

POLICY BRIEF

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Lessons Pittsburgh Could Learn From Charlotte

Can Pittsburgh learn from Charlotte? Two recent events in Charlotte, North Carolina bring into sharp focus why Charlotte has been growing and prospering over the last several decades while Pittsburgh has been losing population and experiencing very slow job gains. On June 5th, Charlotte voters overwhelmingly rejected a referendum proposal to raise certain taxes to fund a new arena and cultural projects. During the same time period Charlotte's mayor successfully vetoed a living wage ordinance narrowly adopted by council.

Charlotte is one of the fastest growing cities in the United States. In the *Forbes Magazine* 2001 ranking of 200 metro areas as the best places to locate a business, Charlotte ranks as the 30th best, while Pittsburgh ranks as the 113th best. Pittsburgh once was a growing, thriving city and by 1930 was the 10th largest city in the U.S. But a lot has happened since then. For example, from 1960 to 2000, the City of Pittsburgh population fell from 604,000 to 334,500. Over the same period Charlotte's population jumped from 201,000 to 540,800. In the last decade alone, Pittsburgh lost approximately 9.5% of its residents while Charlotte gained over 36.5%.

Moreover, a comparison of the metropolitan statistical areas (MSA) shows the Charlotte MSA outperforming the Pittsburgh MSA economically over the last two decades. The per capita non-farm personal income in the Charlotte area has outpaced the growth in the Pittsburgh area and now exceeds the Pittsburgh level, while total income in the Charlotte metro area has risen twice as fast as Pittsburgh's.

Charlotte MSA	1979	1999	Percent Change
Population	950,978	1,417,217	49
Per Capita Non-Farm Income	\$8,310	\$30,168	263
Non-Farm Employment	548,135	979,911	79
Pittsburgh MSA			
Population	2,581,561	2,331,336	-10
Per Capita Non-Farm Income	\$9,604	\$29,580	208
Non-Farm Employment	1,200,717	1,348,180	12

As might be expected, Charlotte area non-farm employment growth greatly surpassed the job gains in Pittsburgh, rising by 79 percent in the last 20 years compared to a skimpy 12 percent increase in Pittsburgh.

Two recent developments in Charlotte point out vividly the differences in the political and business environment of the two cities--differences which undoubtedly have a great deal to do

with the relative economic performances. Both cities voted down proposals to raise taxes to fund sports venues. The difference is the response by politicians. Within days after the Regional Renaissance Initiative was soundly defeated by Pittsburgh area voters, local politicians were talking about a "plan B" in total disregard of the express wishes of their constituents.

On Tuesday, June 5th, Charlotte voters rejected a tax subsidized arena package that was aimed at keeping the NBA Hornets in Charlotte. The tax package called for higher taxes on visitors through larger levies on car rentals and hotel rooms. Despite a vigorous and well-funded campaign in support of the initiative, voters overwhelmingly rejected giving a subsidy to a team that has consistently made the playoffs. In stark contrast to Pittsburgh, City leaders in Charlotte proclaimed their intention to abide by the electorate's wishes. And in the month following the vote, there has been no talk of a government end run around those wishes.

The second contrast between the two metro areas is in their respective responses to the movement to artificially raise the wages of government employees as well as the wages of employees working for firms receiving local government assistance. The so-called "living wage" campaign successfully stormed through Pittsburgh City Council and was unanimously approved. The mayor, opposed to the measure but not having enough support to sustain a veto, returned the ordinance unsigned, allowing it to become law. However, the Charlotte city council narrowly passed their ordinance and the mayor promptly vetoed the measure and had enough support on Council to sustain the veto. As one Charlotte Councilman said, "It (the living wage) goes against the whole idea of trying to obtain city services as economically as possible...making Charlotte (a) less business friendly community."

Given the vastly different City outcomes on these two issues-- which are so strongly indicative of the body politic's approach to matters of the marketplace and free enterprise-- it appears that Charlotte and Pittsburgh will continue to face very different economic futures. In all likelihood, Charlotte will continue to grow and prosper while Pittsburgh will continue to post relatively anemic numbers.

The real lesson here is that freedom works. And freedom must include a willingness to trust the marketplace to direct economic activity; a concept the Founders of this nation would undoubtedly ask us to remember as we celebrate Independence Day. It was not their intent that we throw off the yoke of oppressive British government only to replace it with a too large and overly intrusive government of our own making.

Happy Independence Day.

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