States are still 'shellshocked'

Economic recovery hard after recession

By Dennis Cauchon
USA TODAY

The residents of only nine states have returned their economic output to the level that existed before the downturn struck at the end of 2007 – and most of those states are energy producers, according to data released Tuesday.

Even states now on the rebound — such as Michigan, Connecticut and California — find themselves far behind where they were economically when the recession started 4½ years ago, the data show.

Gross domestic product — the value of goods and services produced — grew in 34 states in 2011 after adjusting for changes in population and inflation, according to the Bureau of Economic Analysis. Typically, nearly every state boosts its GDP in a recovery.

However, 41 states haven't made up the ground lost during the deep recession that ran from December 2007 to June 2009.

Georgia, once a booming state, shows how hard recovering is. Its economy grew 0.7% per resident last year, the same as the national economy — but it is still 8% lower than it was in 2007.

"The state's economy is still shellshocked from the real estate collapse and the loss of manufacturing," says economist Cynthia Tori of Valdosta State University. "It's probably going to take three or more years to dig ourselves out."

The wide-ranging data also show a narrower recovery than most in the past, one heavily dependent on energy and technology and favoring a smaller number of places.



By Gregory Bull, AP

Oil boom state: Two men work on an oil derrick outside of Williston, N.D., on July 26.

Winners:

► **Energy producers.** North Dakota, an oil-boom state, is the nation's true economic miracle. It topped the nation in GDP growth per person last year, the year before, since the downturn and in the past decade. Alaska and Louisiana also ranked near the top. Texas and Oklahoma weren't far behind.

► **High-tech.** Oregon's unemployment rate is above the national average, but an Intel computer chip facility and other high-tech operations churn out so much economic value that the state has ranked near the top in GDP growth consistently for a decade.

Losers:

► **Manufacturers.** Industrial states fell so far that even the recent auto-industry upswing leaves them far behind. Michigan's economy grew 2.3% per person in 2011, fourth best in the nation. Despite this, the state's GDP is still 7.2% lower than it was in 2007. Ohio's record is similar.

► **Real estate boomers.** The bottom five states since 2007 all were hammered in the real estate bust. Nevada grew a little last year, but — minus a construction boom — its economic output has tumbled 13.4% per person since 2007, worst in the nation.