



ALLEGHENY INSTITUTE

FOR PUBLIC POLICY

February 27, 2019

Allegheny Institute Op-Ed

670 words

The Pa., Pittsburgh & Philly jobs picture: Losing ground

By Colin McNickle

“Comparisons are odorous,” William Shakespeare wrote in “Much Ado About Nothing.” And when it comes to the comparative analysis of Pittsburgh, Philadelphia and Pennsylvania jobs numbers over the last decade, they indeed are odorous in some cases but also quite instructive and much ado about everything.

While the Allegheny Institute for Public Policy regularly has analyzed Pittsburgh and Pennsylvania jobs numbers over the years, expanding that analysis to include Greater Philadelphia adds a valuable, contextual metric. It’s even more so when considering national figures.

“Because the five-county Southeastern Pennsylvania area accounts for about a third of (the commonwealth’s) private-sector jobs, changes in that region will bear heavily on the state’s overall performance,” says Jake Haulk, president emeritus of the Pittsburgh think tank (*in Policy Brief Vol. 19, No. 9*).

Unlike the Pittsburgh Metropolitan Area and Pennsylvania, Philadelphia’s combined five-county data are not provided by the U.S. Bureau of Labor Statistics. But they are otherwise reported in two configurations – a three-county (Chester, Bucks and Montgomery) “metropolitan division” and a two-county metro breakdown (Philadelphia and Delaware, with Philadelphia County and the City of Philadelphia being one and the same geographically).

In the three-county division, private employment rose from 947,000 in 2008 to 992,600 in 2018. That’s a gain of 45,600 (4.8 percent) and a 0.47 percent annual average over the period. Employment fell to 902,00 in 2009 and did not fully recover to the 2008 level until 2015.

In the two-county division, private jobs climbed from 753,500 in 2008 to 834,200 in 2018, an increase of 80,700 (10.7 percent) and a 1.092 percent annual average over the decade. Private employment fell to 735,000 in 2009 but had fully recovered to the 2008 level by 2012.

The combined five-county Greater Philadelphia region saw private employment rise just more than 1.70 million to 1.83 million (7.4 percent) with 64 percent of the growth accounted for by Philadelphia and Delaware counties, which fared better during the recession and grew faster after the recovery began. During the same 10-year span, Pennsylvania's private-sector jobs rose by 285,000 (5.7 percent). In Greater Pittsburgh, private-sector jobs grew by 50,000 (4.9 percent).

"Thus, the five Southeastern (Pennsylvania) counties posted stronger than state growth thanks to the 10.7 percent rise in the Philadelphia and Delaware county division," says Haulk, a Ph.D. economist.

"Indeed, the two counties had a jobs increase of 30,000 more than the seven-county Pittsburgh region. On the other hand, the Pittsburgh region kept pace with the Montgomery, Bucks, Chester division."

When it comes to private service jobs, they rose 8 percent for the decade ended last year in the three-county measurement, 13 percent in the two-county measure and 10.3 percent in the combined five-county Philadelphia area metric.

By comparison, statewide private service jobs rose 8.6 percent for the period and 6.1 percent in Greater Pittsburgh.

Goods-producing employment was moribund for all measures in the 2008-18 period – down 10.8 percent in Southeastern Pennsylvania's three-county group; down 12.9 percent in the two-county metric; down 11.4 percent for the combined five-county measurement; down 7.7 percent statewide but down only 1.7 percent in the seven-county Pittsburgh area.

The statistics were even worse for manufacturing across all metrics with double-digit percentage losses -- even considering jobs related to shale drilling.

"The loss of high productivity manufacturing jobs to be replaced by service-producing jobs is not a recipe for sustaining strong gains in real gross state product," Haulk reminds.

Especially when, nationally, the gains in all measurements outpaced the Pennsylvania and Pittsburgh/Philadelphia subsets and the losses were much less.

"In short, the state and its two largest metropolitan regions have lost ground relative to the country over the 2008-to-2018 period despite weathering the recession of 2008-10 better than the national economy largely because the housing crisis was not as bad in Pennsylvania," Haulk says.

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