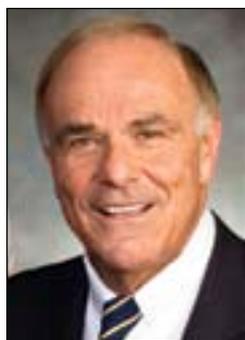


Leading Pennsylvania

An Interview with **The Honorable Edward G. Rendell, Governor of Pennsylvania**

EDITORS' NOTE *Edward G. Rendell is Pennsylvania's 45th Governor. He began a second term of office on January 16, 2007. Rendell served as the 121st Mayor of the City of Philadelphia from 1992 through 1999. Before serving as Mayor, Governor Rendell served as District Attorney of Philadelphia for two terms, from 1978 through 1985. Governor Rendell, who also served as General Chair of the Democratic National Committee during the 2000 Presidential election, has been active in the community through a variety of board memberships, and also teaches government and politics courses at the University of Pennsylvania. He is a United States Army veteran, and received a B.A. from the University of Pennsylvania and a J.D. from Villanova Law School.*



The Hon. Edward G. Rendell

Are you surprised at the speed with which this economic crisis hit and its severity, and where do you see us today on the road to recovery?

I think the good news is we've seen the worst. TARP, although it was much reviled, was necessary, but I would have put conditions on the money we gave to the banks. Without TARP, a collapse of the financial system would have started, which would have plunged us into a Japanese-like recession.

The economy has shown some signs of life, but we have not yet returned to growth. In my first five and a half years as Governor, growth in Pennsylvania was between 6 and 7 percent. In 2008, we had negative 10 percent growth, and in 2009, we had zero growth. We don't predict getting back to 6 percent growth for another two to four years, so that gives you an idea where we stand. The economy will recover, but it's going to be very slow.

When you look at the strain we've seen on states across the country, Pennsylvania among them, how challenging is it to decide where to make those cuts so you're not sacrificing critical needs?

It's gut-wrenching, and it's a Hobson's choice. There are no good choices, but you have to do it. The stimulus has certainly

worked to move the GDP of the country but it has also worked with the states – without the stimulus, most states would be under water. In a Pew study recently released by the *Wall Street Journal*, Pennsylvania was named one of the 10 states that has strong fiscal stability. We might be able to survive without stimulus, but most states wouldn't, and we probably would have a difficult challenge.

Since you took office, you've placed a heavy focus on the economy and on creating jobs. In this market, what have you been able to do to continue to stimulate job growth within Pennsylvania and is that moving in the right direction?

The reason that Pennsylvania has a lower unemployment rate than the national average is because since I've been Governor, we invested in growth, in cleaning up our infrastructure, in cleaning up sites, and in putting in necessary water and sewers to support industry, and we continue to do that even in these tough economic times. It's the reason our unemployment is at 8.8 percent while the national unemployment is close to 10 and most of the large industrial states are above 10.

Coming into office, you placed a heavy focus on education reform. Has the reform gone the way you wanted in Pennsylvania?

I've achieved my goals. The Center on Education Policy of Washington released a report stating that Pennsylvania was the only state that, in the past six years, has achieved significant progress at every grade level and in every subject tested by the national task force. *Education Weekly* also found we were the fifth highest state in recent achievement gain based on national tests, and first in the country in recent achievement gains in early childhood learning. This is all a result of targeted investments, early childhood learning, smaller class sizes, after-school tutoring, more high school programs, as well as putting laptops in every classroom. We had a new education formula, and education is on the right track. Even in this terrible recession, we were the only state to substantially increase our base education subsidy by \$300 million.

Another of your key areas of focus when you came into office was property tax relief. Have you achieved what you had hoped for?

Yes. I started out with the goal of property tax reform for senior citizens, since they're the ones who are the most challenged because they live off of fixed income. The gaming funds and the lottery funds that we receive revenues from have allowed 125,000 senior homeowners in Pennsylvania to have school property taxes totally eliminated. Another 300,000 have seen 50 percent or more of their school property taxes eliminated. So for seniors, we have had a dramatic effect.

For non-senior homeowners, it's slow-going and not where I want it to be, but it will get there.

The business community suggests that true recovery needs to come back to private sector entrepreneurship. Do you worry that regulation and uncertainty around health care will hamper entrepreneurship in this country, and are we losing our edge globally in terms of innovation?

I don't think the worry about health care or cap and trade is going to hurt growth. It's the lack of an opportunity to get credit and loans that is hindering job creation. Small businesses are just what the doctor ordered.

Are we losing our competitive edge? Absolutely. We've got to get back into supporting innovation and creation. For the first time, 50 percent of the patents issued were to foreign countries or foreign nationals, and the answer to that challenge is that we need to do a better job on education: science, technology, law, and math, in particular.

While you're heavily engaged in Pennsylvania right now, can you foresee a time when you'll be out of public office?

It depends on your definition. I don't want to be in the President's cabinet and I'm too much of a free spirit to have been chosen by the Obama administration. I would like to confine my public involvement after January 2011 with my Chairmanship of Building America's Future, which is an infrastructural organization that I Co-Chair with Mayor Bloomberg of New York and Governor Schwarzenegger of California. I've devoted a lot of my time as Governor to promoting the infrastructure of our important country, but also of Pennsylvania, and that is the one area of public life I will focus on well after this office. ●