Nationally, the proportion of workers in the manufacturing sector is declining, while employment in the service industries is on the upswing. Nowhere is this trend more apparent than in the Pittsburgh metropolitan statistical area (MSA).

In 1979, the MSA’s unemployment rate was low at 5.8%; its per capita personal income exceeded the national rate by 4%. A quarter of the workforce was engaged in manufacturing, and eight of the metropolitan area’s 10 largest employers were manufacturers of durable goods. The top two utilized 7.5% of the area’s total workforce—a considerable share. The health of Pittsburgh’s economy was heavily dependent on steel production.

During the early 1980s, its formerly prosperous economy faltered, primarily because of shocks to the steel industry and competition from more efficient mills elsewhere. In 1983, the jobless rate for the MSA reached a historical high of 14.3% (compared to 9.6% for the U.S.) and its real per capita personal income declined 4.3% from four years earlier (compared to the U.S. drop of 0.3%).

Over the last 18 years, Pittsburgh has been transformed. Employment in manufacturing has decreased almost 12 percentage points, with service industry jobs increasing by the same amount. The MSA’s unemployment rate is currently lower than the nation’s, and since 1983, its real per capita income growth has topped the U.S. average. Nine of the area’s 10 largest employers are currently service producers, and there is no dominant employer.