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### Latest Pittsburgh jobs numbers disappoint

By Colin McNickle

Overall job growth continues to be lackluster in Greater Pittsburgh. And in an interesting twist, the sector pacing that meager growth does the least to boost economic growth while the one so regularly touted as its future is showing paltry gains, say scholars at the Allegheny Institute for Public Policy.

According to the latest figures for the seven-county Pittsburgh Metropolitan Statistical Area (MSA), private sector payroll employment (not seasonally adjusted) rose by a mere 8,100, or 0.75 percent, between December 2017 and December 2018.

“A primary reason that jobs growth continues to languish in the Pittsburgh MSA, and even statewide, are economic policies that make the business climate less friendly than other areas and, consequently, making it a less desirable place for startups and existing businesses to grow,” say Frank Gamrat, executive director of the Pittsburgh think tank, and Jake Haulk, president-emeritus there (*in Policy Brief Vol. 19, No. 7*).

To place the jobs situation in perspective, nationwide total jobs grew by 2.02 percent for the year ended in December. The Pittsburgh MSA’s job growth also fell short of that in the comparable MSAs of Indianapolis (2.31 percent), Nashville (2.14 percent) and Columbus (1.72 percent).

Neither did Greater Pittsburgh perform very well in several important subsets. In the goods-producing “super sector” – including things like mining, logging, construction and manufacturing – there was, nationally, a solid overall employment gain of 3.13 percent.

Indianapolis paced the MSA comparables at 5.67 percent while Pittsburgh posted a 1.41 percent increase, led by construction. Columbus saw a gain of 1.33 percent while Nashville saw its goods-producing “super sector” employment drop by 0.88 percent.

Broken down a bit more, while the Pittsburgh MSA did show positive manufacturing growth (a meager 0.12 percent rise), it trailed the national growth rate of 2.11 percent and was much lower than two of the MSA comps -- Columbus (1.49 percent), Indianapolis (1.41 percent) – but above Nashville’s negative 1.56 percent.

Additionally, Pittsburgh brought up the rear in the private service-providing super sector with a mere 0.64 percent jobs gain from December 2017 to this past December. Nationally, jobs rose 1.81 percent in this sector.

And for all the touting of Pittsburgh's "eds and meds" economy, Greater Pittsburgh's employment gains in that sector for the period lagged both the national and comparable MSA rate at a beggarly 0.47 percent. Nationally, those jobs posted a 2.25 percent gain in the 12-month period. Columbus saw a 3.21 percent increase. Indianapolis and Nashville saw increases of 1.86 and 1.72 percent, respectively.

Indeed, the Pittsburgh MSA registered solid gains in the leisure and hospitality sector, with employment increases of 2.33 percent, well ahead of the national rate (1.18 percent) and handily besting its peer group. But "this is the one sector that perhaps does the least to boost economic growth because of its very weak multiplier effect and low wages," remind Gamrat and Haulk, both Ph.D. economists.

And future growth in that sector could be retarded by Gov. Tom Wolf's renewed push to raise Pennsylvania's minimum wage – now at the \$7.25 federal rate – to \$15 an hour by 2025.

"Apparently no amount of evidence of the negative effects of large increases in mandated minimum wages will deter politicians who prefer to look concerned about incomes, as opposed to helping their states and regions grow businesses and employment with higher wages and produce strong demand for workers," the think tank scholars say.

"Strong sales and good profits lead to higher wages in a competitive labor market," Gamrat and Haulk stress. "Avoiding this truism is not a good way to boost economic prosperity."

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