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[Local News](#)

[Sports](#)

[Business](#)

[Editorials](#)

[Tempo](#)

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[Travel](#)

[Health](#)

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[Readers' views](#)

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[Movies](#)

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[Lottery Results](#)

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Report counts labor losses

Ohio's economy called 'worsening'

By Jim Siegel
Enquirer Columbus Bureau

COLUMBUS - Wages for Ohioans continue to fall, a jobs recovery remains elusive and the gap between earnings for whites and blacks is growing, according to an analysis of the Ohio economy issued this week.

The state of labor in Ohio is nothing to celebrate this Labor Day, based on the annual State of Working Ohio report by Cleveland-based Ohio Policy Matters, a non-profit policy analyst.

"We've certainly had a lot of job losses and manufacturing losses, and in that sense the economy is worsening," said Amy Hanauer, executive director of the group and author of the report. "In other ways, we are just failing to move forward effectively."

The slumping manufacturing sector, Hanauer said, has hurt nearly every state, but it hurts Ohio more because it is a bigger part of this economy.

Ohio also is not seeing the kind of growth in the information sector as other states, she said.

The report notes:

- From 2000 through 2003, Ohio lost 234,000 jobs, third-worst in the nation.

- From January through July 2004, Ohio added 19,700 jobs. At this pace, the report estimates it would take Ohio six years to reclaim all the jobs lost since the recession began in March 2001.

- Ohio's real median wage has fallen slightly in each of the last

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three years. Twenty-five years ago, Ohio workers earned \$1 an hour above the national median. Now they earn 48 cents less (\$13.14) when adjusted for inflation.

- In 1990, higher-paying manufacturing jobs accounted for nearly 22 percent of the workforce, but the share dropped to less than 16 percent in 2004.

Policy Matters reports often focus on issues related to low- and middle-income workers. In the past, the group has been critical of Gov. Bob Taft's Third Frontier initiative, NAFTA, and President Bush's new overtime pay rules.

The state of the economy in Ohio is a key issue in the presidential campaign. Both sides are targeting the battleground state with frequent candidate visits and TV ads.

Ohio's unemployment rate was 5.9 percent in July, up from 5.8 percent in June, according to the Ohio Department of Job and Family Services. Ohio's nonfarm wage and salary employment rose 3,600 over the month, from 5,370,800 in June 2004 to 5,374,400 in July.

George Vredevelde, director of the Economics Center for Education and Research at the University of Cincinnati, said Ohio is not alone in losing manufacturing jobs.

"You have to look to other sectors to pick up those losses," he said. "What's happening in Ohio that is different from the rest of the nation is when we are picking up from other sectors, we are not picking up in higher-income areas."

State Sen. Eric Fingerhut, D-Cleveland, who is challenging U.S. Sen. George Voinovich this November, said there's been more than a decade of failure to modernize Ohio's industrial plants and do more to educate the workforce.

"It's accelerated over the last four years by the policies in Washington - tax policies and trade policies that have been encouraging investment to leave not only Ohio but our shores," he said.

Fingerhut said he supports expanding machinery and equipment tax credits to give businesses cash incentives to modernize plants, making the research and development tax credit permanent, and creating a joint state-federal program to lower the cost of higher education.

To help Ohio manufacturers, Voinovich is pushing for greater access to domestic energy sources while protecting access to Ohio coal in hopes it will lower costs for manufacturers, said Voinovich spokesman Scott Milburn.

The U.S. also must do more to force fair trade practices by China, which is manipulating its currency to lower prices and blatantly stealing and copying American products, Milburn

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said. Voinovich is primary sponsor of a bill to allow the president to impose tariffs on Chinese imports.

The Policy Matters report also noted that unemployment for black workers jumped 63 percent from 2001 to 2003, and at 12.1 percent is more than twice the rate of whites. Black workers earn \$2.40 less per hour than white workers, up from 2000 (\$2.25 less) and 1989 (\$1.55).

Hanauer said blacks are hurt disproportionately by manufacturing-job losses. She said education is a key reason for the growing disparity as black students are less likely to attend superior grade schools, graduate high school and graduate college than white students.

Vredeveld highlighted education as a key to improving Ohio's entire economic situation. He said the state must make it easier for students to attend college and provide more money for research that could one day become high-paying tech jobs.

But Vredeveld warned against the government responding to job losses by setting up artificial barriers designed to stop job losses.

"In the short run, it will be beneficial," he said. "But in the long run, it almost always turns around and bites you. When you protect industries, they lose their incentive to become competitive."

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