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AMTAC PRESS STATEMENT

Ohio's Job Losses in 2000s Worst Since Great Depression

Massive U.S. Trade Deficits Key Contributor to Ohio Manufacturing Jobs Crisis

Detailed Job Gain/Loss for Ohio Metro Areas and by Economic Sector

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With the news media focus on Ohio over the next two weeks, the American Manufacturing Trade Action Coalition (AMTAC) has analyzed job gain/loss in Ohio by economic sector in report prepared by Dr. Charles W. McMillion, President and Chief Economist of MBG Information Services.

Since the end of 2000, total non-farm employment in Ohio has declined by 3.7 percent, a loss of 209,400 jobs. While Ohio employment grew slowly in the service sectors of its economy not subject to foreign competition, these job gains were more than offset by the state's substantial employment loss in sectors of the economy subject to international competition, such as the manufacturing and information services sectors, to countries like China.

Observing that the U.S. Commerce Department reported the United States imported \$1.37 trillion in manufactured goods in 2007, American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo said, "Americans haven't stopped buying manufactured goods, but due to lax trade polices, a flood of imports from China and other countries have cost Ohio's manufacturing sector market share and are the chief reason why Ohio has lost 236,000 manufacturing jobs in recent years."

Also noting that imports from China accounted for more than 50 percent of the \$499 billion U.S. trade deficit in manufactured goods in 2007, Tantillo continued , "A comprehensive policy response to China's predatory trade practices, such as its blatant currency manipulation, rebates of value-added (VAT) taxes and other export subsidies, urgently is needed. Without this, sectors of the U.S. economy subject to international competition will continue to bleed jobs and wither from the lack of capital investment."

"One would think that America's 3.4 million job losses in the U.S. manufacturing sector and another 700,000 job losses in the information sector -- the two sectors of the U.S. economy most exposed to international competition -- since the end of 2000 would provoke a more immediate

and detailed policy response from the administration, all presidential candidates and the Democratic and Republican leaderships in Congress, but unfortunately, that has not been the case. The competitiveness challenge posed by China and others to U.S. manufacturers must be addressed by those parties in short order," Tantillo added .

Tantillo concluded, "America can't keep running up its 'China credit card' buying foreign manufactured goods. America has got to start producing and buying more products made in Ohio and other parts of the United States or we will leave our future generations owing an unsustainable debt to China and our other foreign bankers."

According to the U.S. Bureau of Labor Statistics (BLS), manufacturing employment in Ohio dropped from 1,013,200 at the end of 2000 to 777,200 at the end of 2007. The loss of 236,000 jobs over that time period represents a 23.3 percent decline in employment. In 2006, the average annual pay for an Ohio private sector manufacturing worker was \$50,023.

BLS also reported that employment in Ohio's information sector fell from 108,500 at the end of 2000 to 87,400 at the end of 2007. The loss of 21,100 jobs over that time period represents a 19.4 percent decline in employment. In 2006, the average annual pay for an Ohio private sector information services worker was \$51,358.

In comparison, the average 2006 annual pay for Ohio private sector workers in the retail trade, education and health services, and the leisure and hospitality sectors was \$22,967, \$36,001, and \$13,834 respectively according to the BLS's Quarterly Census of Employment and Wages.

In addition to statewide data, a detailed job/gain loss breakout for the following Metropolitan Statistical Areas (MSAs) also is included:

1. Akron -- lost 10,100 manufacturing jobs since the end of 2000.
2. Canton/Massillon -- lost 13,200 manufacturing jobs since the end of 2000.
3. Cincinnati/Middletown -- lost 27,100 manufacturing jobs since the end of 2000.
4. Cleveland/Elyria/Mentor -- lost 48,800 manufacturing jobs since the end of 2000.
5. Columbus -- lost 24,700 manufacturing jobs since the end of 2000.
6. Dayton -- lost 25,100 manufacturing jobs since the end of 2000.
7. Lima -- lost 3,900 manufacturing jobs since the end of 2000.
8. Mansfield -- lost 4,300 manufacturing jobs since the end of 2000.
9. Sandusky -- lost 3,500 manufacturing jobs since the end of 2000.
10. Springfield -- lost 6,000 manufacturing jobs since the end of 2000.
11. Toledo -- lost 14,100 manufacturing jobs since the end of 2000.
12. Steubenville/Weirton, WV -- lost 3,800 manufacturing jobs since the end of 2000.
13. Youngstown/Warren -- lost 14,000 manufacturing jobs since the end of 2000.

(Executive summary from the report follows)

Ohio's Job Losses: 2000 to 2007

Worst Losses Since the Depression

Dr. Charles W. McMillion

According to the US Department of Labor, Ohio had -209,400 fewer nonfarm jobs in December 2007 than it had in December 2000. This loss of -3.7% of Ohio's jobs is the worst seven-year loss in state records that begin in 1939 as the Great Depression was ending. The previous seven-year job loss record was the period ending in 2006 (-3.6% of jobs lost) and before that the record was held for the period ending in 1962 when -3.4% of jobs were lost in the demobilization after the Korean War.

Nine of the state's thirteen metropolitan areas suffered recent job losses more severe even than Ohio's statewide losses. Most devastated is the Springfield area, losing -10.0% of its jobs over the last seven years. The other areas with job losses worse than statewide include Canton -8.6% job loss, Dayton -7.6%, Mansfield -6.5%, Youngstown -6.3%, Lima -5.7%, Cleveland -5.5%, Toledo -5.0% and Steubenville-Weirton, OH/WV -3.8%.

Only three of Ohio's metropolitan areas added jobs over the past three years and none of them even matched the 4.3% overall US job growth that is also the weakest seven-year period since the mid-1940's demobilization from World War II. The Akron area has the best recent record in Ohio, adding 4.1% to its job base since 2000. Jobs increased by 2.0% over the period in Cincinnati and by 1.7% in Columbus while declining by -2.7% in the Sandusky area.

The industrial composition of Ohio job losses and gains reflect recent record trade deficits and the explosion of household and federal debt stimulus. Over the past seven years Ohio lost -23.3% of its Manufacturing jobs (-236,000 jobs,) lost Construction jobs, lost jobs in Wholesale and Retail, lost jobs in Information Services and even in Financial Activities. Recent job growth came in private Health Services bureaucracies (+100,100 jobs,) restaurants and bars (+24,500 jobs,) and 18,700 new jobs in State and Local Governments, mostly for public education, health care and prisons. Since 2000, Ohio added just 2,500 jobs in firms providing Professional, Scientific and Technical services.

That is, every industry that is capable of exporting and faces foreign imports or routine outsourcing lost jobs in Ohio over the past seven years. All new jobs are in domestic consumer services that rely on soaring levels of debt.

Ten of Ohio's metropolitan areas suffered plunging jobs in Manufacturing that are even more severe than for the state as a whole. Over the past seven years Springfield lost -46.9% of its Manufacturing jobs, Sandusky lost -36.5%, Steubenville-Weirton -31.4%, Dayton -31.2%, Lima -30.7%, Canton -30.6%, Youngstown -27.3%, Mansfield -25.7%, Cleveland -25.2% and Columbus lost -24.4% of its Manufacturing jobs.

Even the three areas with less precipitous Manufacturing job losses than the state as a whole suffered severe losses. Akron lost -17.5% of its Manufacturing jobs over the past seven years, Cincinnati lost -18.4% and Ohio lost -22.6%.

The US lost a record -19.8% of its Manufacturing jobs over the past seven years. The previous record, before recent years, was the loss of -14.6% from the peak of the World War II buildup in 1942 to the depth of the demobilization in 1949.

Record-smashing U.S. Manufacturing trade losses (production shortages) totaled over -\$3.0 trillion over the past seven years as the full Current Account trade losses reached -\$4.3 trillion.

Together with the unprecedented loss of total jobs -- particularly highly productive/high wage Manufacturing jobs -- the industries that are creating jobs in Ohio are also of concern. These jobs are almost entirely in less productive/lower paying industries -- including the low-end of the "Professional and Business Services" category -- that can not create export earnings to offset the cost of imported oil, autos, computers, clothing, etc. But with rising health care costs a serious obstacle for US business and households alike, it is troubling that the vast majority of new jobs in Ohio are in private and public health care bureaucracies.

The jobs data tell only one important part of Ohio's past seven year economic story. Yet these record job losses bare strong witness to the depressing effects of record trade deficits and the loss of US production that they represent. Another key part of Ohio's past seven year economic history is the unprecedented levels of household and federal debt stimulus that -- even in Ohio -- played a vital role in moderating the effects of import competition, outsourcing and job loss. With the soaring engine of household debt now sputtering and debt service payments rising, strong industrial and trade policies seem urgently needed to halt Ohio's further decline.

MBG Information Services is a business information, analysis and forecasting firm based in Washington, DC. <http://mbginfosvcs.com>

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