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Pittsburgh's anemic labor market

By Colin McNickle

Job growth has slowed significantly in Greater Pittsburgh over the last few months. And while there typically are myriad factors in the job-creation equation, the proverbial “usual suspects” can continue to be tagged for the region’s anemic employment performance, finds an analysis by the Allegheny Institute for Public Policy.

“(T)he lack of political resolve, locally and statewide, to do anything about the array of issues that deter growth continue to hold the region back,” says Jake Haulk, president-emeritus and senior advisor at the Pittsburgh think tank.

After accelerating sharply in 2017-18 from 2016’s lethargic growth, private-sector job growth in the Pittsburgh Metropolitan Statistical Area (MSA) has slowed in the first seven months of 2019 – up by an average of only 7,660 per month above the average level of the same months in 2018.

“Moreover, unless revised upward, the July 2019 private-job count will be up only 1,100 over July 2018,” Haulk says (in *Policy Brief Vol. 19, No. 33*).

It’s a striking number considering that, by comparison, from July 2017 to July 2018, employment in the private sector had climbed by 13,400 jobs.

Job growth has slowed somewhat nationally but more sharply across Pennsylvania.

In the Pittsburgh MSA retail employment continued its slide, dipping by 3,500 jobs compared to 12 months earlier. In health care, employment was lower for the second straight month in July, down 2,500 from the year-earlier measure.

Indeed, only a solid 12-month gain of 3,000 in leisure and hospitality and 2,200 in the management of companies sector kept total private-service employment from showing a net job loss over the period as it posted a tiny service employment gain of only 700.

Meanwhile, in the goods sector, 3,000 additional construction jobs compared to July 2018 and a 200-job increase in mining employment were able to offset the 2,800-job drop in manufacturing from the July 2018 level.

Then there's this sobering factoid: The July 2019 labor force level in the Pittsburgh MSA stood at 1.223 million, which is 12,550 *below* the 2001 reading.

While Pittsburgh's July-to-July drop in factory employment was in line with the large loss of 11,000 jobs posted by the commonwealth, such losses remain worrisome because of the multiplier effect of income produced through its export component.

"Unfortunately, Pennsylvania and Pittsburgh factory jobs were hit harder than the nation as some states managed continue growing, some impressively," Haulk says. Texas is a prime example, where factory jobs rose by 27,000 in the period.

Now, to those "usual suspects":

"It bears repeating that the long-time anti-business climate in much of the region, especially as demonstrated by the City of Pittsburgh, does the metro area great harm," Haulk says.

"Those who berate the region's air quality based on a couple of monitors in a 10-county area and propose all kinds of labor market regulations for the private sector that increase costs, reduce management prerogatives and flexibility, negatively impact the region's attractiveness for outside investment," the think tank scholar adds.

Furthermore, the shale gas industry, which shows some promise for growth, is under almost constant attack, Port Authority bus costs per vehicle revenue hour rank among the highest in the country and teacher unions still can strike.

And, sadly, public schools in many communities in the Pittsburgh metro area have academic achievement levels in reading and math that are completely inadequate for securing and holding good-paying jobs and consign many graduates to low-skill, low-pay jobs.

"Unfortunately, there appears to be no change in attitudes on the horizon," Haulk says.

Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy (cmcnickle@alleghenyinstitute.org).

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
