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## Pittsburgh Job Growth Soft: Complaints Loud and Misplaced

State labor department officials tried to make good news out of the Pittsburgh area jobs report for August. They point to a 0.7 percent increase in jobs from the 12 month ago level. Unfortunately, that's only half the national rate and small indeed compared to faster growing states. The same states that are the principal destinations of Pittsburghers and Pennsylvanians who have opted for greener pastures elsewhere.

The metro area's lackluster jobs performance is even more worrisome than the meager 7,000 year- over- year pickup in private sector employment suggests. As has been the pattern statewide and locally for several months, private sector employment gains are almost exclusively confined to the health and education along with the leisure and hospitality establishments. Manufacturing continues to shed jobs and now employs fewer people than either health care, retail trade or leisure and hospitality firms. This, despite the fact that retail jobs are still 5,000 below the August 2000 level. Perhaps more telling is the lack of gains in construction with August's job count unchanged from a year ago and actually lower than the three-year ago reading.

Suffice to say that without the health care sector and eating and drinking places adding workers, Pittsburgh metro employment would not be rising at all. This is a dreadful commentary about the area in light of the national economic expansion that has been underway for four years. No doubt federal tax cuts, low inflation and low interest rates have been able to spur the national economy as well as the economy of states with the business climates along with the economic freedom and flexibility to take advantage of the favorable national tax and monetary policies.

Thus, it is interesting that many people in Pittsburgh and Pennsylvania complain endlessly about how Washington is to blame for the poor economy in the region and state while many states are growing at a very fast pace. How can that be explained if Washington's economic policies are so terrible? More fascinating still is many of these same folks give credence to the claims by elected officials who take credit for a "good" economy in Pennsylvania. Obviously, this falls under the heading of being able to believe two mutually exclusive arguments.

As long as sizable portion of the electorate clings blindly and tenaciously to state economic and labor policies that have long since been proven to be counterproductive, policy makers will have no incentive to make the hard choices needed to end bad policies and implement better ones. Eliminating prevailing wage, enacting Right to Work and ending teacher and transit worker strikes would be an excellent start. Cutting the corporate net income tax, eliminating the capital stock and franchise tax, and adopting a no limit loss carry forward provision would also be an excellent first step. Doing all these things could bring the resurgence of Pennsylvania as a national growth leader, dynamic and strong, the way it should be.

Then we could do away with the irrational policy of giving taxpayers' money to retail mall developers. Sadly, trusting the private sector and free markets comes hard to Pennsylvania's government as the obstinate resistance to ending image-destroying teacher strikes and reforming Act 111 clearly demonstrates.

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**Jake Haulk, Ph.D. President**

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*Reminder: Please join us for a conference on Improving The Western Pennsylvania Economy on Thursday September 28th. Panel discussions will address the problems of the state's pro-union laws, tax problems faced by Pennsylvania's business, and how business leaders can help advance important initiatives. Speakers will include Pat Toomey from the Club for Growth, national public sector union expert David Denholm, and Jim Roddey, the first elected Chief Executive of Allegheny County. The conference will be held at the Pittsburgh Athletic Association in Oakland from 8:30AM to 12:30PM. For more information please contact us at 412.440.0079.*



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