

Robert E. Hall Paper:

Modern recessions hit the U.S. economy in 1990-91 and in 2001. A modern recession is one occurring in an economy with purposeful monetary policy and a small fraction of the labor force on the factory floor. The paper reviews the facts about modern recessions and compares them with earlier recessions, with primary emphasis on the labor market. The facts are perplexing: the modern economy undergoes recessions at least as severe as the earlier ones, without any measurable driving forces. Economists' understanding of the modern causeless recession is at an early stage, but progress has occurred and the future of this area of research seems promising.

JEL classification codes: E23, E24, E32, J64