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New Year, Same Old Jobs Rhetoric

The Governor's Mid-Year Budget Briefing brags that the number of non-farm jobs in Pennsylvania hit an all-time high of 5,811,100 in October 2007 (the latest data available). While the administration continues to pat itself on the back for this achievement, the number needs to be viewed in proper perspective.

Between January 2003—when the Governor took office—and October 2007 non-farm employment rose by 3.2 percent, growing from approximately 5.63 million. But this rise is misleading because the January 2003 number represents a recession depressed figure. A better comparison looks at the latest reading relative to the peak reached in January 2000 when jobs totaled more than 5.7 million. Clearly, much of Pennsylvania's growth since 2000 simply represents the effects of a rebound in national growth driven by low interest rates and Federal tax cuts. The state's inability to grow jobs much above the pre-recession levels of 2000 points to the Commonwealth's inherent and persistent long term weakness.

The Governor has spent billions on economic development, but in many industries where the money has been spent, such as retail and manufacturing, there have been no net job gains. The most robust job growth in the state has occurred in the education and health services sector along with the leisure and hospitality sector, industries that are growing rapidly in almost every state because of structural shifts in the economy. Meanwhile, manufacturing, retail, and financial sector employment languishes.

Over the last seven years (October 2000 to October 2007) Pennsylvania's total private jobs has grown a scant 1.9 percent. During the same period, national private sector employment climbed more than 4 percent and well over twice as fast as Pennsylvania. Many states including West Virginia (3.4 percent), Virginia (6.6) and North Carolina (4.4) have done considerably better than Pennsylvania.

But these are not the states the Governor chooses to compare with the Commonwealth. Instead, the administration uses states posting slow job growth over the period such as New York (0.17 percent) and New Jersey (1.23) as well as states with employment losses such as Ohio (-4.1), Illinois (-1.1) and Michigan (-0.9). Comparisons with these states serve little useful purpose. Ranking well as against the worst performers does not confer

bragging rights. Not surprisingly, there was no mention of a comparison with any of the Right-to-Work states.

Pointing out how Pennsylvania stacks up against fast growing states can point the way to how the Commonwealth can improve and begin to grow jobs at a rate similar to the national average. Enacting Right-to-Work legislation, eliminating prevailing wage requirements, cutting government spending at the state and local levels, and reducing taxes will do more for increasing jobs than any of the “spend our way to prosperity” nostrums currently being used by the state.

True, there are a few areas of the state where job gains have been fairly strong but special factors unrelated to Commonwealth development spending are driving those improvements. On the other hand, many more areas of the state are posting anemic net job gains while others are seeing declines. Overall, this is not a picture of robust health. Weakness in job and career opportunity increases continues to drive Pennsylvanians out of state to find better job opportunities.

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