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## Experts declare recession over, but it doesn't match reality in San Joaquin Valley

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A panel of academic economists announced yesterday that the recession, the longest since the Great Depression, ended in June 2009.

But for many people in the Central Valley, the strict by-the-numbers analysis of the economic picture didn't paint a realistic picture of their day-to-day struggles.

"People will hear that around here in the valley and pretty much laugh," said University of California at Merced economics Professor Shawn Kantor. "They (National Bureau of Economic Research experts) are pretty clear when they make that announcement: They are by no means saying economic conditions are good or favorable or back to where the economy was before it started.

"But I don't think the bureau's announcement is relevant for the Central Valley,"

Kantor, who is also a research associate with the NBER but not involved with the group analyzing business cycles, said that in the valley, economic conditions continued to worsen through 2009 and into 2010.

Last week, the state Employment Development Department announced that the unemployment rate dipped to 16.4 percent in Stanislaus County, its lowest rate in a year. But the jobless numbers are still nearly double what they were before the recession started statewide in mid-2007, when the rate hovered around 8 percent. Some 39,900 people were unemployed in the county in August.

The NBER, a panel of academic economists based in Cambridge, Mass., said the recession, which started nationally in December 2007, lasted 18 months and ended in June 2009.

Previously the longest post-World War II downturns were those in 1973-1975 and in 1981-1982. Both lasted 16 months.

The NBER decision makes official what many economists have believed for some time, that the recession ended in the summer of 2009. But it won't make much difference to most Americans and valley residents.

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

California's unemployment rate crept up one-tenth of a percentage point in August to 12.4 percent, nearly half a percentage point higher than it was a year ago. More than 2.26 million people are unemployed in the state.

Last week, a report by the Brookings Institute, a Washington, D.C., think tank, put Stanislaus County dead last -- 100th -- in employment and real estate rankings among the nation's 100 largest metropolitan areas.

Area economists said the national picture doesn't look like the state and valley's because the area entered the recession earlier and was hit harder throughout, thanks to extensive losses in construction and the collapse of the housing market.

"We were first in and now last out, too," said Jeff Michael, director of the Business Forecasting Center at the University of the Pacific in Stockton. "The national recession is being dated at 18 months, but almost any person will agree the recession started about six months earlier in California."

Michael said that even nationally, the academic definition only applied to the rate of change in the economy, but it doesn't measure the level of recovery.

"Of course, what matters to people isn't the rate of change but the level of change," he said. "We've had a massive decline and since hitting that trough, you've been mostly sliding sideways and not going up.

"So for individuals, you don't feel better. In fact, you might feel worse, because you've been sliding sideways," Michael said. "People are burning through savings, cushions, safety nets, employment benefits."



Because of financial problems, housing developments throughout the San Joaquin Valley—such as Patterson's Diablo Grande, above—haven't fared well. - bpatrick@sacbee.com - Bryan Patrick

Michael said many economists are re-evaluating earlier forecasts that showed California and the valley would be entering its recovery in the second half of 2010. Those predictions could be pushed back as the state continues to face daunting unemployment numbers and stagnant private sector growth.

The Business Forecasting Center will release a new report in October.

Nationally, the economy started growing again in the July-to- September quarter of 2009, after a record four straight quarters of declines.

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 in the United States. It also reviews incomes, employment and industrial activity.

In the valley, the news seems particularly removed from the everyday experience.

"It was a really slow turn nationwide, and here in the valley we just took a beating," Kantor said. "We didn't turn when the nation turned. And there are still some dark clouds on the horizon in our economy."

**The Associated Press contributed to this report.**

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