**A little outside help**

*A revival in world trade drags the euro-zone economy out of recession.*

It is not quite the recovery that was hoped for. Figures released on Friday November 13th showed that the euro-area economy crawled out of recession in the three months to the end of September. GDP rose by 0.4% from the second quarter (an annualised rate of 1.6%). That still left it 4.1% lower than a year earlier—a reminder of how deep the recession has been.

Germany posted the strongest growth among the euro area's largest economies. Its GDP rose by 0.7% from the previous quarter. Italy's economy grew by 0.6%. France was the big disappointment. Like Germany, it managed modest growth in the three months to the end of June, exiting recession a bit earlier than most other rich countries. But the third-quarter increase was just 0.3%, far lower than forecasters had expected. Spain's hangover from a big housing boom persists: its economy shrank for a sixth successive quarter.

A breakdown of the euro-zone GDP figures was not immediately available but details from the national statistic agencies suggested a worrying dependency on exports. In France, net trade accounted for all and more of the third-quarter growth; consumer spending was flat and investment fell again. At last in Germany, the revival in exports spurred firms to spend a bit more on investment. Spain also reported a positive contribution from trade though that was outweighed by further decline in domestic spending.

Prospects now turn on what happens to jobs. Despite the savagery of the recession, the increase in unemployment in the euro area has been modest by comparison with America. Wage subsidies for those on shorter hours, make-work schemes and other government interventions have helped to keep a lid on the jobless rate. It has risen by less than a third from its lows before the crisis, whereas America's unemployment rate has more than doubled.

Such wheezes have helped to absorb the shock of recession but may also mean its effects linger. The workforce is geared for a much higher level of output than the economy can currently manage. The cost of hoarding labour means firms have little cash for investment when fragile banks are choosier about who they lend to. Anxiety that more jobs may yet be lost weighs on consumer spending, so hopes are pinned on exports. The strength of foreign orders for goods in Germany is one encouraging sign. Its bent is speciality capital goods, for which demand in the emerging world is growing and such goods fairly insensitive to price. But outside such niches, the strength of the euro against the dollar and against Asian currencies will soon start to hurt exports.

At least now the worries are about the pace of recovery, rather than its timing. The economy turned up in the third quarter and business surveys suggest that it will expand at a similar rate or better in the current quarter. But given the scale of the downturn and the sluggishness of recovery, it will be while before GDP returns to its pre-crisis levels.

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