It's official: recession ended June 2009

ABSTRACT (ABSTRACT)

The decision makes official what many economists have believed for some time, that the recession ended in the summer of 2009. The economy started growing again in the July-to-September quarter of 2009, after a record four straight quarters of declines. Thus, the April-to-June quarter of 2009, marked the last quarter when the economy was shrinking. At that time, it contracted just 0.7 percent, after suffering through much deeper declines. That factored into the NBER's decision to pinpoint the end of the recession in June.

Any future downturn in the economy would now mark the start of a new recession, not the continuation of the December 2007 recession, NBER said. That's important because if the economy starts shrinking again, it could mark the onset of a "double-dip" recession. For many economists, the last time that happened was in 1981-82.

Word of the recession's official end comes just two months before Election Day. But the decision isn't likely to play a big role in November's congressional and gubernatorial elections.

FULL TEXT

WASHINGTON - The longest recession the country has endured since World War II ended in June 2009, a group that dates the beginning and end of recessions declared Monday.


The decision makes official what many economists have believed for some time, that the recession ended in the summer of 2009. The economy started growing again in the July-to-September quarter of 2009, after a record four straight quarters of declines. Thus, the April-to-June quarter of 2009, marked the last quarter when the economy was shrinking. At that time, it contracted just 0.7 percent, after suffering through much deeper declines. That factored into the NBER's decision to pinpoint the end of the recession in June.

Any future downturn in the economy would now mark the start of a new recession, not the continuation of the December 2007 recession, NBER said. That's important because if the economy starts shrinking again, it could mark the onset of a "double-dip" recession. For many economists, the last time that happened was in 1981-82.

Still, Americans are coping with 9.6 percent unemployment, scant wage gains, weak home values and the worst foreclosure market in decades.

President Barack Obama saw little reason to celebrate the group's finding that the recession had ended. Appearing at a town-hall meeting sponsored by CNBC, Obama said times are still very hard for people "who are struggling," including those who are out of work and many others who are having difficulty paying their bills. He said it's going "to take more time to solve" an economic problem that was years in the making.

To make its determination, the NBER looks at figures that make up the nation's gross domestic product, which measures the total value of goods and services produced within the United States. It also reviews incomes, employment and industrial activity.

The economy lost 7.3 million jobs in the 2007-2009 recession, also the most in the post World War II period. The NBER normally takes its time in declaring a recession has started or ended.
For instance, the NBER announced in December 2008 that the recession had actually started one year earlier, in December 2007.

Similarly, it declared in July 2003 that the 2001 recession was over. It actually ended 20 months earlier, in November 2001.

Its determination is of interest to economic historians -- and political leaders. Recessions that occur on their watch pose political risks.

In President George W. Bush’s eight years in office, the United States fell into two recessions. The first started in March 2001 and ended that November. The second one started in December 2007.

NBER’s decision means little to ordinary Americans now muddling through a sluggish economic recovery and a weak jobs market. Unemployment is 9.6 percent and has been stuck at high levels since the recession ended. Many will continue to struggle.

Unemployment usually keeps rising well after a recession ends. Four months after the 2007 downturn ended, unemployment spiked to 10.1 percent in October 2009, which was the highest in just over a quarter-century. Some economists believe that marked the high point in joblessness. But others think it could climb higher – perhaps hitting 10.3 percent by early next year.

After the 2001 recession, for instance, unemployment didn’t peak until June 2003 -- 19 months later.

Word of the recession’s official end comes just two months before Election Day. But the decision isn’t likely to play a big role in November’s congressional and gubernatorial elections.

Some Democrats might hail it as a sign of progress, but voters are guided by gut reactions far more than economists’ pronouncements.

With unemployment still hovering just below 10 percent, some Democrats have urged Obama to stop boasting about any economic progress at all. They fear it annoys people who feel things are not getting better for themselves and their neighbors, and it makes politicians seem out of touch with ordinary Americans’ worries.

Credit: The Associated Press

DETAILS

| People: | Obama, Barack |
| Publication title: | Ocala Star - Banner; Ocala, Fla. |
| Publication year: | 2010 |
| Publication date: | Sep 20, 2010 |
| Publisher: | Halifax Media Group |
| Place of publication: | Ocala, Fla. |
| Country of publication: | United States |
| Publication subject: | General Interest Periodicals–United States |
| ISSN: | 01633201 |
| Source type: | Newspapers |
| Language of publication: | English |