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It's official: Recession lasted seven months in Canada

BARRIE McKENNA
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It's official: The Great Recession lasted just seven months in Canada, or more than a full year shorter than the U.S. slump.

That's the conclusion of Canada's first business cycle dating panel *[http://www.cdhowe.org/c-d-howe-institute-business-cycle-council-issues-authoritative-dates-for-the-2008-2009-recession/19382]* created by the C.D. Howe Institute.

Canada's last recession -- rated a category 4 slump on a five-point severity scale -- began in November, 2008, and ended seven months later in May, 2009, according to the newly formed 10-member council made up of prominent private sector economists and academics.

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The U.S. recession lasted 18 months, beginning in Dec. 2007 and ending a month after the Canadian downturn in June 2009.

"Canada didn't suffer a full-blown recession until the Lehman Brothers collapse and the global financial crisis hit," said C.D. Howe senior policy analyst Philippe Bergevin, chair of the council.

C.D. Howe decided to create the council in the mold of the U.S. National Bureau of Economic Research, which has been the official arbiter of recessions south of the border since 1978.

Statistics Canada has filled the role of tracking business cycles on an ad hoc basis in Canada. But its analysis often came years after the fact. And recent budget cuts have forced the federal agency to stop dating business cycles, Mr. Bergevin said.

"There was always a need for an NBER in Canada," he said. The conventional wisdom that a recession occurs after two consecutive quarters of shrinking gross domestic product often misses "dead-cat bounce” downturns, according to Mr. Bergevin.

“Pinpointing key turning points in the economy is of vital importance for businesses, consumers and policy makers,” he said.

The council has retroactively dated all Canadian business cycles, dating back to 1929.

Mr. Bergevin pointed out that the last three Canadian recessions – 2008-2009, 1990-1992 and 1981-1982 -- were all Category 4 events. That’s the most severe since the early 1950s. He said recessions are less frequent than in the 1950s, but they’re also more severe.

Canada has suffered two Categeory 5 recessions – in 1929 and 1937.

The other members of the council are Toronto-Dominion Bank chief economist Craig Alexander, Philip Cross of the Macdonald-Laurier Institute, National Bank of Canada chief economist Stéfane Marion, Bank of Montreal deputy chief economist Douglas Porter, Steve Ambler of the Université du Québec a Montréal, Stephen Gordon of Laval University, the University of Toronto’s Angelo Melino and Angela Redish and Paul Beaudry of the University of British Columbia.

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