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Sabina Deitrick  
Associate Professor  
Graduate School of Public and International Affairs  
University of Pittsburgh  
Pittsburgh, Pennsylvania 15260

Session: Trade's Impact on the Economy: Long term impact of loss of high-wage manufacturing; development prospects for communities

Good afternoon. It's a pleasure to be here today to discuss impacts of the loss of manufacturing on communities and places. My remarks today will address impacts and changes in Pittsburgh, Pennsylvania, and the southwestern Pennsylvania region.

Pittsburgh has undergone a profound transformation of its regional economy over the past two decades. During the 1980s, the region's steel industry and other manufacturing components collapsed in the face of declining competitiveness in an international economy. This spelled the loss of over 125,000 manufacturing jobs in Pittsburgh during the decade. Much of this loss was in the primary metals sector, where employment dropped by 70 percent. This loss of steel-related employment accounted for nearly half of all manufacturing jobs lost in Pittsburgh.

Despite these job losses, by the middle of the 1980s, the region began the long process of economic restructuring through job gains in finance, education, health services, and other nonmanufacturing sectors. It started to catch up to the US economy in terms of overall job growth by the second half of the 1980s. While total employment declined in the region between 1980 and 1986, the trend reversed and job growth nearly equaled the national average in the second half of the decade. With its remarkable resilience against the loss of the steel industry, the Pittsburgh transition by the late 1980s became known around the world as a model of post-industrial restructuring for older industrial regions.

Looking back over the past ten years, however, reveals a less optimistic view of the Pittsburgh region's restructuring. Despite a national economic expansion over the latter part of the 1990s, Pittsburgh's earlier promise of growth and redevelopment has been much slower than anticipated a decade ago. Job growth has slowed to about half the US average in the 1990s. The region continues to lose manufacturing jobs, and expansion in key service sectors, which were instrumental to the region's economic recovery in the late 1980s, has not kept pace with national trends. With the exception of finance, education and legal services, most major service areas lag national growth rates. The Pittsburgh transition, from an older industrial region to an expanding post-industrial economy, has slowed.

What has been the source of this slowdown? Restructuring in an older industrial region is uneven and multi-layered. The loss of the region's manufacturing base was more than a decline in steel and manufacturing jobs; it meant the loss of a century-old economic, social and geographic process that **fueled** the region's growth. When the steel industry collapsed in Pittsburgh, the process of the region's growth -- its technological and managerial organization and its spatial networks -- was upended.

What does this mean for the future of the Pittsburgh region? First **of** all, the region can be categorized as losing ground. Its employment growth has fallen off compared to the nation. This has occurred for total employment, broad sector categories, and key subcomponents of the regional economy, such as health and business services. This stagnation has important consequences for the **future**, if no new growth sectors emerge.

Second, we will see a continued restructuring of the manufacturing base of the region. Unlike other parts of the industrial Midwest that have seen a rejuvenation of traditional and new manufacturing industries, Pittsburgh continues to have a relative and absolute decline in manufacturing. Broad trends cannot account for all changes, however. Parts of the manufacturing sector have been rejuvenated by foreign direct investment and growth in subcomponents, such as transportation equipment and specialized sectors. Within the region, manufacturing growth has been important to other parts of the region, outside the core, Allegheny county.

Finally, the Pittsburgh transition has **left** the region looking more like the national economy today than in its steel-specialized years. Specialization has declined in industrial sectors, while the region has retained its expertise in areas such as finance, education and research and development. New areas, including computer services, biotechnology and robotics, are developing, while older sectors, such as electrical and electronic equipment and glass, are being transformed. As **these** industries grow nationally and internationally, the challenge for Pittsburgh is to build on its education and technology base and grow them regionally.

As the 20th century ends, Pittsburgh has been transformed from an internationally-oriented industrial region to a regionally-oriented service economy. The Pittsburgh transition reveals the unevenness of change in an older, industrial region. This reflects forces inside and outside the regional economy, both domestic and global. Despite the continuing expansion of the national economy, we must not forget that not all people and places have shared in this growth. The ongoing restructuring of the Pittsburgh regional economy reveals the enduring limitations of growth and change in older industrial regions and the many challenges that lie ahead.

Sabina Deitrick  
Associate Professor  
Graduate School of Public and **International Affairs**  
University of Pittsburgh  
Pittsburgh, PA 15260  
(412) 648-7614  
(4 12) 648-76 14 (fax)  
**sabinad+@pitt.edu**

Sabina Deitrick is Associate Professor at the **Graduate** School of Public and International **Affairs** and co-director of Pittsburgh Urban and Regional Research program at the University Center for Social and Urban Research at the University of Pittsburgh. She received her B.A. and A.M. **from** the University of Pennsylvania and Ph.D. in City and Regional Planning from the University of California, Berkeley. She teaches courses in urban and regional methods, regional and economic development, and current policy and planning issues. Her research analyzes the processes of urban and regional development, regional revitalization, and economic restructuring within the political environment of planning and policymaking. She has recently completed studies on Canadian direct investment in the Pittsburgh region under a grant from the Canadian government and community perceptions to brownfields redevelopment in Pittsburgh for the National Center for the Revitalization of Central Cities. Recent articles have appeared in Public Works Management and **Policy**, Environment and **Planning C**, and **Community Development Journal**. She has also written articles on economic development and defense conversion and is co-author of The Rise of the **Gunbelt** (Oxford University Press, 1991). She serves on the boards of Preservation Pittsburgh and the Pittsburgh Partnership for Neighborhood Development and has worked with local and state organizations, including the Steel Valley Authority and the Legislative Office of Research Liaison She is also Outreach Coordinator of the HUD Community Development Work Study Program at **GSPIA**, which places students in community development internships.