Reports point to worsening conditions for Pennsylvania workers

Douglas Lyons
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Several recently published reports detail the condition of the economy in the US state of Pennsylvania. Of particular interest are figures released by the Keystone Research Center in its annual *The State of Working Pennsylvania*. They show that six years after the start of the Great Recession there is no genuine economic recovery, but instead a further immiseration of the working class.

The Pennsylvania unemployment rate currently sits at 5.7 percent, slightly below the national average of 5.9 percent. However this number is misleading. In reference to the latest month for which data is available, July 2014, *The State of Working Pennsylvania* points out that the state had 20,000 fewer jobs than in December 2007. By factoring in Pennsylvania's population growth of 3.7 percent it then shows that another 222,000 jobs would have been needed to absorb these additional workers.

Pennsylvania is currently ranked 47th among US states in job growth, moving up two places since January 2011, when Keystone assigned it a grade of F. Today it has a grade of D-. Job growth has mainly been in the construction sector, primarily due to legislation enacted at the end of 2013.

Manufacturing jobs have contracted in the past year, according to a report by *Manufacturers ' News* in its 2015 Pennsylvania Manufacturers Register, an industrial database and directory. The state lost 6,330 manufacturing jobs, or about one percent, from July 2013 to July 2014. The food products industry accounted for 20 percent of the losses, while printing/publishing and primary metals had 4.6 percent and 2.3 percent declines respectively. Nationally, there has been a meager 1.4 percent gain during the same period. Since July 2009, industrial employment has fallen by 5.2 percent throughout the Commonwealth.

Mirroring national trends, income inequality has increased exponentially, according to the Keystone Research Center's report *Divergent Fortunes: Top Incomes and the Middle Class in Pennsylvania's Counties*. The share of total income in 1978 obtained by the top one percent of earners did not exceed 10 percent in any county. By 2011, however, the top one percent captured more than 10 percent of income in all but six Pennsylvania counties.

For the bottom 99 percent during the same time period income growth did not exceed the top one percent's income growth in any county, and the Keystone report emphasizes that during this period "the real income of the bottom 99% of taxpayers grew in only 21 of 67 Pennsylvania counties."

Put differently, in more than two thirds of all PA counties, workers have seen their incomes stagnate or shrink year over year while the income gains of the richest layers in society have soared. A look at the counties with the greatest income growth among the top one percent puts this in perspective. The number in parenthesis is the percentage increase in real income between 1978 and 2011 for the top one percent: Forest (757), Bucks (278), Chester (250), McKean (245), Greene (238), Washington (211), Bradford (208), Potter (203), Delaware (202), Susquehanna (193).

The State of Working Pennsylvania reports an even more shocking fact, "From 2010 to 2012 preliminary data show that the top one percent in Pennsylvania received *more than 100%* of the increase in total income in Pennsylvania;" that is, the richest have devoured all increases in income. The report continues: "While the average income of the top one percent climbed nearly $150,000 in just these two years, the average income of the bottom 99% declined."

As the richest individuals swallow more and more

income, median income has dipped and poverty has risen, according to an analysis conducted by the Keystone Research Center and the Pennsylvania Budget and Policy Center entitled, *For many Pennsylvanians, the recession lives on in higher poverty and lower incomes*. It says that between 2007 and 2013, statewide median income fell from $54,574 to $52,007—a drop of $2,567 (in 2013 dollars). The poverty rate, on the other hand, increased over the same period from 11.6 percent to 13.7 percent. Philadelphia has the highest median income for a metropolitan city at $60,482, but that denotes an income drop of $5,027. The poverty rate rose two percent in the city to 11.5, and the child poverty rate stands at 18.4 percent, increasing almost three percent. DuBois in Clearfield County has the lowest median income at $39,236.

Meanwhile, the state government is experiencing massive shortfalls in revenue and consequently public debt has increased. Pennsylvania's debt rating has been downgraded by Fitch, the fourth time in two years, ranking the state in the bottom five of the 42 states the firm assesses. As Fitch analysts stated, “Pennsylvania faces fiscal pressures in the form of a structurally unbalanced budget, depleted reserves and a rapidly growing pension cost burden following years of underfunding and market-driven investment declines.”

Republican Governor Tom Corbett jumped on this downgrade to solidify “the need for pension reform.” Both the Republicans and the Democrats are proposing drastic attacks on pensions, seeking to cut benefits and privatize some aspects of the existing plans.

Corbett's challenger in the Gubernatorial race, Democrat Tom Wolf, said that the debt downgrade is a “verdict on the lack of management and leadership in Pennsylvania,” implying to the financial powers that he will resolve the pension problem by eliminating the hard won gains of the working class if he wins the election in November.