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FOR IMMEDIATE RELEASE

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Stimulus Preserves Jobs, But Additional Action Needed to Create More Jobs

***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. Keystone is also launching PA Economy Track, an online resource for up-to-date analysis of Pennsylvania's employment situation. Find it at <http://keystoneresearch.org/issues-guides/pa-economy-track/>. For ongoing analysis of the Pennsylvania economy, visit <http://www.papolicyblog.com>.*

HARRISBURG, PA (Dec. 4, 2009) – The national job market showed some signs of improvement in November, as total nonfarm employment fell by just 11,000 jobs and the unemployment rate fell to 10%, according to the U.S. Labor Department.

“Although the labor market in Pennsylvania is the weakest it has been since the grim early 1980s, there has been a remarkable decrease in the monthly rate of job loss since the 1st quarter of this year when we were losing more than 25,000 jobs a month; in the last three months, we have been losing about 4,000 jobs a month,” said Mark Price, Ph.D., Labor Economist for the Keystone Research Center.

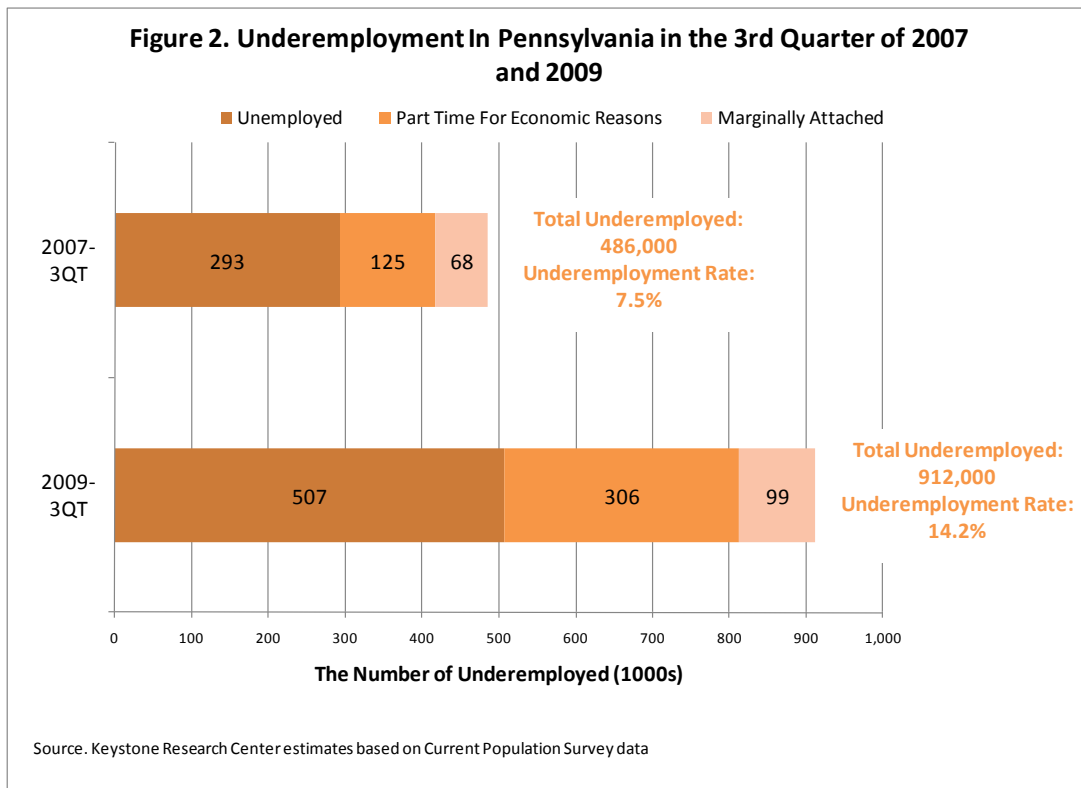
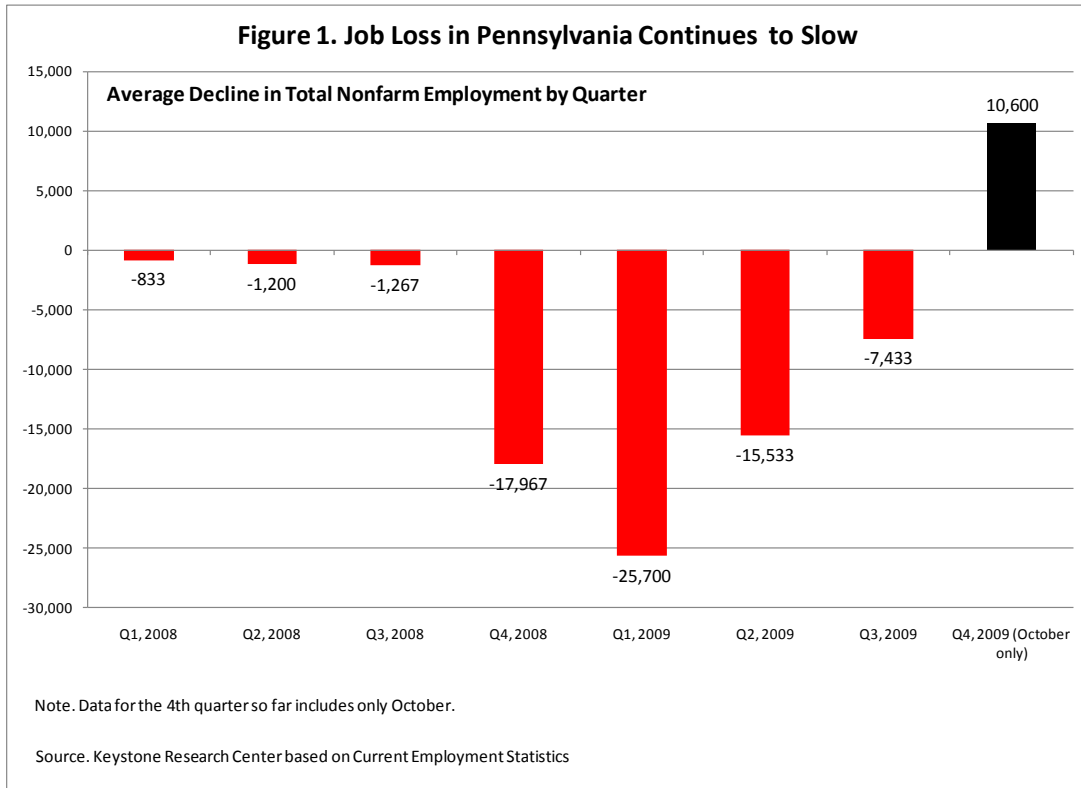
Estimates released this week by the nonpartisan Congressional Budget Office (CBO) suggest this sharp improvement in the economy is due in large part to the American Recovery and Reinvestment Act (ARRA). Dr. Price noted that the CBO estimates suggest there were between 25,000 and 65,000 more jobs in Pennsylvania in the 3rd quarter than there would have been in the absence of the economic recovery package.

“Although we'd be in much worse shape without the recovery package, the staggering number of people unable to find enough work makes it clear that the stimulus was too small to counter the most severe collapse in the private sector in more than a generation,” said Dr. Price.

In the 3rd quarter, Pennsylvania's underemployment rate, which includes the unemployed, workers unable to find full-time work, and other jobless individuals, stood at 14.2%, meaning more than 900,000 people in the Commonwealth are either unemployed or underemployed, Dr. Price noted.

See Figure 1 below for an illustration of the deceleration of job loss in Pennsylvania. See Figure 2 for a breakdown of the increase in the number of the underemployed in the state since the recession

began.



“With all signs pointing to a prolonged period of joblessness for hundreds of thousands of Pennsylvanians, further efforts to put people back to work are desperately needed,” said Stephen Herzenberg, Ph.D., Economist and Executive Director of the Keystone Research Center. “Failure to spur further job creation threatens to drive increasing numbers of families into poverty, a result which has been shown to hurt the educational achievement of young children. Joblessness also threatens to lead companies to pare back their investments in training and research and development. These are all outcomes that scar the economy by undermining the innovation which is critical to our long-term economic growth.”

Dr. Herzenberg said he was encouraged by the Obama Administration’s recent focus on the need for job creation and called for quick adoption of a job creation plan which incorporates four broad areas:

- Extend the safety net for people who lost their jobs over the last year or are in need of additional food aid.
- Quickly provide additional relief to state and local governments to prevent another debilitating wave of job losses in local communities.
- Take a page from the New Deal and create a public service jobs program to put people back to work over the next six months cleaning up blighted neighborhoods, staffing emergency food programs, caring for the young in child care centers, and renovating and maintaining parks and other public spaces.
- Continue to make other strategic investments in our economy, such as in transportation, school construction, and the green economy.
- Promote tax credits for private sector employers that reduce workers’ hours of work while keeping their pay unchanged, or for employers that create jobs including on-the-job skills training.

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

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