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Pittsburgh's government-induced economic funk

Private employment in the seven-county Pittsburgh Metropolitan Statistical Area (MSA) had still not returned to pre-pandemic levels in July, according to the U.S. Bureau of Labor Statistics (BLS).

And that remains a dysfunction of the same old – and same wrong – calcified government practices, concludes an analysis by the Allegheny Institute for Public Policy.

“(T)here is no getting around the fact that [the] Pittsburgh MSA’s performance is stunningly poor,” says Jake Haulk, president-emeritus of the Pittsburgh think tank. “It has lost, and continues to lose, ground in terms of population and employment to much of the country.

“That is undoubtedly due in large measure to Pennsylvania’s general poor business climate and the Pittsburgh region’s stultifying labor climate and lack of a distinctly pro-free enterprise political environment are out of step with the parts of the country that are enjoying superb gains,” the Ph.D. economist says (in *Policy Brief Vol. 22, No. 32*).

And even with the advent of the Marcellus Shale gas boom, the region, *in toto*, has not been able to move into a sustained stronger pattern of gains, Haulk laments.

The BLS July jobs report shows private employment trailed the July 2019 posting by 35,100 jobs, or 3.2 percent. Considered another way, more than 60 percent of the very sluggish 19-year gain from 2000 to 2019 of only 5 percent (51,300) has yet to be recovered.

Private-services employment, which has been the principal driver of net new jobs over recent decades, was still down 24,000 this past July compared to July 2019. The sector had posted a gain of 83,000 jobs, or 10 percent, from 2000 to 2019, led by professional and business services, education and health and leisure and hospitality.

At the same time, retail employment fell 22,500 between 2000 and 2019, with a further net drop of 2,000 from the July 2019 level.

Meanwhile, goods-producing employment remained down by 11,100 from 2019 with all three components -- manufacturing, construction and mining -- still not yet recovered to 2019 readings.

That said, and most interestingly, the very hard-hit leisure and hospitality group -- that during the initial lockdown in April 2020 saw a decline of almost 67,000 jobs (50 percent-plus) compared to the previous April number -- appeared to be fully recovered with July employment nudging just higher than the July 2019 posting, the previously highest July reading ever recorded.

“In short, the Pittsburgh MSA is lagging the national recovery and is far behind many areas that have not only recovered but have added [a] large number of private-sector jobs beyond the pre-pandemic levels,” Haulk says.

And as the Allegheny Institute has noted, repeatedly, comparison studies of states that have Right-to-Work laws and low percentages of unionized public-sector employees with states that are non-Right-to-Work and have large percentages of public-sector employees unionized show the Right-to-Work states and MSAs are performing much better than cities and states with high rates of public-sector unionization.

But core to the Pittsburgh MSA’s economic malaise is that the City of Pittsburgh languishes in terms of population and has an outrageously expensive and ineffective public school system.

“Pittsburgh’s city government is much too large and expensive for its population size compared to a benchmark of other cities,” Haulk adds.

And it continues to depend heavily on the legacy created by the creators of industrial and banking fortunes who funded world-class institutions -- hospitals and universities, museums and sophisticated entertainment venues -- and left enormous philanthropic organizations to continue the betterment of the community.

“Sadly, the legacy they bequeathed has not been able to offset decades of heavy-handed intrusive government economic, labor and public education policies and attitudes that continue to inhibit private-sector growth that is not heavily subsidized,” Haulk ruefully recounts.

“These are policies and attitudes that unfortunately permeate much of the region,” the think tank scholar concludes.

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