivan driver.

So like millions of Americans, the Mejia family is cutting expenses, which in turn threatens to deepen the recession.

Not that Mr. Mejia, 52, or his wife, Magnolia, 48, ever spent incautiously. Millions of immigrants do not earn even as much as he now does – $30,000 in the state job and $9,000 as a night janitor at Harvard. Mrs. Mejia adds $4,000 as a nanny.

What frightens the Mejias is that he could lose his state job, a post he moved up to in 1999 after working for years as a lower-paid orderly.

So Mr. Mejia is taking precautions. He has stopped sending $200 a month to three grown children in El Salvador. The fourth child lives with the Mejias in their two-bedroom apartment near Boston University, which costs $1,300 a month, up 30 percent in a year, Mr. Mejia complains.

The Mejias gave up a trip to Colombia, Mrs. Mejia’s homeland, and the family has all but stopped buying clothing, even for the youngest, a son, 10. Mr. Mejia canceled a cellphone, and put their tax rebate toward paying down debt.

The money he sent south had been for three children from his first marriage, children raised by his mother after Mr. Mejia emigrated 18 years ago. He tried before to bring them north, he said, but they did not want to leave their grandmother. “Now they want to come and I can’t get them visas,” he said.

Changes for the Rich and Poor

At the upper end of the work force, Mr. Smith, 49, is also beginning to experience the recession. Relatively few Americans earn more than he does as an executive at Lowe, Brockenbrough & Company in Richmond, Va., which manages investments for wealthy clients.

But his income, which had been rising 10 percent a year, leveled off in 2001 at nearly $140,000. And the bonus portion, $20,000, is being paid more slowly – in four installments over 12 months instead of the usual two over six months.

"I had hoped to be earning at least $160,000 by now, but the company's performance has obviously been affected," Mr. Smith said. So he is cutting expenses, planning just one vacation in 2002 – and only with his wife – instead of the three vacations the family took in 2001, two with all six children.

He has put off many optional purchases, like buying a new computer to replace the oldest of the three PC's scattered through the family's six-bedroom home in a Richmond suburb. When his father-in-law purchased a new printer, Mr. Smith offered to buy the old one, and finally accepted it as a gift. Still, he sees this austerity as temporary. The recovery cannot be far off, he said, and he is already putting money into what he calls underpriced stocks, betting on a bull market ahead.

Mr. Acevedo, at the poor end of the national income scale, is not sanguine. A sometime actor, he had gotten by for five years by giving impromptu $10 massages at a boardwalk stand in Venice, Calif. Now, instead of 8 or 10 customers, a good day is 3 or 4, and Mr. Acevedo, 58, often discounts his price to get them.

"All the vendors are discounting," he said. "I guess people are afraid to spend."

Fears for Those Not Yet Affected

Some families suffer the symptoms of recession shock without yet being hurt by the recession. That is the story of the Henkenius family in Arcadia, Iowa, population 400.

Darrell Henkenius and his wife, Kerry, both 40, bring home $65,000 a year, he as the manager of a grain elevator, she as a part-time truck dispatcher. That is high-end income in Arcadia, and Mr. Henkenius is still getting raises, putting them even further above the nation's median family income of just over $50,000. Without hesitation, the couple added $500 to annual school tuition, when their youngest, 8-year-old Hope, joined her two teen-age sisters at a Catholic school.

But farmers have been in recession for months, suffering from weak crop prices, and the Henkenius family is gradually embracing the mood around them. By refinancing debt, the family has cut mortgage and car payments to $300 a month from $600. Rather than hire a carpenter to rebuild their front porch, Mr. Henkenius did the work himself. And rather than drive two hours to shop in Omaha, the family uses the Internet more often, and buys less.

For Mr. Henkenius, Sept. 11 was yet another blow to rural America. "Things have got to rebound," he said.

Retirees Face Uneasy Times

Mr. Colombo, 59, retired on July 7, unaware that the downturn he read about in his newspaper applied to him, too, and would soon upend his plans. His father, he notes, retired at 60 and never worked again, had not wanted to. Mr. Colombo had a different goal. He would roll quickly into a new job that employed the same media and public relations skills he had used as a service coordinator at the Tri-County Metropolitan Transit District of Oregon, the public transit authority in Portland.

"I did not sense a recession at all here in Portland until I looked for a job and started getting negative letters," Mr. Colombo said. He soon asked friends in the media what was happening. "I learned that people were being laid off behind the scenes," he said.

Mr. Colombo, who worked at Tri-Met for 20 years, earning $51,000 when he retired, counts on another job, one that pays at least $35,000, to supplement his pension. He took the pension as a lump sum of $161,000, rather than in monthly installments of $800 to $900.

A financial adviser invested the $161,000 in stocks, preferring that to interest-bearing deposits that are a problem now for many retirees because rates have fallen so low. But his portfolio today is worth $4,000 less, Mr. Colombo reports.

As if that were not enough, his wife, Jacqueline, 52, has had her hours as a receptionist cut, shaving more than $1,000 from her $12,000-a-year income.

Still, Mr. Colombo is persistently optimistic. He will soon begin to draw $1,200 a month from his pension fund, confident that rising stock prices will more than replace the outlay. His two children are grown and self-supporting. He and his wife have made the usual spending cuts: less eating out, no new clothing, and the biggest sacrifice of all, Mr. Colombo's decision to postpone for a semester the doctorate he is pursuing in public policy. "I could not right now take $700 and invest it in tuition," he said.

Asked if he would have retired in July, knowing what he knows now, he hesitated. He probably would have waited, he finally acknowledged, but quickly added that he hated the job. "The conditions in the office were not the best," he said.

Once the recovery comes, Mr. Colombo said, he will find a job. And the recovery will come. This 10th recession since World War II is not yet, for the optimistic Colombo family, life-changing.

GRAPHIC: Photos: Finding work is hard for recent graduates like Anne Turner Gunnison. (John Decker for The New York Times)(pg. A1); Darrell Henkenius is still receiving raises as a manager of a grain elevator in Arcadia, Iowa, but is watching his family's spending. (Steve Pope for The New York Times); Philip and Jacqueline Colombo in Portland, Ore., are revising retirement plans, and Daniel Mejia in Boston is worried about his job. (Michael Dwyer for The New York Times); (Shane Young for The New York Times)(pg. A16)