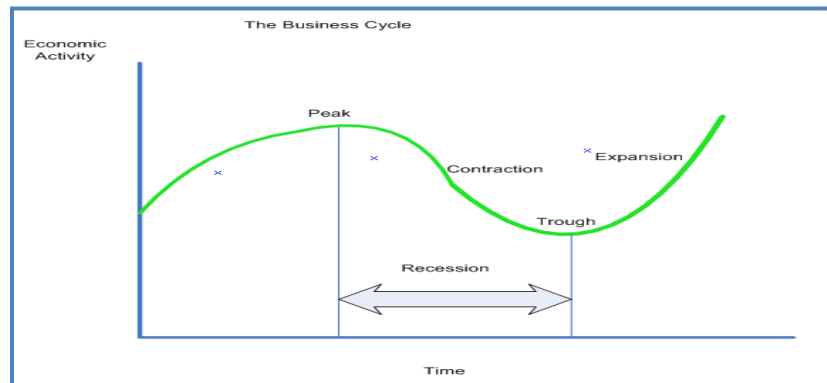


How long do recessions last?

The National Bureau of Economic Research (NBER) states that a recession occurs when there has been: “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators” (Business Cycle Dating Committee, National Bureau of Economic Research, 2008). The figure below illustrates the duration of a recession graphically from a peak to trough in the business cycle; for a detailed discussion on what is a recession; see the What is a Recession FAQ.



According to data from NBER since 1854 the US has experienced 32 recessions. The duration of each one of these recessions varied considerably. A recession will last until economic activity begins to increase at which point it has reached a trough. The end of a recession or a trough is declared by NBER.

From 1919-1945 the average duration of a recession for the US was 18 months. This time period encompassed the Great Depression era from 1929-1938, during which the US experienced two recessions, the first and most severe recession from 1929-1933 (43 months) and the second from 1937-1938 (13 months). (See Table 2)

After World War II the average duration of a recession for the US has been about 10 months.

Time Period	Contraction (months)	Expansion (months)
1854-2001	17	38
1854-1919	22	27
1919-1945	18	35
1945-2001	10	57

Source: National Bureau of Economic Research (NBER): Business Cycle Expansions and Contractions

NBER declared the beginning of the current recession in December of 2007; no trough has been declared as of October 2009. Even if the NBER declares the trough of the current recession as August or September (2009), it will have lasted at least twice as long as the average recession since 1945. Typically, it is several months after a peak or trough before the NBER makes a judgment about the beginning or end of a recession.

Table 2. Business Cycle Expansions and Contractions			
Peak	Trough	Contraction	Expansion
Month, Year, and Quarter when business cycle reached either a peak or the trough		Peak to Trough (number of months)	Previous trough to this peak (number of months)
	December 1854 (IV)	--	--
June 1857(II)	December 1858 (IV)	18	30
October 1860(III)	June 1861 (III)	8	22
April 1865(I)	December 1867 (I)	32	46
June 1869(II)	December 1870 (IV)	18	18
October 1873(III)	March 1879 (I)	65	34
March 1882(I)	May 1885 (II)	38	36
March 1887(II)	April 1888 (I)	13	22
July 1890(III)	May 1891 (II)	10	27
January 1893(I)	June 1894 (II)	17	20
December 1895(IV)	June 1897 (II)	18	18
June 1899(III)	December 1900 (IV)	18	24
September 1902(IV)	August 1904 (III)	23	21
May 1907(II)	June 1908 (II)	13	33
January 1910(I)	January 1912 (IV)	24	19
January 1913(I)	December 1914 (IV)	23	12
August 1918(III)	March 1919 (I)	7	44
January 1920(I)	July 1921 (III)	18	10
May 1923(II)	July 1924 (III)	14	22
October 1926(III)	November 1927 (IV)	13	27
August 1929(III)	March 1933 (I)	43	21
May 1937(II)	June 1938 (II)	13	50
February 1945(I)	October 1945 (IV)	8	80
November 1948(IV)	October 1949 (IV)	11	37
July 1953(II)	May 1954 (II)	10	45
August 1957(III)	April 1958 (II)	8	39
April 1960(II)	February 1961 (I)	10	24
December 1969(IV)	November 1970 (IV)	11	106
November 1973(IV)	March 1975 (I)	16	36
January 1980(I)	July 1980 (III)	6	58
July 1981(III)	November 1982 (IV)	16	12
July 1990(III)	March 1991(I)	8	92
March 2001(I)	November 2001 (IV)	8	120
December 2007 (IV)			73

Source: National Bureau of Economic Research (NBER): Business Cycle Expansions and Contractions
<http://www.nber.org/cycles/#announcements>

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