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## As Ohio struggles, candidates offer ideas

### College grads leave for more opportunities

By John Byczkowski  
Enquirer staff writer

When politicians talk of the strengths of Ohio's economy, they talk about exports. Ohio-made jet engines and auto parts are shipped to markets throughout the nation and the world.

What they mention less, however, are college graduates - and Ohio is the nation's second-leading exporter of those.

From 1995 to 2000, more than 50,000 young, single college graduates moved out of Ohio - 18,409 more than moved in, according to the U.S. Census Bureau.

Akron native Sara Rowell, a 19-year-old sophomore at Xavier University, is looking beyond Ohio when she graduates - to New York City or Chicago or Washington, D.C. Ohio "just doesn't have the opportunities," she said.

So is James Angelo, 19, a

#### CONCERNED VOICES

Carl Weiser, the *Enquirer's* Washington bureau reporter, has been on the campaign trail in Ohio in recent days. Here's some of what he's heard from Buckeye State residents about the Ohio economy.

#### Worried by outsourcing

Rohan Wimalasena, a senior scientist at Procter & Gamble Pharmaceuticals, said he's worried about outsourcing of Ohio's jobs - even though his native Sri Lanka has benefited. "I'm getting a good salary," the 45-year-old Mason resident said. "My position is stable. P&G is taking good care of me. But in the broader sense, I'm worried in Ohio too many people are losing jobs to outsourcing."

#### To Florida for work

Angela Leedom, a 29-year-old Portsmouth

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Xavier junior from Cleveland.

"I plan on moving further out west. That's the part of the country that seems to be expanding the fastest. It probably has the greatest job opportunities, to make a lot of money."

Losing college graduates isn't so much a problem as it is a symptom of what's wrong with Ohio's economy.

"People go where the jobs and incomes are," said Richard DeKaser, chief economist for Cleveland banking giant National City Corp.

"The fact that people are moving out of the state reflects our deficiency in new job creation," DeKaser said.

Jobs and income indeed have been Ohio's weakness:

- The state has lost 264,000 jobs from a peak of 5.64 million in June 2000 through September.
- Manufacturing has been hit hard, having lost 209,000 from a pre-recession peak in February 2000. One in every five manufacturing jobs in the state has disappeared in the last five years. But services have been hit hard as well, with 71,300 jobs lost in trade, transportation and utilities, and 12,500 lost in information services in five years.
- September's unemployment rate in Ohio was 6 percent, up from the 3.9 percent rate in January 2001. The number of unemployed has risen by 125,000.

The numbers aren't in dispute, and the trends - particularly the slide in manufacturing and

homemaker, said her region desperately needs jobs. Her husband, a cable and electric lineman, couldn't find work - until hurricanes ravaged Florida. Now he's down there helping restring lines. "He's been gone three weeks. I probably won't be able to see him until Christmas," she said.

#### **No one can control it**


Ronnie Smith, 42, who manages an auto-repair shop in Gano, Butler County, said that while the economy is suffering, "I feel it started with Clinton." Business has been a little slower, but there's no way one person can control the economy. "I don't put the blame on Bush," he said.

#### **Fuel prices hurt**

Gasoline prices are a worry for Gregg Poe, 48, a Blue Ash resident who is a district supervisor for White Castle. The prices "are really hurting our business," because fewer people are choosing to drive in for lunch or dinner. On the other hand, the rickety economy is helping the restaurant attract workers to jobs that start at \$6.50 an hour.

#### **Art market slack**

Terri Kern, 40, a ceramic artist from Price Hill who has a studio in Over-the-Rhine, describes the economy as "hit or miss." A lot of her friends are getting out of the business, she said. They depend on middle-class Cincinnatians with disposable income. But instead of buying four or five items a year, customers might now just buy one.



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income - have been going on for years.

What isn't as clear is why this is happening, what should be done about it and whether it makes a difference whether President Bush is re-elected or is replaced by Sen. John Kerry.

The decline in manufacturing "has been a problem, not for years, but really for at least a decade, of trying to make that transformation from old-line manufacturing to higher productivity, higher technology manufacturing and other sectors," said U.S. Rep. Rob Portman, R-Terrace Park and a spokesman for President Bush on economic issues.

### **Will kids have jobs?**

Dan Langen, 42, a teacher from Mason, said Ohio's job losses are due "a great deal" to tax incentives that reward companies for moving jobs overseas. It's not the only factor, he said, because the economy is complex. "This loss of jobs are going to impact everyone in the economy eventually," he said. He's worried about his children, 11 and 8, and their job prospects. "Six years is not that very far ahead."

"The question should not so much be, 'Where we are (economically) in Ohio?' but 'What is the answer to the future?'"

It might be the critical question in whether Ohio's electoral votes go to Bush or to Kerry.

The University of Cincinnati's Ohio Poll, released Thursday, showed the issues cited as most important by Ohio voters were - in order - the economy, foreign policy and health care. Of the economic issues, jobs and unemployment were at the top of the list.

To the state's voters, "the economy stands taller as the top concern in Ohio than nationally," according to an ABC News poll released last Tuesday. "A third of likely voters in Ohio call the economy and jobs the most important issue in their vote, putting it substantially ahead of terrorism," the poll shows.

## **Job loss broad-based**

Why Ohio hasn't created enough jobs is a mystery, said Mark Schweitzer, an economist with the Federal Reserve Bank of Cleveland.

When Fed economists examined Ohio's decline in employment, "we were a bit surprised to see how broad-based it was. In some ways, the services' performance was as lackluster or worse than manufacturing's performance," he said.

Economists say productivity gains eventually should translate to more jobs, but so far, they haven't.

"There seems to be some evidence of important restructuring

within companies. ... Businesses are reluctant to hire," Schweitzer said. "They still have some uncertainties, that they'd like to wait. You'd think at some point in the recovery, in the expansion, businesses would give up their reluctance."

National City's DeKaser said he thinks that the globalization of production has hit Ohio especially hard. When he studied U.S. trade with China, "what we found was that the imports coming into the U.S. from China correspond to the merchandise that is produced in the industrial Midwest," and that hurt manufacturing in Ohio.

But what the United States is exporting to China - such as software and electrical equipment - "is not the things that we produce here," he said.

## **Bush: Keep cutting taxes**

The administration's main thrust in creating jobs has been tax cuts. While all three of Bush's tax-cut bills had the words "economic growth," "jobs" or "growth" in their names, they haven't helped Ohio. National City's DeKaser said that might be because the tax cuts weren't designed well for that job.

"The tax cuts have prevented the downturn from being as severe as it otherwise would have been," he said, "but it's clear the tax cuts were not optimally designed for creating jobs in the short run."

If you want tax cuts to create jobs sooner, give more money to people with lower incomes, because they'll spend it faster, DeKaser said. Instead, more than half the benefit of the tax cuts went to the wealthiest 10 percent of U.S. households, according to an August study by the Tax Policy Center of Washington, D.C.

That might be better for job creation in the long run, because wealthier people tend to save more of the tax cuts. Savings then become investments, which help create jobs. But the tax cuts have produced large federal budget deficits, which have "neutralized" their job-creation benefits, DeKaser said.

Bush's thrust for job creation remains on tax cuts.

"George Bush believes that if you want more of something, you tax it less," Donald Evans, Bush's Secretary of Commerce, said in a visit to the *Enquirer* in August. "If you want work, if you want jobs, if you want investment, if you want savings, you should tax it less, and that's exactly what President Bush has done, along with the help and support of Congress."

## **Kerry: Fiscal policy, credits**

Ohio's workers face a full slate of Republicans: in the governor's mansion, the statehouse, the White House and on

Capitol Hill. Should they trust Republicans again to try to help the state's economy?

"This is a long-term problem that transcends Republican presidents or Democratic presidents," Portman said. "What are the Democrats offering? If the Democrats were offering a more competitive environment in Ohio to create and maintain jobs, it would be one thing, but they aren't."

Yet Gene Sperling, the head of the National Economic Council for President Clinton who is now an adviser to Kerry, said the White House has ignored Ohio's problems.

"Many of the issues that have hurt job growth have been things that were reachable by public policy," he said. "One could have had a strong fiscal policy that focused on jump-starting jobs, one could have had new jobs tax credits targeted at manufacturing, one could have used the money that goes to those making over \$200,000 in new tax cuts to do a major proposal on health care.

"Taking those steps, would have made the job and employment situation in Ohio significantly better than it is today," he said.

## Homegrown problems

Deciding which candidate would help Ohio more depends on the view of what's wrong with Ohio's economy. Zach Schiller, director of Policy Matters Ohio, a non-profit think tank in Cleveland that focuses on issues for lower- and middle-income workers, said Kerry has talked more about programs with direct benefit to the state, which is facing a \$5 billion budget deficit next year. Kerry's plan for revenue sharing, for instance, might help keep that the state's universities more affordable.

Kerry has also talked about tougher enforcement of the nation's trade agreements. "A move in the direction of leveling the playing field of working conditions and environmental protections would be of long term aid to Ohio manufacturers," Schiller said.

Sam Staley, senior fellow at the Buckeye Institute for Public Policy Solutions in Columbus, a nonprofit think tank with a libertarian bent, said he gives "a cautious nod" to Bush's program of tax cuts and "wealth creation" as better suited overall for creating jobs.

But what's best for Ohio? Staley said many of Ohio's economic problems are home grown, "which is why I don't think Kerry or Bush can come up with an Ohio plan. We are not competitive on a national or international level."

State problems such as a tax system that overtaxes manufacturers and an inadequately funded university system,

for instance, are largely beyond the influence of the White House, Staley said.

Beyond that, "It's hard to see from either (Bush or Kerry) that they understand what drives a manufacturing economy," Staley said. "I'm not here to say either one is the Ohio economy president."

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