

'Self-inflicted wound'

Report details conflicting trends to strengthening Pennsylvania's economy

by Sonya M. Toler

Courier Staff Writer

The issue of economic growth in Pennsylvania is a hot topic lately, following the recent release of "Forward to Prosperity," a report commissioned by a coalition of state real estate, builders' and manufacturers' associations.

Basically the report says regional planning is the key to strengthening Pennsylvania's economy. The information rebuts a December 2003 report titled "Back to Prosperity," by the Washington, D.C.-based Brookings Institution that laid blame for the state's relatively slow economic and population growth on a "self-inflicted wound" by a state government whose policies have promoted slow growth and fast sprawl—"a strange combination of conflicting trends."

One of the most outstanding contradictions is data showing that Pennsylvania ranks 47th in the country in job creation, but on the other hand ranks high in economic development spending.

The base issues are undeniable, but the solutions must include uplifting small business, particularly Black-owned businesses according to some local advocates.

Doris Carson Williams, president and CEO of the African American Chamber of Commerce of Western Pennsylvania, said two things can be done by the state government to make drastic improvements—the state government can use small businesses for procurement and enact policies that will enable small businesses to increase capacity.

"There are ceilings or qualifications that are so high that it prevents some small businesses from participating," said Williams. "The state can strengthen lending programs. It's still about access to capital and equity in doing business."

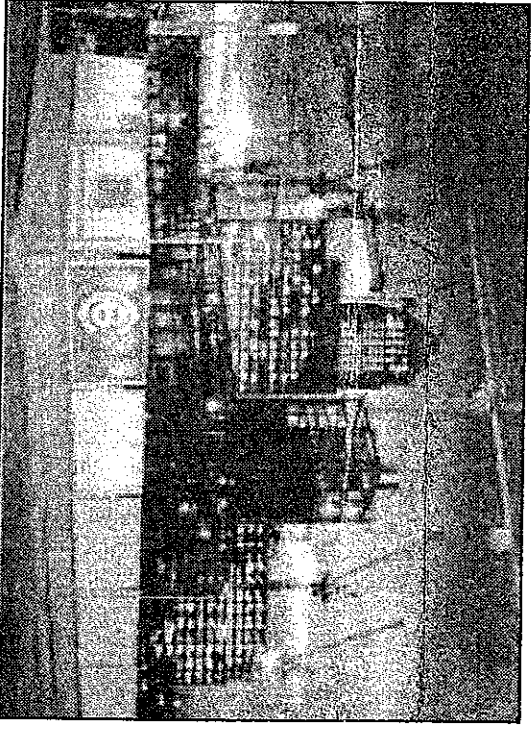
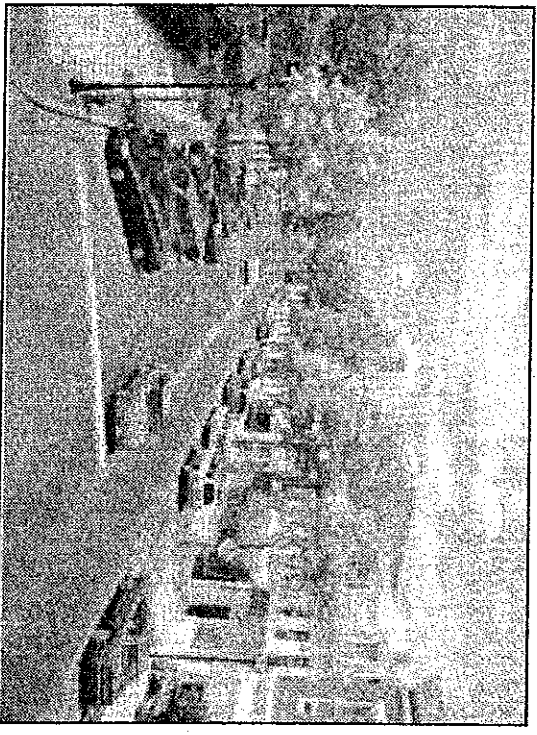
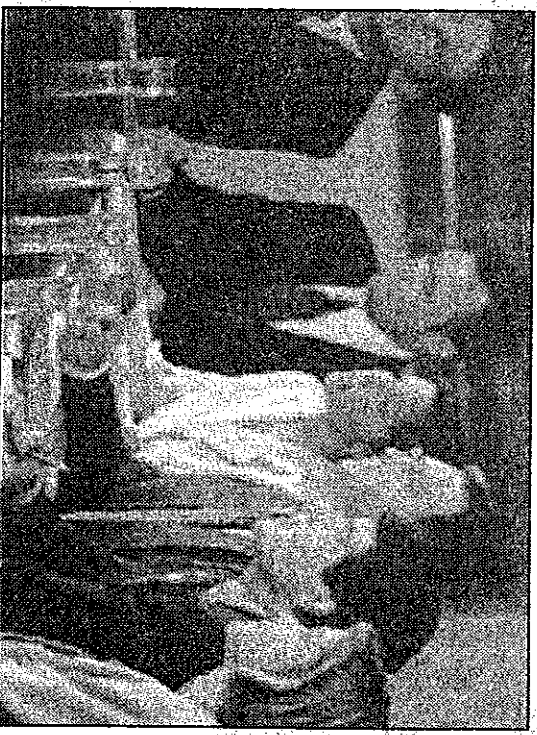
As head of chamber, Williams advocates access and business opportunities for African-American business owners and professionals throughout the region.

On the other end of the state, Jacqueline Hill shares similar concerns as director of business relations for the Philadelphia-based Pennsylvania Minority Business Development Center.

Hill, a former Pittsburgher, says the state needs to embrace and support "the growth and development of minority business."

"The economic impact of these businesses will be major, specifically in urban communities. For the most part, people hire people of the same race, so if we are starting businesses, in particularly in urban neighborhoods, those employees would most likely come from those neighborhoods."

Hill said job creation and tax revenue increases are a definite result of the state making such a move.



"Pennsylvania sorely needs a shot in the arm in terms of increased tax revenue and job creation. This will also offset the shrinking population (because) a lot of young people leave the state due to lack of jobs," she said.

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The coalition's "Forward" offers nine recommendations for government leaders:

- Reduce Pennsylvania's onerous business taxes;
- Improve coordination among state and local agencies;
- Enact needed business regulatory reforms;
- Reverse the trend of low-quality city schools;
- Establish effective regional land-use planning;
- Fight sprawl with high-density, mixed-use zoning;
- Plan infrastructure to support future growth;
- Restore balance between open space and urban needs; and

• Encourage affordable workforce housing.

"Some people may read our recommendations and think they aren't revolutionary enough," said Bob Latham, executive vice president of the Associated Pennsylvania Constructors. "Most of us, for instance, have known for years that business taxes are too high, or that we need better policy coordination between state and local agencies. But the fact that attention isn't being paid to these critical issues suggests that we need to keep public discussion focused on them until we get the full attention of our leaders."

The coalition contends that the Brookings report, which is being used as a basis for policymaking by state elected officials, misses the mark.

"You wouldn't set out on a trip using a map offering bad directions, and we shouldn't base government policymaking on questionable research that sets us off in the wrong direction either. The PA Prosperity Coalition was compelled to sponsor this report to give our policymakers clear direction on the steps most important for improving Pennsylvania's economic vitality."

"A serious concern many of us have with Brookings' 'Back to Prosperity' report is its leading theme that suburbanization is a major reason for Pennsylvania's falling economic performance," said



DORIS CARSON WILLIAMS



JACQUELINE HILL

Frederick W. Anton III, chairman of the Pennsylvania Manufacturers' Association. "As the coalition's report uncovered, that research conclusion by Brookings is totally unsubstantiated. It's based on bad data and dubious theories. It's important to bring this out into the open before state policies are put in place based on such unproven science."

Copies of the PA Prosperity Report can be downloaded at www.PaProsperity.org, and interested community groups can request speakers from the coalition.

(The 121-page Brookings study can be accessed online at www.brookings.edu/es/urban/publications/pa.htm.)