Economist: 'The Great Recession' in for long recovery

BY GREG OLIVER
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CLEMSON — National economist Sean Snaith told the nearly 70 attending Thursday's Economic Summit at The Madren Center that the U.S. is well over three-and-a-half years into recovering from "The Great Recession."

But Snaith quickly added that it doesn't feel like a recovery is taking place.

"This is the longest recovery since The Great Depression, and why is that?" inquired Snaith, director of the University of Central Florida's Institute for Economic Competitiveness. "During recessions, people pull back on spending — not buying a new car, going on vacation and other things we call 'pent-up demand."

While Snaith pointed out that "pent-up demand" is ultimately unleashed once the public feels assured the economy is on the rebound, he said the process has been even slower than the recessions of 1990-91 and 2000-01.

"Uncertainty is a major factor in suppressing this economic recovery," he said. "A pall of uncertainty hangs over the economy, even higher than the previous two recessions."

Snaith said "The Great Recession" depleted housing wealth and negatively impacted the labor market and consumer spending. While he pointed out that the unemployment rate has declined to its last reported rate of 7.8 percent in December, the level of underemployment "remains elevated."

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Sean Snaith, left, director of the University of Central Florida's Institute for Economic Competitiveness, and Rob Carey, director of the Regional Dynamics and Economic Modeling Laboratory at The Strom Thurmond Institute at Clemson University, were the guest speakers at an economic forum Thursday at The Madren Center.

RECOVERY: 'People are discouraged and have lost hope'

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"All of this weighs down on consumers and consumer spending," Snaith said. "If you're working part-time, you're not going to spend as much as you would if you were working full-time."

Making things even more dire is that Snaith said many individuals have given up looking for employment.

"People are discouraged and have lost hope," he said.

Snaith said even the creation of 155,000 jobs in a month "is not good."

"We're used to (hearing) it, so we're not disappointed, but when you look at the amount of jobs lost, just to get back to where we were, we still have a few years to go," Snaith said. "This is going to be a very prolonged labor market and won't improve for several years."

Although Snaith said the housing market appears to be improving, he pointed out that home equity is nowhere near the level it was prior to the economic recession that began in late 2007.

"There's nothing to indicate home equity will get back to the level it was," he said. "For many people, home equity was their nest egg, so it's not hard to see the impact it has had on consumer spending overall."

goliver@upstatetoday.com | (864) 973-6687