



PITTSBURGH ECONOMIC QUARTERLY

University Center for Social and Urban Research



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Recessions and Pittsburgh

■ *By Christopher Briem*

How will a national recession affect the Pittsburgh region? Both the length and depth of national recessions have varied significantly in recent decades. Likewise, the impact national recessions have on the regional economy has varied.

The Pittsburgh region experienced far more concentrated impacts of national recessions in the early 1980s. Effects on the region were more comparable to the nation as a whole from both the early 1990s and 2001 recessions.

The National Bureau of Economic Research (NBER) has stated that the national economy had a peak of economic activity in December 2007. The statement was significant because NBER's Business Cycle Dating Committee is generally accepted as the arbiter of dating the beginning and end of national recessions. Defining a peak in economic activity signals the beginning of a recession.

NBER also maintains a chronology of the U.S. business cycle.

NBER's definition of a recession is "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real gross domestic product (GDP), real income, employment, industrial production, and wholesale-retail sales." This is a broader set of factors than a commonly cited criteria defined as two successive quarters of decline in the nation's GDP. While NBER does not provide comparable dating of regional recessions, each national recession has had significant impacts on the Pittsburgh economy.

NBER guidelines for the dating of recessions are as follows:

"The committee places particular emphasis on two monthly measures of activity across the entire economy: (1) personal income less transfer payments, in real terms and (2) employment. In addition, the committee refers to two indicators with coverage primarily of manufacturing and goods: (3) industrial production and (4) the volume of sales of the manufacturing and wholesale-retail sectors adjusted for price changes. The committee also looks at monthly estimates of real GDP such as those prepared by Macroeconomic Advisers (see www.macroadvisers.com). Although these indicators are the most important measures considered by the NBER in developing its business cycle chronology, there is no fixed rule about which other measures contribute information to the process."

Since 1970, NBER has defined five recessions for the U.S. economy:

- November 1973–March 1975,
- January–July 1980,
- July 1981–November 1982,
- July 1990–March 1991, and
- March–November 2001.

There are no distinct recessions defined for specific regions, but these periods have represented significant downturns in Pittsburgh's regional economy.

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Pittsburgh Neighborhood and Community Information System Posts Election Data

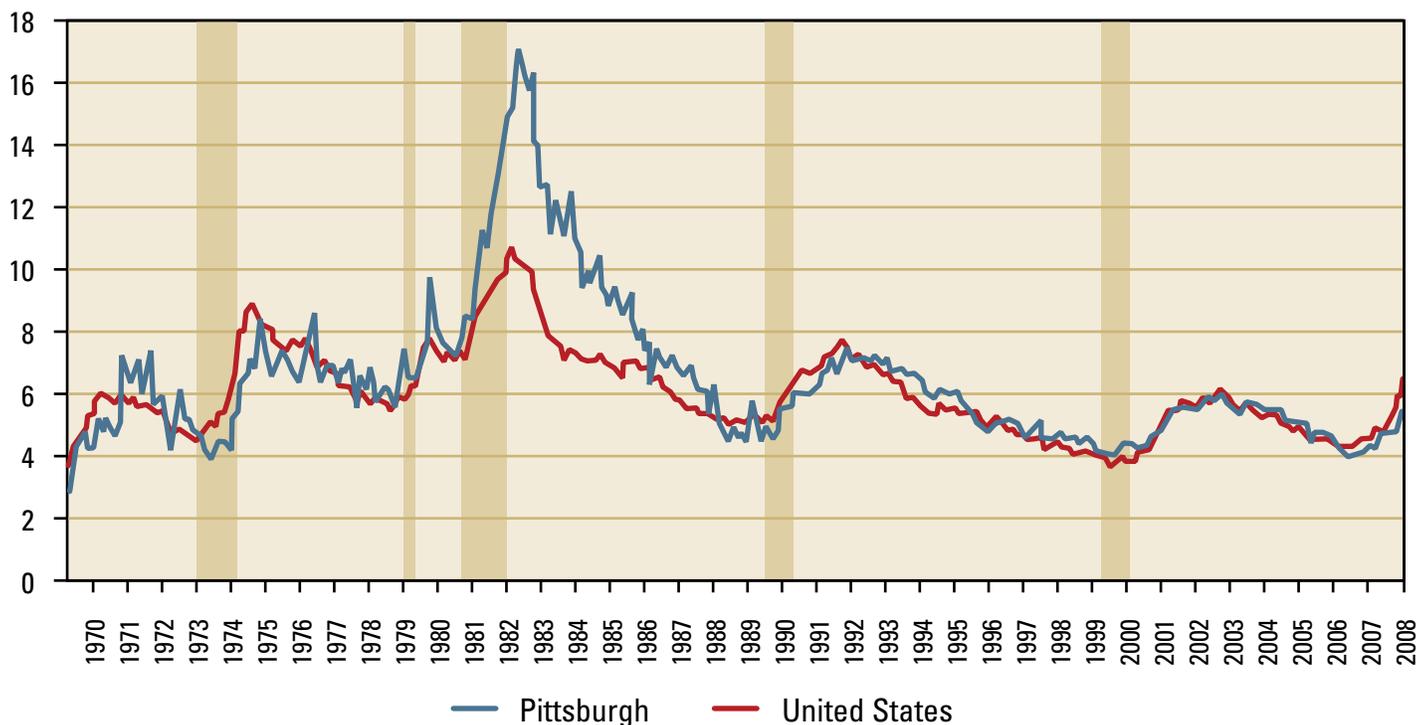
An interactive map of the November 4, 2008, presidential election returns from Allegheny County voting districts is now available through the Pittsburgh Neighborhood and Community Information System (PNCIS), a joint project of the University of Pittsburgh University Center for Social and Urban Research (UCSUR) and the Pittsburgh Partnership for Neighborhood Development. The map indicates the percentage of voter turnout, the total number of voters, and the percentage of voters supporting each candidate for every voting district in the county.

The election data are available on the PNCIS Web site at www.pghnis.pitt.edu. To use the map, click on the toolbar "Map Contents" and then the plus sign next to "Pub-Election" to see the data categories. Clicking on the plus sign next to each category will display a map key. Additional maps are available for previous elections.

According to the data, President-elect Barack Obama partly owes his victory to at least half—and up to 80 percent—of voters living in Pittsburgh and the bordering districts, from Penn Hills to Mount Lebanon. Districts

■ ■ ■ *continued on page 5*

Seasonally Adjusted Unemployment Rate Pittsburgh Metropolitan Area and the United States, 1970–2008



Note: National Bureau of Economic Research business cycles in gold

■ continued from page 1

The most serious recent downturn in the Pittsburgh economy occurred in the early 1980s. Between August 1981 and January 1983, the total number of unemployed workers in the Pittsburgh region increased from 88,500 workers to 212,400 workers. The unemployment rate reached 18.2 percent that month, much higher than the national rate of 10.5 percent recorded at the end of 1982.

Unemployment at the time represented mostly structural jobs losses resulting from plant closures and permanent job losses in manufacturing and related industries. Few of the jobs lost would return in the industries that cut workers from their payrolls.

NBER focuses more on declines in actual output in dating business cycles. Employment growth and unemployment rates are considered to be lagging indicators of recessions. In

Recessions do not affect all parts of the region equally.

the last two national recessions, peak unemployment for the nation occurred significantly after the official NBER business cycle dates.

Also for the last two recessions, the Pittsburgh region's unemployment rate peaked before that of the nation. In the 2001 recession, the Pittsburgh region's peak unemployment of 5.7 percent occurred in April 2002, 15 months before the national unemployment rate peaked at 6.3 percent in July 2003.

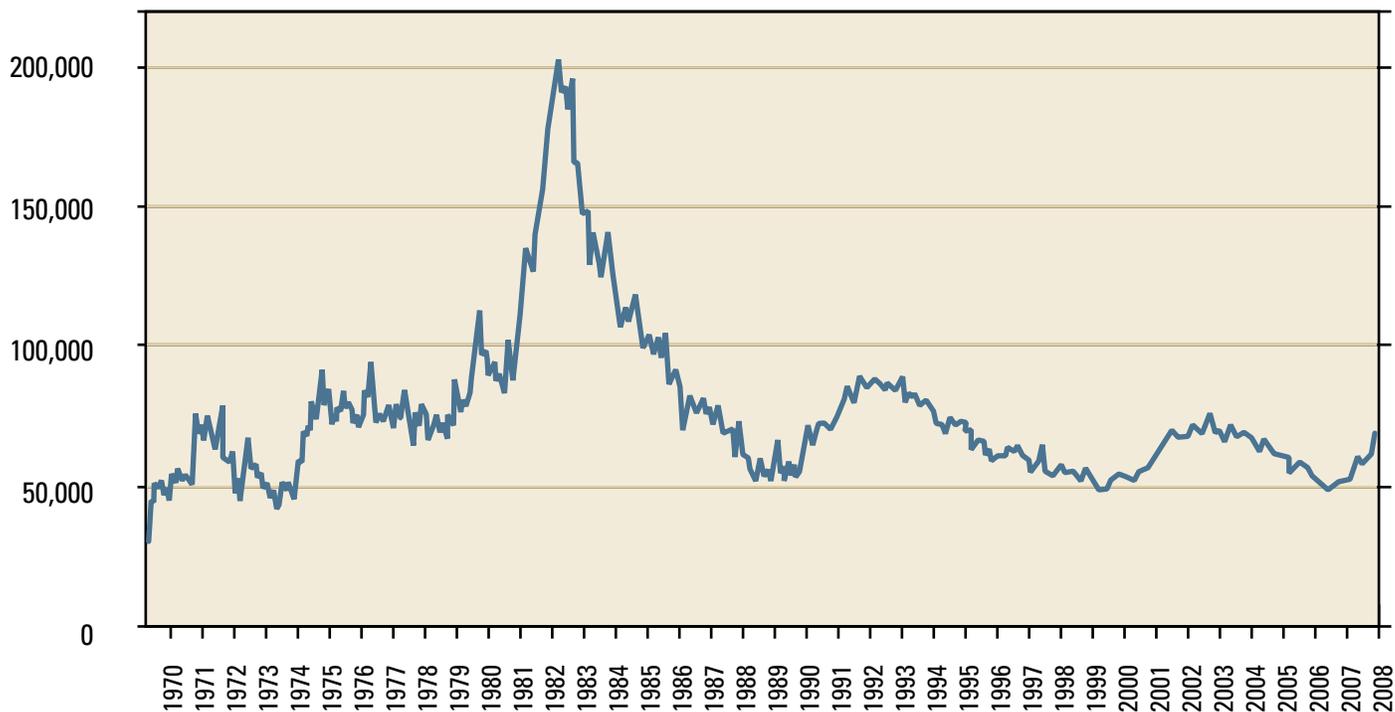
In the 1990–91 recession, the Pittsburgh region's unemployment rate peaked at 6.2 percent in March 1991, 16 months before the national unemployment rate peaked in July 1992. In the early 1980s, the region's unemployment would peak significantly higher than the national unemployment rate, but in both 1991–92 and 2002–03, the region's peak unemployment rate was below the highest rates for the nation.

Recessions do not affect all parts of the region equally. In the early 1980s, the recession had a concentrated impact on Beaver County, where the unemployment rate peaked at 28 percent in March 1983. Beaver County's unemployment rate would remain over 15 percent unemployment for 20 continuous months between May 1982 and December 1983. Fayette County remained over 10 percent unemployment between January 1980 and through October 1987.

Continuing changes in the regional economy will have an impact on how current and future recessions translate locally. At the end of 2008, manufacturing employment in the Pittsburgh region constituted 8.5 percent of total regional employment compared to nearly 19 percent in 1986. That fundamental divergence away from heavy industrial enterprises already has had a significant impact in how recessions impact the region.

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Total Unemployment Pittsburgh Metropolitan Area, 1970–2008



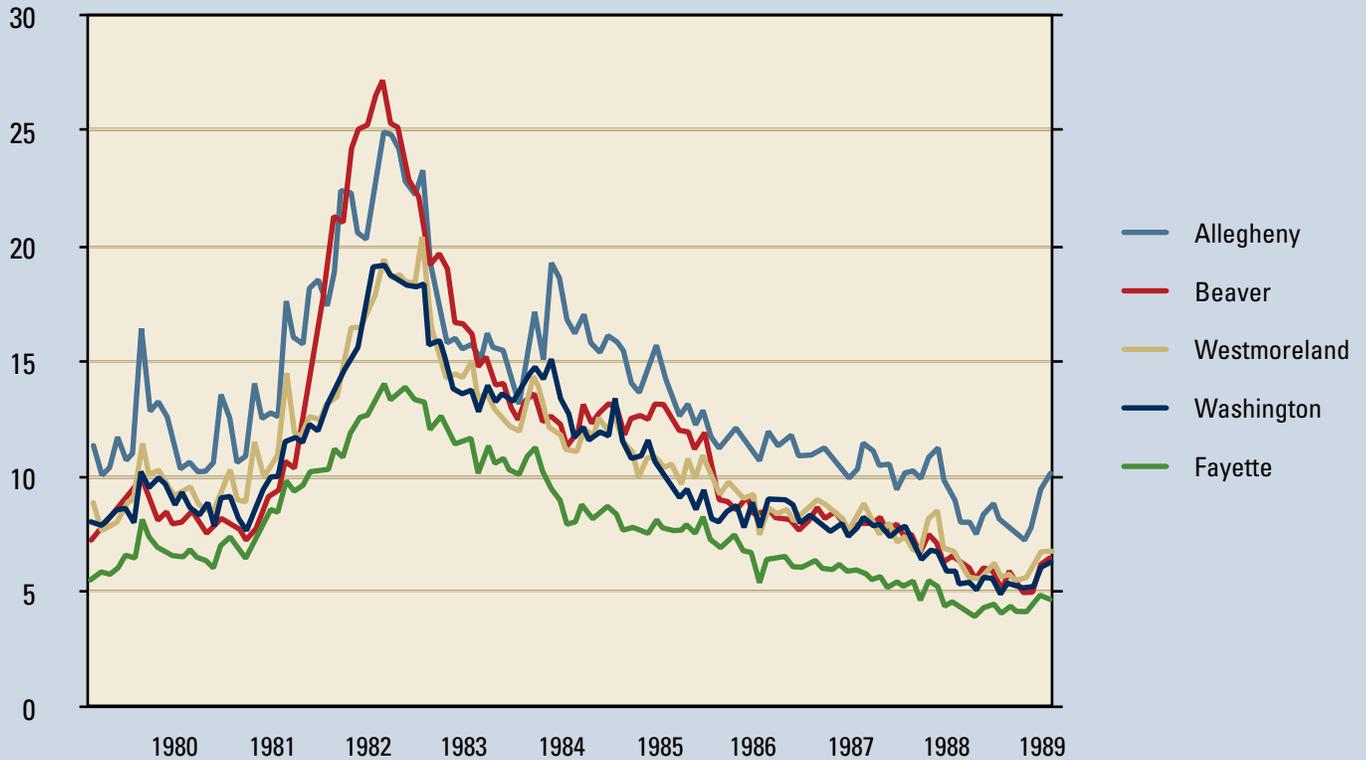
Pittsburgh and United States Recessions

Peak Unemployment				
NBER Recession Dates	Pittsburgh		United States	
November 1973–March 1975	August 1975	8.3%	May 1975	9%
January 1980–July 1980	July 1980	9.7%	July 1980	7.8%
July 1981–November 1982	January 1983	17.1%	November/ December 1982	10.8%
July 1990–March 1991	March 1991	6.2%	July 1992	7.8%
March 2001–November 2001	April 2002	5.7%	July 2003	6.3%

Source: National Bureau of Economic Research (NBER)

■ continued from page 3

**Unemployment Rate by County
Pittsburgh Metropolitan Area, 1980-89**



Butler County would not be defined as part of the Pittsburgh metropolitan statistical area (MSA) until 1993.
Armstrong County would not be added to the MSA until 2003.

Other Resources

- NBER statement on the recession determination of the December 2007 peak in economic activity: www.nber.org/cycles/dec2008.html
- Frequently asked questions on the National Bureau of Economic Research business cycle dating procedure: www.nber.org/cycles/recessions_faq.html

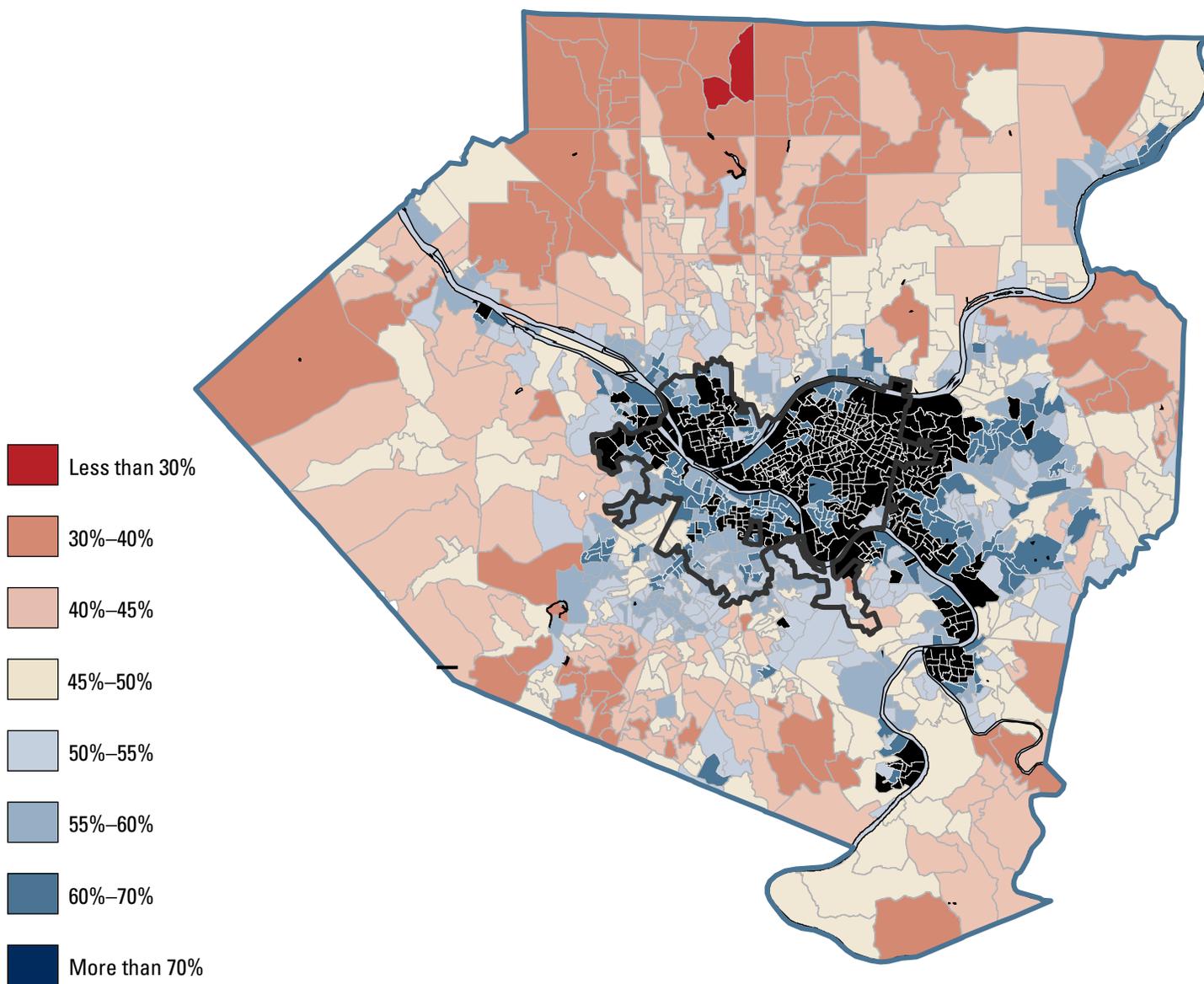
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further outside Pittsburgh strongly supported Republican contender Senator John McCain. The data also reveal that voter turnout in the red-leaning areas was generally higher by percentage and total number of voters than in districts in Pittsburgh. For example, no Pittsburgh district reported a turnout greater than 80 percent, and the only district in the county to have less than a 20 percent turnout was in the city.

No Pittsburgh district reported a turnout greater than 80 percent.

PNCIS is an information system that collects integrated information on community conditions and provides it to local stakeholders. UCSUR operates PNCIS in agreement with the Pittsburgh Partnership for Neighborhood Development, a leader in community development in the city of Pittsburgh. The Pittsburgh Partnership for Neighborhood Development was instrumental in securing the financial support to build PNCIS and expand and develop it over the years.

For more information about PNCIS, please contact Sabina Deitrick at sabinad@pitt.edu.



Start Planning Now for the 2010 Census

The countdown to the 2010 Census has begun, and the U.S. Census Bureau is looking to national, tribal, state, and local officials and community leaders to ensure an accurate count. With Census Day in just two short years—April 1, 2010—the Census Bureau has already launched a critical national effort that affects the apportionment of congressional seats, and how the federal government annually allocates \$300 billion in federal assistance to state, local, and tribal governments.

The 2010 Census will have one of the shortest census questionnaires in the history of the United States, dating back to the nation's first census in 1790. The 2010 Census will ask for name, gender, age, race, ethnicity, relationship, and whether the householder owns or rents the home. The census form will take only about 10 minutes on average to complete, and answers are protected by law and are strictly confidential.

"The participation of community leaders, organizations, and local governments can help make the 2010 Census the most accurate census in our nation's history," said Steve Murdock, director of the U.S. Census Bureau.

More than 11,000 state, local, and tribal governments have registered for the Local Update of Census Addresses program to update the Census Bureau's address information for their communities. Communities also can begin planning for Complete Count Committees—a team of local government, business, and community leaders who are appointed by a governor for a statewide committee or by a community's

highest-elected official for a local committee. Members of the committees work to make sure their communities are counted. During Census 2000, more than 11,800 Complete Count Committees were formed to help develop and implement locally based outreach and recruitment campaigns.

"The 2010 Census is the consummate partnership between local, state, tribal, and federal government," said Keith Hite, president of the National Association

"Help make the 2010 Census the most accurate census in our nation's history."

***—Steve Murdock
Director, U.S. Census Bureau***

of Towns and Townships and executive director of the Pennsylvania State Association of Township Supervisors. Preparing early for the 2010 Census is a great way for local leaders to learn the makeup of their



communities and what they need from local government. Reasons for residents to be aware of the upcoming census and the need to participate are:

- The federal government uses census numbers to allocate more than \$300 billion in federal funds annually for community programs and services, such as education, housing and community development, health care services for the elderly, job training, and more.
- State, local, and tribal governments use census information for planning and allocating funds for new school construction, libraries and other public buildings, highway safety and public transportation systems, new roads and bridges, location of police and fire departments, and many other projects.
- Community organizations use census information to develop social service programs, community action projects, senior lunch programs, and child care centers.
- The numbers help businesses identify where to locate factories, shopping centers, movie theaters, banks, and offices—activities that often lead to new jobs.
- The census totals are used to determine how many seats each state will have in the U.S. House of Representatives. In addition, states use the numbers to allocate seats in their state legislatures.

For information about forming a Complete Count Committee, contact a Census Bureau Regional Office at www.census.gov/field/www. More information about the 2010 Census can be found at www.census.gov/2010census.

Conference Announcement

The Gender Wage Gap: Strategies for the Future

Why do women still earn so much less than men? Why is the gender wage gap significantly worse in Pittsburgh and Southwestern Pennsylvania? What new legal and policy strategies might help to address these persistent inequalities? Nationally recognized scholars in law, economics, and public policy will address these questions, with responses by state and local political and nonprofit leaders and by a panel of prominent women graduates of the University of Pittsburgh College of General Studies.

Date: Friday, February 20, 2009

- 8:30–9 a.m.** Coffee, Welcoming Remarks
- 9–10 a.m.** Morning Keynote: Jocelyn Frye, National Partnership for Women & Families
- 10:15–11:45 a.m.** Panel 1: Research on the Gender Wage Gap
Panelists include Sabina Deitrick and Chris Briem (University of Pittsburgh University Center for Social and Urban Research), Lise Vesterlund (University of Pittsburgh), and Charles Wilf (Duquesne University).
- Noon–1:30 p.m.** Lunch and Keynote: Professor Linda Babcock, Carnegie Mellon University
- 1:45–3:15 p.m.** Panel 2: Law and Public Policy
Panelists include Heather Arnet (Women and Girls' Foundation), Deborah Brake (University of Pittsburgh School of Law), the Honorable Jane Clare Orie (Pennsylvania State Senate), and Doug Shields (Pittsburgh City Council); panel will be moderated by Sue Frietsche (Women's Law Project).
- 3:30–5 p.m.** Panel 3: Bringing It Home—Professional Women and Strategies for Success
Panelists include alumnae of the University of Pittsburgh College of General Studies; panel will be moderated by Susan Hansen (University of Pittsburgh).
- Location:** University of Pittsburgh School of Law
Barco Law Building
3900 Forbes Avenue
Pittsburgh, PA 15260

This event is open to the public. Please register online at www.lawevents.pitt.edu.

For more information, please call 412-648-7796.

This event is sponsored by the University of Pittsburgh University Center for Social and Urban Research, School of Law, Graduate School of Public and International Affairs, and College of General Studies.



University of Pittsburgh

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Recent Publications by the University Center for Social and Urban Research

EEO Employment Data for Allegheny County and the Pittsburgh Region (2/08)
Gender Wage Disparity in the Pittsburgh Region (12/07)
The Impact of the University of Pittsburgh Cancer Institute and UPMC Cancer Centers on the Pittsburgh Regional Economy (10/07)
Migration Trends in the Pittsburgh Region, 2000–06 (7/07)
Diversity Among Pennsylvania State Boards (12/06)
Allegheny County Economic Trends (12/05)
Allegheny County Housing and Socio-demographic Trends (12/05)
Disabilities in Southwestern Pennsylvania (10/04)
Women's Benchmarks Reports (4/04)

Black-White Benchmarks Reports (3/04)
The State of Aging and Health in Pittsburgh and Allegheny County (5/03)
2002 User Survey for the Pennsylvania Allegheny Trail Alliance (3/03)
Diversity Among Elected Officials in the Pittsburgh Region in 2002 (2/03)
Black Papers on African American Health in Allegheny County (9/02)
African American and Women Board Members in the Pittsburgh Region (11/01)
The State of the Environment in Allegheny County: Land, Water, and Air (3/01)

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