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Pennsylvania's job growth: In perspective

By Colin McNickle

By almost every measure, 2017 was a good year for the national economy. But the story was quite different for Pennsylvania. And scholars at the Allegheny Institute for Public Policy say the reasons are clear.

“If Pennsylvania wants stronger economic growth, it needs to remove glaring constraints it places on free market economics and it needs to address its shortsighted governance practices,” say Frank Gamrat, a senior research associate at the Pittsburgh think tank, and Jake Haulk, its president.

Last year's national economic growth was paced by a surging stock market and sizable employment gains, led by the manufacturing sector. Overall private employment grew by 1.8 percent in 2017 over 2016.

Pennsylvania's gain was only 1.2 percent, well below the national rate and below that of two other large states, Texas and North Carolina, which happen to be right-to-work states. They posted jobs gains of 1.9 percent each.

The Keystone State, however, did outperform neighboring Ohio and Maryland, which saw 2017 private job gains of 0.8 percent and 1.05 percent, respectively.

“Moreover, during the five years from 2012 to 2017, the commonwealth's private job growth has been quite weak compared to the nation and the other states,” the scholars say (*in Policy Brief Vol.18, No. 14*).

To wit, while annual average private jobs grew by 10.7 percent nationally, Pennsylvania's increase was a mere 5 percent. North Carolina's private employment grew by 12.5 percent in the five-year span and Texas saw a 13.2 percent increase.

Even Ohio and Maryland bested Pennsylvania's annual average private jobs growth at 7.1 percent and 6.8 percent, respectively.

Gains in manufacturing, prized for its higher wages and multiplier effects, offer an interesting tutorial. While increases across the board – nationally and in the comparison states -- were nothing to write home about in 2017, the five-year figures yet again illustrate Pennsylvania’s struggle.

National manufacturing jobs were up 4.3 percent in that same span. But while North Carolina and Ohio posted gains – of 6.2 percent and 4.6 percent, respectively -- Pennsylvania, Maryland and Texas saw losses, of 1 percent, 4.3 percent and 2.2 percent, respectively.

Pennsylvania brought up the rear in the comparison group for employment in trade, transportation and utilities from 2012 to 2017. Those jobs grew nationally at a rate of 7.9 percent; the Keystone State’s rate was far more modest at 2.6 percent.

And while much is made of Pennsylvania’s strength in education and health -- the so-called “eds and meds” sector -- “the reality is that over the long term it has lagged (behind) the national rate and other states that are also strong in growing this sector,” Gamrat and Haulk say.

Indeed, Pennsylvania’s 7.8 percent growth in average annual jobs from 2012 to 2017 is nothing to sneeze at. But the national growth rate was 11.6 percent. Eds and meds growth during that same five-year period was 10.2 percent in Maryland, 9.1 percent in North Carolina, 7.5 percent in Ohio and 15.2 percent in Texas.

But the bottom line for Pennsylvania’s overall jobs growth is not flattering. Which should not necessarily come as a surprise, as the Allegheny Institute’s Ph.D. economists yet again remind.

“Pennsylvania has an overall poor business climate, high business taxes and a business-stifling regulatory climate,” Gamrat and Haulk say. “Its fealty to unions is evident in the absence of a right-to-work law, high rates of unionization of public-sector employees and allowing teachers and transit workers to strike.”

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