DATA DELAWARE: Monday, February 17, 2020
SUBJECT: Stapleford RESPONDS to Carney! (podcast transcript)

DISCLAIMER: This transcript is produced from Data Delaware podcast electronically; the conversion is being offered on a best-efforts basis.

Dace Blaskovitz:

Welcome back to Money and Politics in Delaware. Again, apology for my voice. Second half, guests, politics, welcome back. His monthly visit I might add, welcome back, John Stapleford.

John Stapleford:

Glad to be back, Dace, and appreciate what you're doing, bringing facts to the people in Delaware.

Dace Blaskovitz:

Let me tease the segment a little bit, if you will. Yum, yum, eat them up is the forever famous little rascal line. The Caesar Rodney Institute Chairman John Stapleford eats up all but eats up Governor Carney's claims of economic success. I believe that's the come. Last year, Delaware's governor said his, and the legislators', too, number one priority was the Delaware economy. Fast forward to last month's state of the state address, and Governor John Carney spoke of 20,000 new jobs in the First State since his election.

Dace Blaskovitz:

He also claimed Delaware is economically strong and getting stronger and Delaware has a strong economy, so we're about to find out if that's true or not per the data guru John Stapleford, but we get first-time listeners. Start at the beginning, 30 seconds about you, 30 seconds about what you do.

John Stapleford:

I got a Ph.D. in urban and regional economics from the University of Delaware. I worked in the governor's office in New Jersey, came back to the university, ran a bureau of economic research. My last full-time, paid position was with Moody's Analytics as a associate director and senior economist, and, right now, I'm serving as the chair of the board of the Caesar Rodney Institute, a nonprofit think-tank dedicated to individual freedom and market approaches to policies in Delaware.

Dace Blaskovitz:

Are you ready to go?

John Stapleford:

Yes.

Dace Blaskovitz:

All right, at the end of January or late January, the governor of the state of Delaware did his or her annual state of the state address. Governor John Carney spoke of 20,000 new jobs since his election. He also claimed, "Delaware," I believe the quote is, "strong and getting stronger," that is, economically, and Delaware has a, quote, strong economy, again, end of quote.

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Dace Blaskovitz:

Dr. John Stapleford, what does the data say?

John Stapleford:

Okay, and it's no attack on the governor, who I'm sure is doing the best that he can with a difficult situation, but, first of all, I couldn't find in the US Department of Labor data that 20,000 jobs had been created. I found 18,000 and a half jobs have been created, which would have been... which was the growth rate of around 1% a year, which is not terrible in terms of employment growth, although it's below the nation, but the nature of the jobs as we've seen consistently... at least half of the jobs that have been added of those 18,400 jobs pay less than $20 an hour, so about half the jobs paid less than $20 an hour, and those jobs are in things like temporary help services, services to buildings, janitorial services, home healthcare, restaurants, and poultry processing. Manufacturing added about almost 2,000 jobs, which is not terrible, but half of those jobs were in poultry processing, so the quality of the jobs is not substantial.

John Stapleford:

Economists use employment and output and personal income as ways to measure how an economy is doing, and when you look at the four years output growth since John Carney has been governor, Delaware output went -3.1%. That's compared to the United States' gross domestic product increase of 9.4%, so, in other words, Delaware, total output in Delaware adjusted for inflation actually went backwards a little bit over the last four years, and then we've had recently, for the last six months, the Delaware unemployment rate has been rising each month, and it's above the nation now rather than being equal to or below the nation.

John Stapleford:

What the data seems to say is the big impact on the unemployment rate is individuals losing jobs, which may be an indicator that businesses are anticipating things to slow, and so they're shedding some employees, and the other thing that backs that up would be that Philadelphia Federal Reserve Bank calculates leading indicators for every state in the United States every month. The Delaware leading indicator has been negative for the last six months. The last time that happened was going into the 2007, 2008 recession. I don't think we're going to have a recession in Delaware, but I think we're going to have definitely a contraction, a slow second quarter, and the second quarter is a quarter where most of the... a good portion of the jobs are created in the Delaware economy.

Dace Blaskovitz:

Let's clean a couple of things up in a positive way. The Philly Fed number that... or numbers are I won't say unique to Delaware, but we are the only or one of the only states with that kind of negativity. Is that a correct statement?

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John Stapleford:

Yes, so, particularly over six months, a few states have had negative leading indicators for a month, I don't know, maybe even two much, but we're the only one that's had six months straight, and, Dace, it's not that listeners would necessarily react to it, but if you consider a recession as two quarters, two consecutive quarters of negative output growth, Delaware has had five recessions since 2009, it's just a very slow growth in output.

Dace Blaskovitz:

That is, compared to the other states that have not had that kind of ugliness, for lack of a word choice, question mark.

John Stapleford:

Absolutely. The rest of the economy has done well. Over the past 10 years, the US economy output has grown at a rate of around 16%, and in Delaware it's grown 2%.

Dace Blaskovitz:

All right, so we challenge the 20,000. We can't get there, and the data to the 20,000 or the 18,400 is shaky at best, and then, okay, strong and getting stronger. The Philly Fed would say, "No, not true," and then a strong economy. Go back to the Delaware's Department of Labor numbers. Do the governor's comments jive with what his... what's on the state of Delaware website under Department of Labor?

John Stapleford:

No. We get the numbers from the same source. The Delaware Department of Labor reports to the US Department of Labor, and then they publish the numbers, and, in fairness to the governor, he's taking a broad sweep, but you really feel, and we've felt this way for a couple of years, that the state needs to be waking up and taking some substantial action with regards to the Delaware economy. We took a huge hit from the downsizing of the DuPont Company and haven't really bounced back from that.

Dace Blaskovitz:

Yeah, it's, in laypeople terms, you took thousands of jobs that were statistically good payers, a couple $100,000, and replace those with more that resembled minimum wage-ish. Is that a simplification or spot on?

John Stapleford:

No, that's spot on, and the loss of output, the net loss of output from the downsizing of the DuPont Company, the chemical industry, was around $3 billion taken out of the Delaware economy, so it's... and, each year, you have multiplier effects in that, so it was a substantial change in the economy, and we haven't really bounced back from that.

Dace Blaskovitz:

His name is Dr. John Stapleford. He is the chair of the Caesar Rodney Institute.