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Recession May Be Over, but Joblessness Remains

By CATHERINE RAMPELL

The United States economy has lost more jobs than it has added since the recovery began over a year ago.

Yes, you read that correctly.

The downturn officially ended, and the recovery officially began, in June 2009, according to an announcement Monday by the official arbiter of economic turning points. Since that point, total output — the amount of goods and services produced by the United States — has increased, as have many other measures of economic activity.

But nonfarm payrolls are still down 329,000 from their level at the recession's official end 15 months ago, and the slow growth in recent months means that the unemployed still have a long slog ahead.

"We started from a deep hole," said James Poterba, an economics professor at M.I.T. and a member of the National Bureau of Economic Research's Business Cycle Dating Committee, which declared the recession's end. "And clearly the bounce-back has not been immediate after hitting this trough."

The declaration of the recession's end confirms what many suspected: The 2007-9 recession was not only the longest post-World War II recession, but also the deepest, in terms of both job losses and at least one measure of output declines.

The announcement also implies that any contraction that might lie ahead would be a separate and distinct recession, and one that the Obama administration could not claim to have inherited. While economists generally say such a double-dip recession seems unlikely, new monthly estimates of gross domestic product, released by two committee members, show that output shrank in May and June, the most recent months for which data are available. Output and other factors would have to shrink for a longer period of time before another contraction might be declared.

Even without a full-blown double dip in the economy, the recovery thus far has been so anemic that the job picture seems likely to stagnate, and perhaps even get worse, in the near future.

Many forecasters estimate that output needs to grow over the long run by about 2.5 percent to keep the unemployment rate, now at 9.6 percent, constant. The economy grew at an annual rate of just 1.6 percent in the second quarter of this year, and private forecasts indicate growth will not be much better in the third quarter. (The Business Cycle Dating Committee itself does not engage in forecasting.)

“The amount of unemployment we’ve already got and the slowness of recovery lead to predictions that we could have 9-plus percent unemployment even through the next presidential election,” said Robert J. Gordon, an economics professor at Northwestern University and a committee member.

“What’s really unique about this recession is the amount of unemployment in combination with the slowness of the recovery,” he said. “That’s just not happened before. We had a sharp recession followed by a sharp recovery in the 1980s. And in ’91 and ’01 we had slow recoveries, but those recessions were shallow recessions, so the slowness didn’t matter much.”

All three of these most recent recoveries have been known as jobless recoveries, as employment growth has significantly lagged output growth. In this recovery, the job market bottomed six months after economic output bottomed. That is still not nearly as much of a lag as experienced after the 2001 recession, when it took the job market 19 months to turn around after output improved.

This new pattern of jobless recoveries has led to some complaints that employment should play a more prominent role in dating business cycles and to criticism that a jobless recovery is not truly a recovery at all. Business Cycle Dating Committee members have been reluctant to change their criteria too drastically, though, because they want to maintain consistency in the official chronology of contractions and expansions.

While all three recent recoveries have been weak for employment, the job market has to cover the most ground from the latest recession.

From December 2007 to June 2009, the American economy lost more than 5 percent of its nonfarm payroll jobs, the largest decline since World War II. And through December 2009, the month that employment hit bottom, the nation had lost more than 6 percent of its jobs.

The unemployment rate, which comes from a different survey, peaked last October at 10.1 percent. The postwar high was in 1982, at 10.8 percent. But the composition of the work force was very different in the 1980s — it was younger, and younger people tend to have higher unemployment rates — and so if adjusted for age, unemployment this time around actually looks much worse.

The broadest measure of unemployment, including people who are reluctantly working part time when they wish to be working full time and those who have given up looking for work altogether, also was at its highest level since World War II.

There is some debate, though, about whether this recession was the worst in terms of output.

Adjusted for inflation, output contracted more than in any other postwar period, according to Robert E. Hall, a Stanford economics professor and committee chairman.

But some economists say that a better measure would be the gap between where output is and where it could have been if growth had been uninterrupted.

“It’s definitely not as deep as 1981-82 when measured relative to the economy’s potential growth rate,” Mr. Gordon said.

Besides employment, nearly every indicator that the committee considers simultaneously reached a low point in June 2009, which made that month a relatively easy selection as the official turning point, Mr. Gordon said. The committee previously met in April but had decided that the data were inconclusive.

In its statement on Monday affirming the recession’s end, the bureau took care to note that the recession, by definition, meant only the period until the economy reached its low point — not a return to its previous vigor.

“In declaring the recession over, we’re not at all saying the unemployment rate, or anything else, has returned to normal,” said James H. Stock, an economics professor at Harvard and a member of the business cycle committee.

“We clearly still have a long ways to go.”