Folks in the Pittsburgh area were given a double dollop of wishful thinking about jobs over the past few days. One arrived in the form of a forecast, the other from a protest march led by the Bailout the People Movement.

First the forecast. Recently an economist from the Federal Reserve attempted to give Pittsburghers something to cheer about when he noted that the Pittsburgh region should quickly recover from the nationwide recession because it “saw less unemployment rate upticks, so there’s less job loss.” On the surface the premise seems to make sense. If you don’t lose as many jobs as other places during a downturn, jobs should be easier to recover when the economy rebounds. However, during the national economic expansion earlier this decade the Pittsburgh area posted virtually no net job growth primarily because of a poor business climate. This same unfavorable climate—high taxes, burdensome government regulations and public sector capitulation to union demands—has not changed: indeed, if anything the situation has become worse. Thus it is more than likely a bit of wishful thinking to expect a shift toward rapid job gains in the post-recession recovery period.

Some numbers will illustrate. The high water mark for total private employment this decade occurred just before the last recession in June 2001 when the area recorded 1,044,300 private sector jobs. In June 2008, the area’s private employment stood at 1,040,000, a net decline of 4,300 jobs over the seven years—a period of significant gains in many regions of the country. And with the onset of the current recession jobs have taken another tumble. June 2009’s count was down to 1,009,100, the lowest employment level in more than a decade.

August 2009 data shows the Pittsburgh area losing 30,400 jobs or about 3 percent of total and continuing a trend seen throughout 2009—large employment drops from the year earlier levels. There have been declines in nearly all sectors of the economy with Education and Health Services being the only notable exception. And as we have pointed out in previous Policy Briefs, a third of the Health sector gains can be attributed to gains in the Social Services sub-sector, which is more indicative of a worsening economy than of an improving one.

The Federal Reserve economist pointed to a survey of area manufacturers which showed orders up slightly as a sign of growth. But surely that does not mean we should expect job growth in light of the fact that manufacturing employment in the region has been on a downward trend for decades. August 2009 data shows manufacturing payrolls shrinking to
88,400 from the August 2008 level of 99,400—an 11 percent decline. Employment in Pittsburgh’s manufacturing sector has sunk to levels not seen in several decades.

Granted some recovery will occur when—and if—the national economy regains some sustained upward momentum. But to expect the region to grow faster the rest of the country defies the lessons of recent experience.

Wishful thinking part two—actually in this case delusional thinking. On September 20th, in advance of the G20 Summit, a group of 400 or so paraded in a Pittsburgh “March for Jobs” rally sponsored and led by Bailout the People Movement. This group asks on its web site, “Is it not time to terminate the capitalist system that appears only capable of trapping the people of the world in a nightmare of endless chaos, violence and misery…?” That gives some idea of the ideology of this group. And what do they demand? The usual litany: A moratorium on layoffs, good jobs, jobs training, no more foreclosures or evictions, government provided health care, etc. Major co-sponsors of the rally are labor unions who demand that the Employee Free Choice Act be passed—the greatest potential job killer ever conceived in Washington.

The irony is exquisite. Capitalism and free enterprise have raised living standards around the world to unprecedented levels. Communist countries so admired by anti-capitalists are notoriously unable to provide the economic growth needed to improve living standards or decent jobs. So the system that has created fabulous job gains in the U.S. needs to be overthrown and replaced. The problem for these folks is that if they are really interested in jobs, they need to support lower taxes, less government intrusion into the economy and allow the private sector to work its magic. Of course that is the opposite of their stated wish list.

Apparently, it is not really jobs they want. It is bigger government and more redistribution of wealth. Pretending to “March for Jobs” is a way to advance an agenda that has nothing to do with real job creation.

Government mismanagement and intrusion into the economy was a direct causal factor in the mortgage debacle that we are still trying to extricate ourselves from. More government intrusion will only create more misery in the long run. A lesson we seem unable to learn.