October 18, 2017 **Allegheny Institute Op-Ed**

510 words

'Anemic' defines Greater Pittsburgh's economy

By Colin McNickle

There are few reasons to boast about the economy of Greater Pittsburgh, the president of the Allegheny Institute for Public Policy says. In fact, the statistics are strikingly anemic.

"Notwithstanding a few positive developments, including Marcellus shale, the seven-county Pittsburgh MSA (metropolitan statistical area) has seen a 17-year period since 2000 in which there has been no net growth in the labor force or number of residents working," says Jake Haulk, the Ph.D. economist who heads the Pittsburgh think tank (*in Policy Brief Vol. 17, No. 42*).

To wit, Greater Pittsburgh's August 2000 labor force stood at 1,207,707. This past August, the number was 1,204,546. While Haulk says there was a modest 31,000 increase in the labor force from 2000 through 2012, that trend has been completely reversed since then.

The number of employed Greater Pittsburgh residents saw a net decline of 12,290 – from 1,154,192 in 2000 to 1,141,899 in 2017. "There was an increase of 14,500 employed residents from 2000 to 2007, but like the labor force pattern, that growth has been completely reversed," Haulk notes.

Meanwhile, the think tank scholar says private-sector establishment payroll jobs pushed marginally higher over the 17 years, rising from 1,026,800 in August 2000 to 1,062,800 in August 2017. That's a compound annual growth rate of 0.2 percent.

"This very slow rate represents a significant slowing from the 1990 to 2000 decade when jobs grew by one percent per year and boosted private-sector payrolls by 101,000 jobs," Haulk says.

But, he cautions, if history is any guide, the 2017 figure likely will be revised downward. That's because half of the 11,000 gain in private jobs over the last year has been in the leisure and hospitality sector that regularly has seen major revisions in years past.

And do remember, Haulk adds, jobs in this sector are low wage with very low weekly earnings because of the average 24-hour work week. “Thus, they are relatively weak contributors to income and output compared to manufacturing or professional service employment,” he says.

Real personal income did rise by 20 percent in the Pittsburgh MSA from 2000 to 2015 (the latest available data), but Haulk reminds that’s just over half the national rate for the period.

Just as troubling is the fact that average hours worked in Greater Pittsburgh have steadily declined over the last decade and weekly earnings, adjusted for inflation, have been basically flat since 2015.

And then there’s this: “The long slide in good-producing jobs was still in evidence (over) the past two years as employment fell by 9,300 to stand at 149,500 in August 2017,” the think tank president said.

While the U.S. Bureau of Labor Statistics’ August payroll employment figures, the latest available, show some strengthening compared to 2016, these “modestly better numbers cannot mask the longer term trend of very sluggish job and income gains in the region,” says Haulk.

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