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Drastic changes key to better Pittsburgh job growth

The evidence is clear that right-to-work metropolitan areas out-performed non-right-to-work areas for private-sector jobs as they began to recover from the effects of the coronavirus pandemic in 2021, concludes an analysis by the Allegheny Institute for Public Policy.

And Greater Pittsburgh remains a poster child for the malaise that results from public policies that are inimical to job growth, says Jake Haulk, president-emeritus of the Pittsburgh think tank.

"(T)he region is working in an environment of state regulations and development policies that rely too heavily on subsidies in various forms while imposing unnecessary or outdated regulations on the economy and local governments," the Ph.D. economist says (in *Policy Brief Vol. 22, No. 8*).

Private-sector jobs in the seven-county Pittsburgh Metropolitan Statistical Area (MSA) – that's Allegheny; Armstrong; Beaver; Butler; Fayette; Washington and Westmoreland counties – continued to lag from their pre-pandemic numbers for 2021, down 70,200, or 6.5 percent, from the 2019 annual reading.

And it is most instructive to evaluate the strength (or weakness) of the Pittsburgh MSA's private employment recovery by looking at seven similarly sized MSAs.

One group is northern and north-central and long-time traditionally non-right-to-work (Buffalo, Cleveland, Milwaukee and Pittsburgh). The second group is southern and mountain and long-time right-to work (Ft. Worth, Nashville, Raleigh and Salt Lake City).

"The first group, the northern group, turns out to be very weak compared to the second group, the southern group, in terms of long-term employment growth as well as recovery from the [jobs] losses due to the pandemic in 2020," Haulk found.

To wit, between 2011 and pre-pandemic 2019, private employment in the four-weak MSAs rose an average of 7.4 percent. The strongest MSA in the weak group was Milwaukee at 9.1 percent growth and the weakest was Pittsburgh at 5.7 percent.

Meanwhile, in the strong group the average growth from 2011 to 2019 was 30.4 percent, led by Nashville at 37 percent. The slowest gain was posted by Ft. Worth at 23.4 percent.

"Thus, average employment growth in the strong group was four times faster than the weak group," the think tank researcher says.

Fast-forward to 2021. The weak group average shortfall in December compared to 2019 was 5 percent. Pittsburgh was the weakest of the group with jobs still 5.4 percent below the December 2019 level.

The strong group averaged a 2.2 percent increase compared to December 2019 with all MSAs fully recovered. Salt Lake City led the way, climbing 4.5 percent above the 24-month-earlier level, followed by Raleigh at 2.6 percent above the pre-pandemic December count.

Thus, at the end of 2021 the strong group was a total of 7.2 percent further ahead in employment gains than the weak group that was still significantly below the pre-pandemic job counts.

"The statistics … amplify the significant difference in approaches to the job markets and government's attitude toward control of economic activity and individual liberty among the states -- and especially in large cities where control of government has been liberal or very liberal for decades," Haulk says.

Locally, government-instilled impediments range from high gasoline taxes, to high Pennsylvania Turnpike tolls; from a hefty reliance on airline subsidies with no or meager returns, to a lack of regular, periodic real estate reassessments that would re-install fairness to the system; from binding arbitration rules that fail to take into account the financial capability of local governments in union contracts, to out-of-whack public transit and education costs.

"In short, the [Pittsburgh] MSA and the central city are saddled with a legacy of policies that are not free market supportive," Haulk concludes. "The poor growth compared to other regions points vividly toward the need to make drastic changes in these growth-inhibiting policies."

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