



Analytics

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RE: Delaware's Economy: Four Years in the Wilderness

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The April, 2012 labor market data for Delaware has just been released and the numbers are not encouraging.

Compared to April of 2008, four years ago, total employment in Delaware is down by 20,000. Construction jobs are down 40%, manufacturing off 22%, and finance jobs down 6%. Government, of course, is up 2%.

Although compared to four years ago the civilian labor force in Delaware is off by 5,000 people, the number of folks unemployed is up by 68%.

Real (inflation-adjusted) Delaware personal income is essentially unchanged and real total wages have dropped 4%. And, unsurprisingly, the state's real personal income tax revenue is flat.

What has been the state government's response to this morass? Well, the state has raised taxes on business, including the gross receipts tax and corporate franchise tax. It has kicked the top personal income tax rate up to almost 7% and reinstated the estate tax. Taxes have been raised on alcohol and cigarettes.

An increase in the public utility tax hiked the cost of living and doing business in Delaware. The hike was eventually rolled back for electricity and natural gas, but in 2012 the state's various alternative energy experiments added \$38 million to Delmarva Power customers' electric bills.

After receiving substantial Federal money and moving the chairs around on the education deck in various ways, public school test scores remain mediocre. State debt relative to personal income is at a twenty year high. Fisker Automotive received \$21 million of grants and loans for an electric car that might set a house on fire.

Perhaps the state government should try a different approach....

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