THE GREAT RECESSION: MISSISSIPPI COMPARED TO THE SOUTHEASTERN REGION

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According to the National Bureau of Economic Research, the Great Recession began in December 2007 when the U. S. economy (employment and income) peaked and ended in June 2009 when real GDP and GDI reached its low point.[1] The 2007-09 recession, which lasted 18 months, was the longest of any recession since World War II.

Although the nation entered the recession December 2007 and exited July 2009, the states entered and exited at different times. Mississippi's economy didn't experience a significant down-turn until the 2nd quarter of 2008 when employment and income began to trend downward. Mississippi employment fell 6.3% over the next nine. Mississippi employment now stands at about the same level as in 1995.

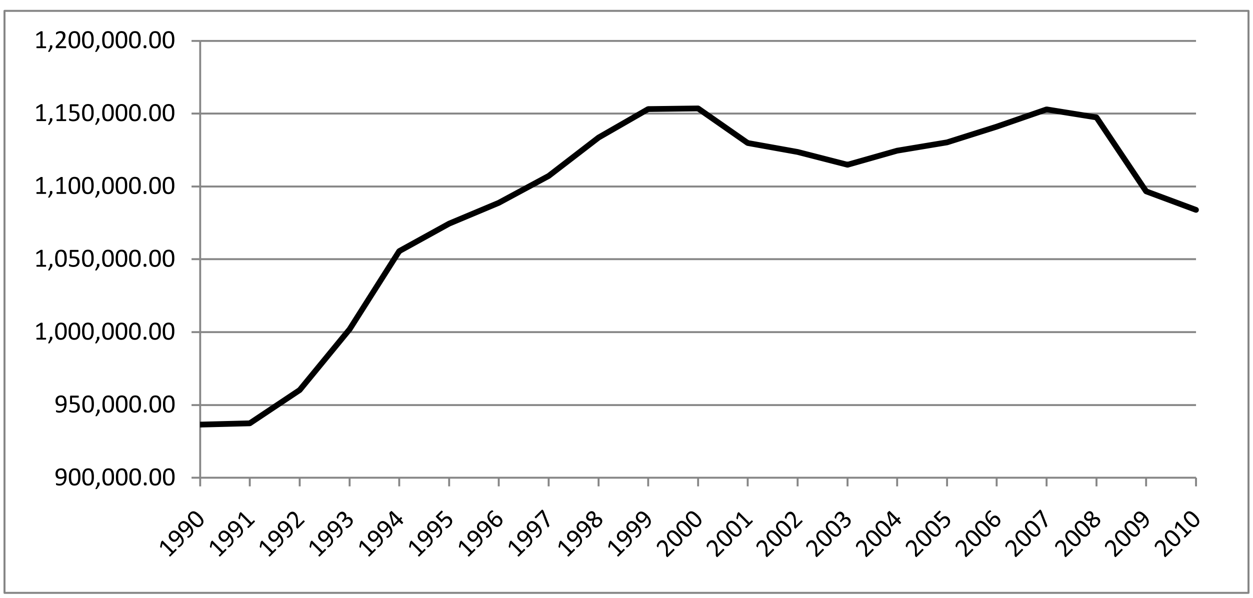
During the recession (4th quarter 2007 through 2nd quarter 2009), how did Mississippi's performance compare relative to other states in the southeast and the nation?

Employment

From the fourth quarter of 2007 through the third quarter of 2010, the Mississippi economy lost approximately 73,000 jobs or about 6.3% of employment.[2] Throughout most of the recession, Mississippi's job loss was slightly lower than the average for all southeastern states (6.4%) but greater than the national average (5.5%) (Figure 2).

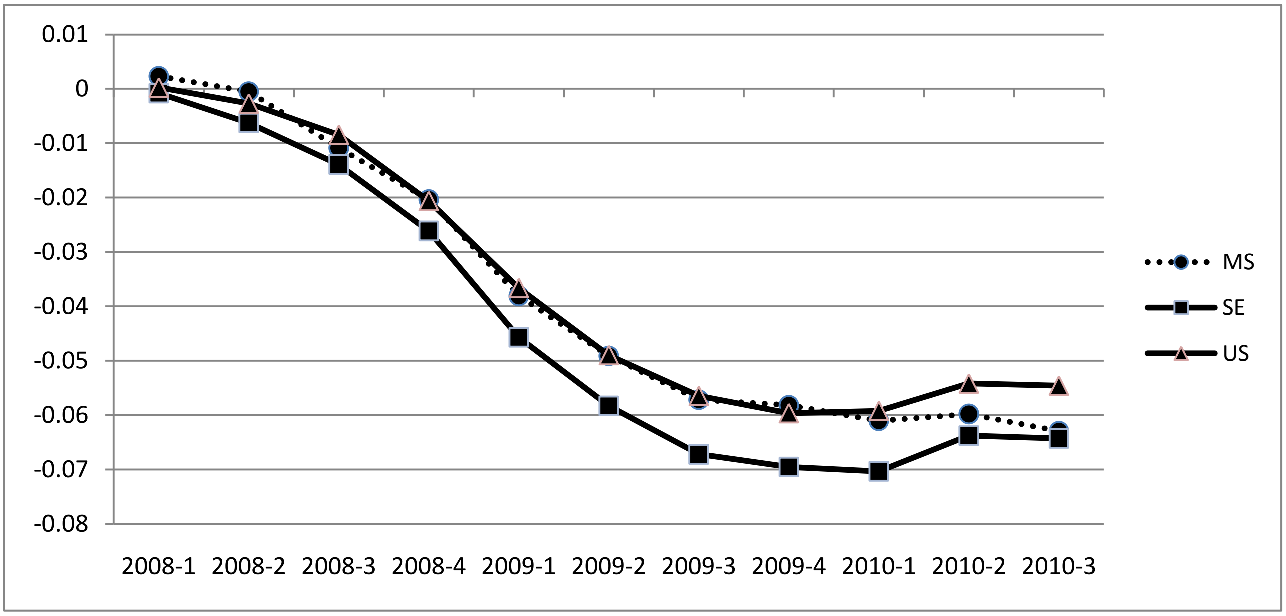
Several southeastern states (Arkansas, Kentucky, Louisiana, Virginia, and West Virginia) experienced a smaller percentage loss in employment than Mississippi, while

Figure 1. **MISSISSIPPI EMPLOYMENT 1990-2010**



SOURCE: Bureau of Labor Statistics. Seasonally adjusted payroll employment.

Figure 2. **PERCENTAGE DECLINE IN PAYROLL EMPLOYMENT (MS, SE REGION, AND US), 1ST QUARTER 2008-3rd QUARTER 2010**



SOURCE: Bureau of Labor Statistics.

others (Alabama, Florida, Georgia, North Carolina, and Tennessee) saw greater percentage decreases (Figure 3). Southeastern region employment losses were heavily influenced by Florida which had the greatest number of employees (8 million or 23.6% of the southeastern total at the beginning of the recession) and the greatest percentage loss (9.3%) of all southeastern states. Unlike most other Southeast Region states, Florida was significantly impacted by the housing bubble. Mississippi's percentage decline in employment was 0.1 percentage points lower than the Southeast Region average but 0.8 percentage points greater than the National average.

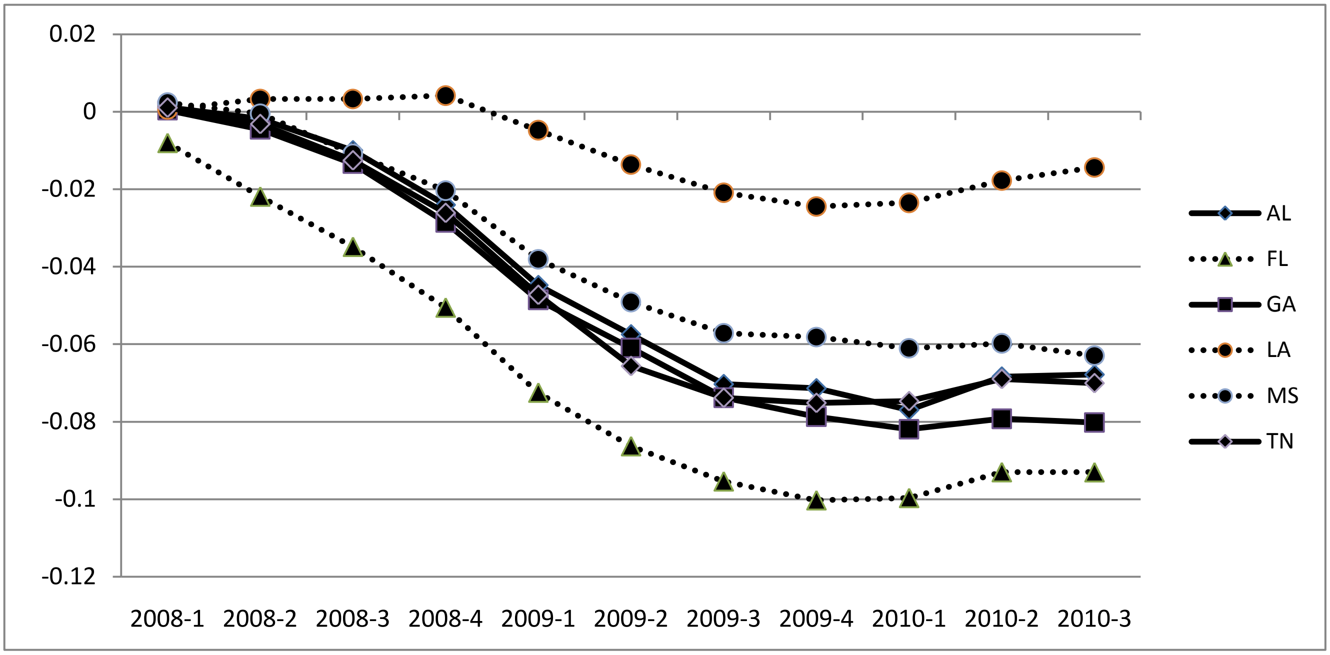
Two non-Southeast Region states experienced greater percentage declines in employment than any state in the Southeast Region. Rhode Island lost 10.5% of its employment, Michigan lost 9.4% of its employment, and Nevada lost 13.7%.

Wages and Salaries

From the second quarter of 2008, when wages and salaries peaked in Mississippi, through the first quarter of 2010 when they bottomed out, Mississippi wages and salaries declined from $42.475 billion to $40.685 billion or approximately 4.2%.[3] The percentage loss in wages and salaries in the Southeast Region was 4.4% and across the nation was 5.1%. Mississippi's percentage decline in wages and salaries was 0.2 percentage points lower than the Southeast Region average and 0.9 percentage points lower than the national average (Figure 4).

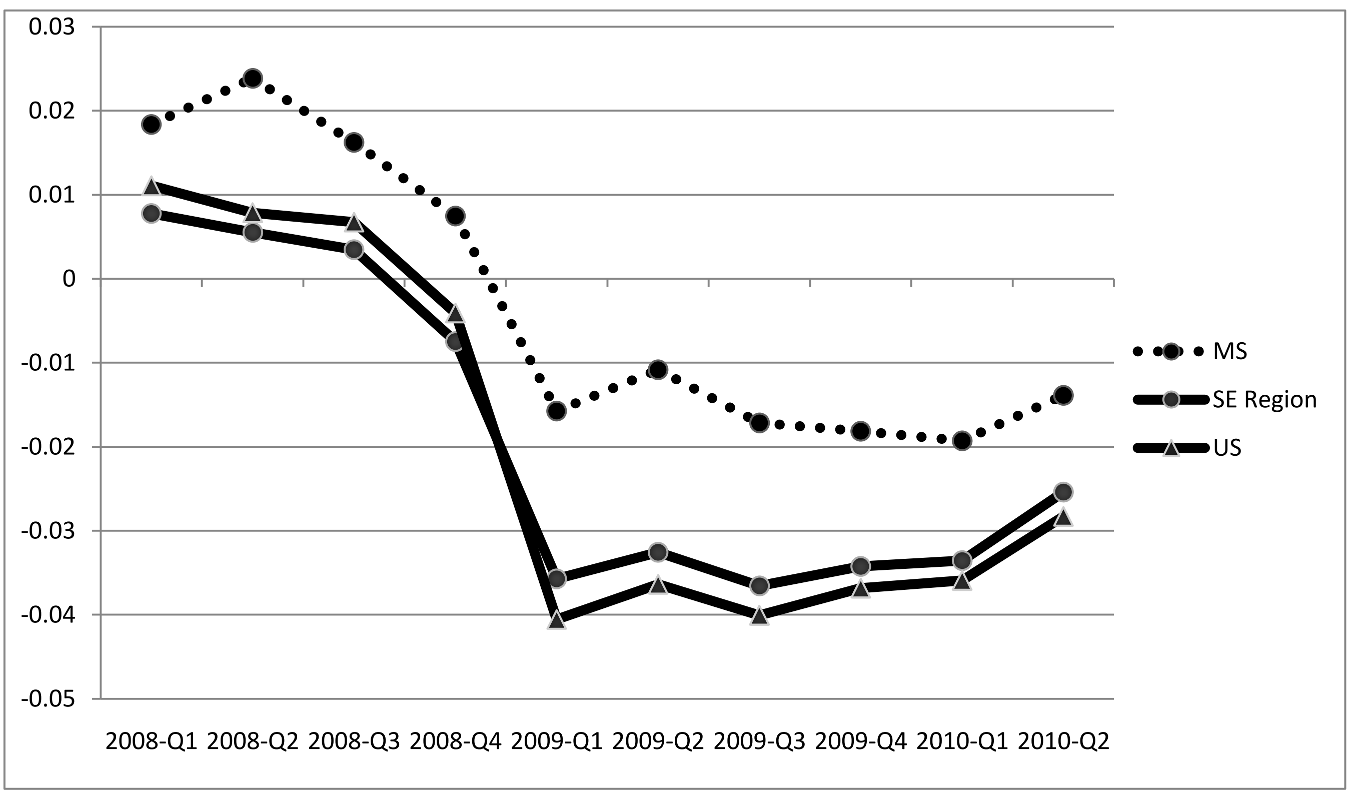
Kentucky, Louisiana, Virginia, and West Virginia experienced a smaller percentage loss in wages and salaries than Mississippi, while Alabama, Arkansas, Florida, Georgia, North Carolina, South Carolina and Tennessee saw greater percentage decreases (Figure 5). Louisiana and West

Figure 3. **PERCENTAGE LOSS IN PAYROLL EMPLOYMENT (SELECTED SE REGION STATES), 1st QUARTER 2008-3rd QUARTER 2010**



SOURCE: Bureau of Labor Statistics.

Figure 4. **PERCENTAGE DECLINE IN WAGES AND SALARIES (MS, SE REGION, AND US), 1st QUARTER 2008-3rd QUARTER 2010**

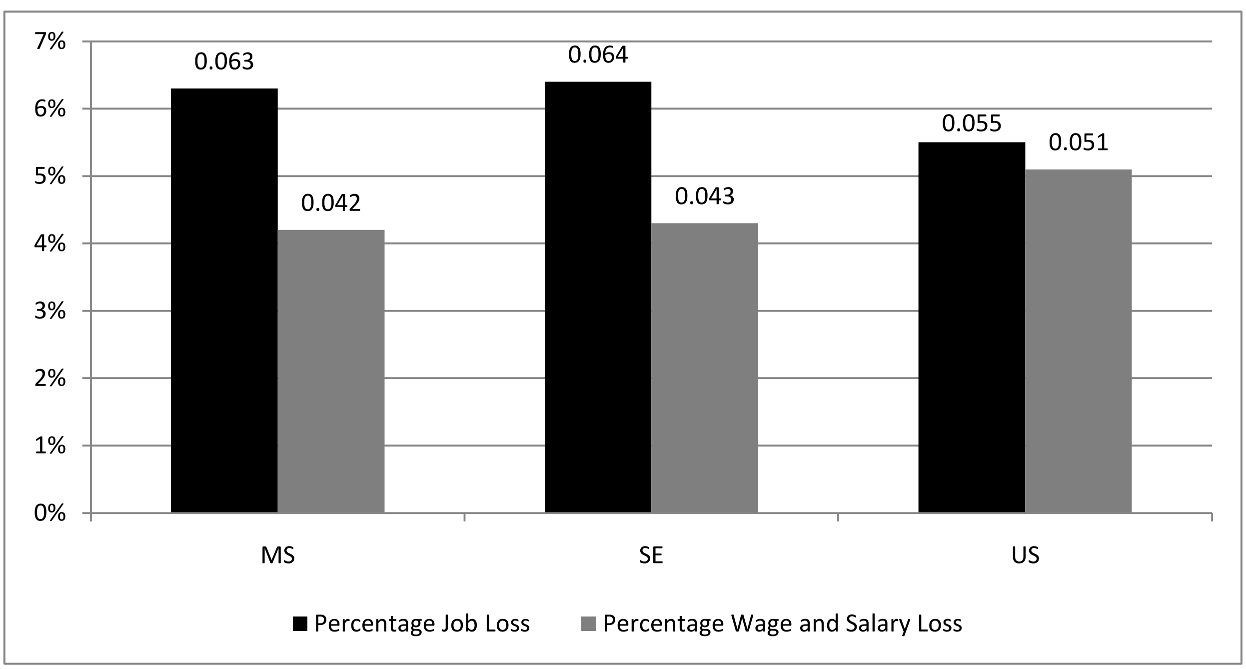


SOURCE: Bureau of Economic Analysis.

Figure 5. **PERCENTAGE LOSS IN WAGES AND SALARIES (SELECTED SE REGION STATES), 1st QUARTER 2008 - 3rd QUARTER 2010**

SOURCE: Bureau of Economic Analysis.

Figure 6. **THE GAP BETWEEN EMPLOYMENT LOSSES AND WAGE AND SALARY LOSSES (MS, SE REGION AND U.S.)**



SOURCE: Bureau of Economic Analysis and Bureau of Labor Statistics.

wages and salaries rose all four quarters of 2008 before declining and never dipped below their pre-recession peaks. Florida wages and salaries peaked in the 1st quarter of 2008 and declined steadily thru 1st quarter of 2010 ultimately declining 7.35%. Tennessee saw a similar pattern and experienced a 5.3% decline.

Two non-Southeast Region states experienced greater percentage declines in wages and salaries than any state in the Southeast Region. Michigan lost 10.6%, and Nevada lost 17.2%.

The Gap Between Wage and Salary losses and Employment Losses

Many, but not all, states experienced a greater percentage loss in employment than in wages and salaries. Greater employment losses than wage and salary losses suggest that the jobs that were lost were, principally, lower paying jobs. In Mississippi, the gap between wage and salary losses and employment losses was 2.1 percentage points (Figure 6). Put another way, Mississippi experienced a 50% greater loss in jobs than in wages and salaries. The picture was almost identical in the Southeast Region where the gap was 2.1 percentage points or 49% more jobs lost than wages and salaries. However, the gap between wage and salary losses and employment losses across the U.S. was only 0.4 percentage points. Nationally, only 8% more jobs were lost than wages and salaries. In Mississippi, and the rest of the Southeast Region, it would appear that the pain associated with the recession was felt predominantly by those on the lower rungs of the economic ladder.

Notes

1. There is a misconception that a recession, by definition, must consist of two consecutive quarters of declining real gross domestic product (GDP). NBER does not identify a significant decline in economic activity solely based on real GDP or real gross state product (GSP), but uses a range of indicators (GSP, employment, wages and salaries, etc.).

2. Bureau of Labor Statistics, State and Metro Area Employment.

3. Bureau of Economic Analysis, State Quarterly Personal Income, Wage and Salary Disbursements. Wage and Salary figures are nominal, measured in current dollars. However, average annual inflation over this period was only 0.4%.