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Recovery Act Has Saved Jobs in Pennsylvania

HARRISBURG, PA (February 17, 2010) – Since the American Recovery and Reinvestment Act was signed into law one year ago today, tens of thousands of jobs have been saved across Pennsylvania, slowing the downward spiral of the worst recession in decades.

“Our elected leaders took decisive steps one year ago today to shore up an economy in free fall like no other time since the Great Depression,” said Stephen Herzenberg, Ph.D., an Economist and Executive Director of the Keystone Research Center. “Absent that action, unemployment today could easily be 15% on its way to 20%, and we’d find ourselves in the grips of another Depression.”

In Pennsylvania, the success of the American Recovery and Reinvestment Act is clear. It has preserved 84,000 Pennsylvania jobs, according to a report from the President’s Council of Economic Advisers. Extended unemployment and food stamp benefits have kept Pennsylvanians who lost their jobs from losing everything. Those benefits, coupled with the Making Work Pay tax cut, put money back into Pennsylvania communities and businesses when they needed it most. A study by the Center on Budget and Policy Priorities found that 189,000 Pennsylvanians were kept out of poverty last year as a result of these types of benefits in the Recovery Act.

Nationwide, \$80 billion was pumped into the economy during the third quarter of 2009 alone. As that money made its way to Main Street, Gross Domestic Product, after four quarters in the negative column, began to grow again.

“The Recovery Act is working in Pennsylvania and across the nation,” said Mark Price, Ph.D., Labor Economist for the Keystone Research Center. “But our work is not done. Thousands of Pennsylvanians still don’t have enough work. Our elected leaders need to muster the political courage to act decisively again and pass a ‘Main Street Jobs Act’ in Pennsylvania and in Washington D.C.”

“As we think about policies for the future, we need to remember why the economy nosedived in the first place,” Dr. Herzenberg added. “Deregulated financial markets and unsustainable consumer borrowing against inflated home values were two big causes of economy’s woes. For the American economy to recover permanently, we need to address these root causes by reregulating financial markets and lifting middle-class incomes.”

At the state level, Pennsylvania should tap into more than \$600 million in additional federal dollars for unemployment benefits, emergency assistance for at-risk families, and grants for workers idled by the recession to learn new skills at community college.

Pennsylvania and the nation should also maximize investment in conservation and renewable energy. “The green economy is the future, and Pennsylvania is ahead of many states,” said Dr. Herzenberg. “That is one reason our economy is doing better than other states. Now we need to build on that progress.”

“We also need state and federal policies that lift the incomes of middle-class families,” said Dr. Price. “If we raise the minimum wage as the economy recovers and ensure that publicly-funded green jobs come with decent pay, more middle-class incomes will sustain economic growth for the long term.”

“History has shown that when the minimum wage rises steadily over time, more families on Main Street can afford to buy more goods and services locally, keeping hometown economies going and unemployment low,” Dr. Price added.

*The **Keystone Research Center** (KRC) is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. You can access more resources on the American Recovery and Reinvestment Act at our web site at <http://www.keystoneresearch.org/back-from-the-brink>. For up-to-date analysis of Pennsylvania’s employment situation, see Pennsylvania Economy Track at <http://keystoneresearch.org/issues-guides/pa-economy-track/>. For ongoing analysis of the Pennsylvania economy, visit <http://www.papolicyblog.com>.*

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