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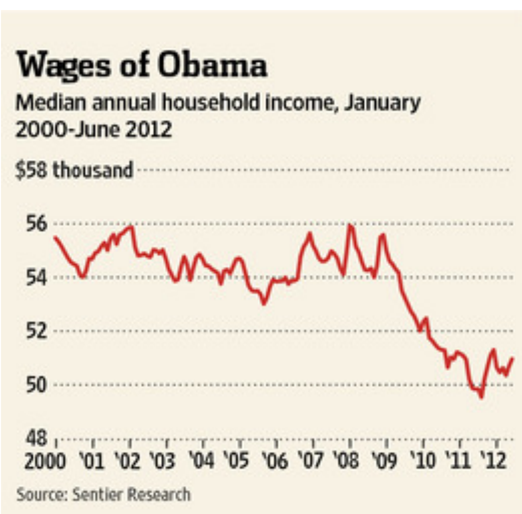
Negative $4,019

The Obama years have been brutal on middle-class incomes.

The Presidential race is boiling down to one dominant issue: which party's policies will do more to help the financially stressed American middle class. President Obama's campaign theme is that Mitt Romney and the Republicans cater to the rich, while Mr. Obama cares about struggling families.

He may care, but he sure hasn't done much for them. New income data from the Census Bureau, tabulated by former Census income specialists at the nonpartisan economic consulting firm Sentier Research, reveal that the three-and-a-half years of the Obama Presidency have done enormous harm to middle-class households.



In January 2009, the month President Obama entered the Oval Office and shortly before he signed his stimulus spending bill, median household income was $54,983. By June 2012, it had tumbled to $50,964, adjusted for inflation. (See the chart nearby.) That's $4,019 in lost real income, a little less than a month's income every year.

Unfair, you say, because Mr. Obama inherited a recession? Well, even if you start the analysis when the recession ended in June 2009, the numbers are dismal. Three years after the economy hit its trough, median household income is down $2,544, or nearly 5%.

Add the authors: "The overall decline since June 2009 was larger than the 2.6 percent decline that occurred" during the recession from December 2007 to June 2009. For household income, in other words, the Obama recovery has been worse than the Bush recession.

It's true that the Bush years overall were also not great for household incomes. According to Sentier's analysis, real median household income is down about 8% from $55,470 in 2000 before the dot-com bubble burst. Some of this decline is due to the continuation of a trend of smaller family size, lower fertility rates and more Americans living alone. But some was also due to the subpar economic growth across the 2000s.

That slow growth trend has become worse since the latest recession, and this is where Mr. Obama is implicated. The President portrays the financial decline of American families on his watch as part of a decades-long trend.

He's wrong. Real income for middle-income households rose by roughly 30% from 1983 to 2005, according to the Congressional Budget Office. The political left likes to blame the ebbing of union power. But nongovernment unionization fell dramatically in the 1980s and '90s, and incomes rose.

So what does explain falling real incomes? Slow growth, yes, but another culprit has been rising prices—especially for food, gasoline, medical procedures and college tuition—that have eroded worker purchasing power. The Federal Reserve claims this is no problem because "core inflation" has been relatively contained. But core inflation excludes food and energy prices, which are two of the biggest components of consumer budgets.

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The big pay freeze is also the bitter fruit of public schools that have failed to teach the basic skills and knowledge needed to succeed in a competitive global economy. Rising health-care costs have also forced employers to take money that used to go into higher wages to pay higher premiums.

A key driver of higher wages in the 1980s and 1990s was a surge of capital investment in computers, plant and equipment, which made Americans workers more productive. When Mr. Obama pledges to raise taxes on investment income (capital gains, dividends and small-business profits), he is making it costlier to innovate and modernize. That plays out over time into slower gains in productivity and wages.

Consider the toll from America's corporate tax rate, which is the highest in the industrial world. A 2011 study by economists at the American Enterprise Institute found that because of the capital flight from the U.S. as a result of this high rate, "every additional dollar of tax revenue [from the corporate tax] leads to a $4 decrease in aggregate real wages." American workers would be the biggest beneficiaries of tax reform.

The new income data reveal other eye-opening trends. The group that has suffered the most during the Obama Presidency has been black Americans, whose real incomes have fallen by more than 11%.

Mr. Obama also likes to say that government workers like teachers are hurting and the private economy is doing "just fine." But the data indicate that over the past three years households with government workers saw their incomes decline less than households with private workers. The public-private pay gap is now wider than ever ($77,998 government versus $63,800).

Every age group has seen a decline in income—except the elderly. Those between the ages of 65 and 75 saw an average 6.5% gain in income, though most are not working and collect Medicare and Social Security.

The last time incomes fell this fast was during the late 1970s under Jimmy Carter, and it's no coincidence that economic policies then and now are so similar. If Mr. Obama succeeds in convincing voters that he really is the tribune of the middle class, it will be the political conjurer's trick of the century.

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