

# Fed Reserve VP talks recovery

Created on Wednesday, 31 October 2012 09:53  
Last Updated on Monday, 03 December 2012 20:13  
Published on Wednesday, 31 October 2012 09:53  
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On the same day he released his latest analysis of economic trends, Federal Reserve Bank of Cleveland Vice President and Senior Regional Officer LaVaughn Henry, Ph.D. presented it to the African American Chamber of Commerce.



Henry told the Oct. 19 PowerBreakfast audience that Pittsburgh has weathered the prolonged recession far better than many regions and is poised for continued growth.

That growth however will be anaemic compared to past recoveries.

## MONEY TALKS—

Following his special Oct. 19 presentation to the African American Chamber of Commerce, Federal Reserve Bank of Cleveland VP LaVaughn Henry, center, poses with chamber President and CEO Doris Carson Williams and Board Chair Samuel Stephenson.

Nationally, GDP grew at less than 1% in the second quarter and is projected to grow at about 2% for the foreseeable future, which means the labor force growth will also be slow.

But Pittsburgh is expanding faster than every other Mid-Atlantic region except New York City. The housing market never took the hit that other markets did, and unemployment peaked here in 2010 at just over 8%.

But the job losses here did mirror losses nationally in that most were in the manufacturing sector. And many of those, Henry said, will not come back. And many African-Americans worked in manufacturing.

“One reason those jobs won’t return is due to an increase in productivity. What it took four people to do 12 years ago, now takes only three,” he said. “But again, regionally, those job losses are being replaced by jobs in healthcare and education. Oh yeah, and striking oil didn’t hurt.”

Another reason some jobs will not return has to do with consumer trends. With personal incomes flat or growing at far less than in previous decades, people are shedding short-term, revolving debt, and making purchases based on long-term durability.

“People are spending less and basing purchasing decisions on longevity and reliability,” Henry said.

The key points he made that bode well for the region are that the local recovery exceeds the state and national rates, the housing market is rebounding, and the Shale gas industry offers a solid possibility for an extended economic recovery.

As for Federal Reserve policy, he said fears of hyperinflation due to the massive amounts of currency put into the market since 2008 are unfounded because of the extra capacity, i.e. the remaining unemployment and losses in manufacturing, in the system.

He said interest rates are projected to remain low at least through mid-2015.

Following his presentation, Chamber President and CEO Doris Carson Williams and Board Chair Samuel Stephenson gave Henry a Chamber membership pin. Williams then reminded the audience that the grand finale of the Chamber's series of diabetes workshops will be held Nov. 13 at the Manchester Craftsmen's Guild.

The annual Business Luncheon, with keynote speaker Dennis Yablonsky, CEO of the Allegheny Conference on Community Development, will be held Dec. 3 at the Omni William Penn Hotel.

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