

Intermediate Steel-Industry Suppliers in the Pittsburgh Region: A Cluster-Based Analysis of Regional Economic Resilience

Carey Durkin Treado
Frank Giarratani
University of Pittsburgh

The experience of intermediate steel-industry suppliers in the Pittsburgh region offers valuable insight into how traditional industrial clusters can serve as a source of economic resilience in regions like Pittsburgh, where a “signature” industry contracts or relocates. The authors find that intermediate steel-industry suppliers in Pittsburgh remain an important part of the region’s economic base, serving as a significant source of export income from national and international markets. Survey results offer a description of the cluster’s characteristics. An important subset of firms in this cluster relies on key contacts in the region such as suppliers, partners, and business networks for collaboration on product development or marketing. By recognizing and supporting local linkages of these kinds, policy initiatives can help to strengthen such clusters and contribute to a region’s economic resilience.

Keywords: *industry cluster; steel industry; regional economic resilience; regional economic development*

The connection between regional economic development and the structure of a signature industry has vexed traditional manufacturing regions of North America and Europe for decades. During the past 30 years, these regions have experienced significant declines in manufacturing employment and capacity from a combination of technological change, global competition, and geographic shifts in economic activity. Indeed, the traditional manufacturing region that stretches across Pennsylvania, Ohio, Michigan, and Indiana is now commonly referred to as the “rust belt” to indicate the perception of its economic development potential. However, our research into the state of the steel industry, a signature industry for the Pittsburgh region, indicates that this perception may be inaccurate and premature.¹ Pittsburgh maintains significant ties to the global steel industry, in part through the continuing presence of a cluster of intermediate suppliers to the steel industry. Despite daunting economic circumstances, Pittsburgh’s intermediate steel-industry suppliers remain important to national and international steelmakers, and their cluster also remains a significant economic component of the Pittsburgh region. This study reports survey-based findings about supplier firms, supported by industry publications and establishment-level census data, to better describe and understand the structure of the cluster. Based on these findings and related field work, we draw implications for regional economic development.

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Carey Durkin Treado is a research associate in the Center for Industry Studies at the University of Pittsburgh. Her research focuses on industrial market structures, particularly as they are influenced by international trade, technological change, and regional development.

Frank Giarratani is the director of the Center for Industry Studies at the University of Pittsburgh, where he promotes awareness of the importance of direct observation in academic research concerning industry. His research focuses on the steel industry and regional economic development.

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