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FOR IMMEDIATE RELEASE

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Signs of Economic Recovery in PA

Federal Recovery Act has contributed to economy's improvement

Editor's Note: *The following analysis is provided to Pennsylvania reporters as part of the **Keystone Research Center's** ongoing tracking of the health of the state economy. For up-to-date analysis of Pennsylvania's employment situation, see **PA Economy Track** at <http://keystoneresearch.org/issues-guides/pa-economy-track/>. For ongoing analysis of the Pennsylvania economy, visit <http://www.papolicyblog.com>.*

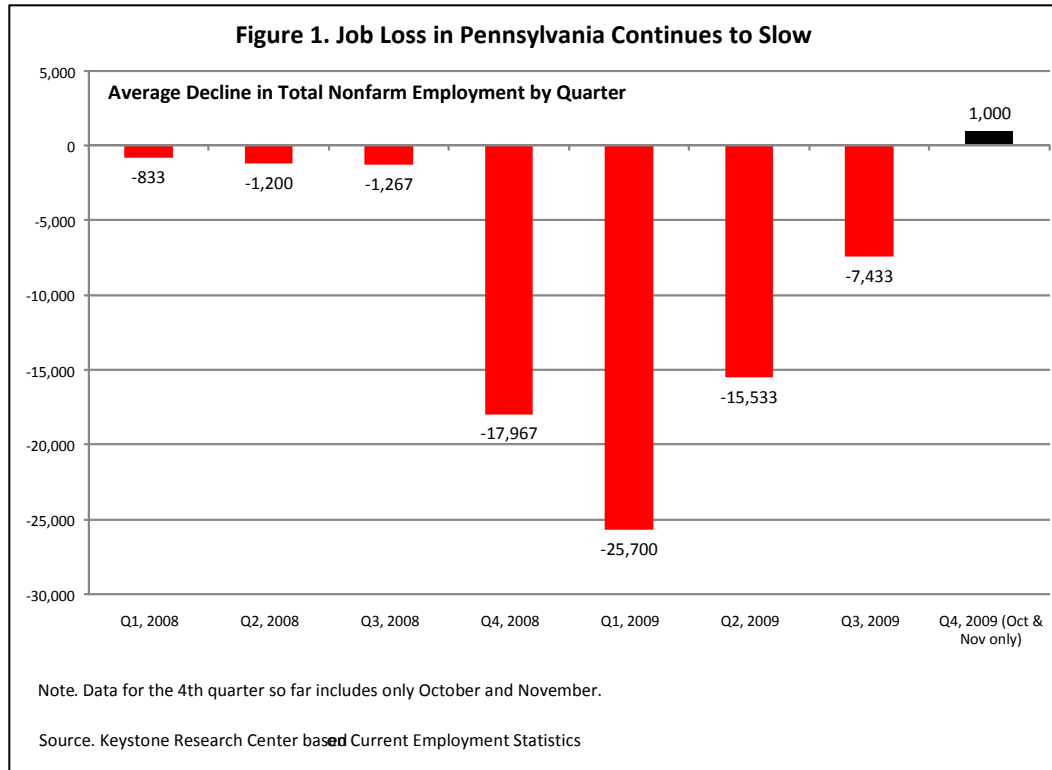
HARRISBURG, PA (Dec. 18, 2009) – The Pennsylvania employment picture was mixed in November, but several months of data show signs of an economic recovery taking shape in the Commonwealth, according to the Keystone Research Center.

Total nonfarm employment fell by 10,200 jobs in November, while in a more positive development, the unemployment rate fell 0.4 percentage points, to 8.5%, according to data released by the Pennsylvania Department of Labor & Industry late Thursday. The Pennsylvania unemployment rate is now 1.5 percentage points below the U.S. rate of 10%.

“Several months of data make clear that the rate of job loss continues to decline in Pennsylvania,” said Mark Price, Ph.D., Labor Economist for the Keystone Research Center. “Because monthly job estimates are volatile – for instance, we gained more than 12,000 jobs in October – economists focus on trends over several months.” (See *Figure 1 below for an illustration of the deceleration of job loss in Pennsylvania.*)

The economy's improvement is a result of the February passage of the American Recovery and Reinvestment Act (ARRA), which stemmed the economy's free fall through a mix of direct assistance to struggling families, targeted tax cuts to low- and middle-income earners, and investments in infrastructure, education, health care, and the green economy.

Underscoring the importance of the Recovery Act, Dr. Price pointed to data released Thursday by the Pennsylvania Budget and Policy Center showing that the Recovery Act kept 189,000 Pennsylvanians from falling into poverty. “Each new piece of economic data confirm that the Recovery Act stabilized the economy, and with more growth in personal income coming from earnings in the 3rd quarter, we now see the first signs of private sector recovery,” said Dr. Price.



KRC economist Stephen Herzenberg, Ph.D., added: “Given the current level of unemployment, we need additional prompt action to spur demand.” As one positive sign, Dr. Herzenberg pointed to the U.S. House of Representatives’ passage on Wednesday of the Jobs for Main Street Act (HR 2847), which would provide additional investments in infrastructure, fiscal relief to state and local governments, direct job creation, and an extension of unemployment benefits and health insurance subsidies for the unemployed.

Dr. Herzenberg said the House action was an important first step and called on the U.S. Senate to quickly take up similar legislation.

“What we need now is additional momentum to climb out of the very deep hole we find ourselves in,” Dr. Herzenberg said. “We will need another 250,000 jobs to get back to full employment in Pennsylvania. With so many middle-class families still suffering from joblessness and reduced hours of work, it is imperative that we come together in the New Year to boost employment through an ambitious jobs bill.”

The Keystone Research Center (KRC) is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy.

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