Executive Summary

Total nonagricultural employment in Ohio declined by 244,000 jobs between November 1999 and November 2003. The vast majority of this decline was due to the loss of 191,000 jobs in Ohio’s high-paying manufacturing sector. There are many causes for job losses in manufacturing, including relocation of production facilities to other states or foreign countries, rising imports of foreign goods, fluctuations in the business cycle, and changes in productivity levels. This study examines job losses caused by two factors – relocation of production to foreign countries and increased imports of foreign goods. These two causes of job loss are referred to as “trade-related job loss.”

The main data sources for this study are the Trade Adjustment Assistance (TAA) program, and the former North American Free Trade Agreement-Trade Adjustment Assistance (NAFTA-TAA). Policy Matters Ohio obtained program data from the U.S. Department of Labor for the 1995 to November 4, 2003, time period. These programs provided assistance to workers who lost their jobs for certain trade-related reasons. The data permit us to pinpoint specific manufacturing facilities in which job losses occurred because the U.S. Department of Labor investigates each case. This program data fails to capture all trade-related job losses, for several reasons. First, many workers are unaware of the program’s existence. Second the program has extremely limited coverage of workers who provide a service rather than a good. Third, workers whose facilities were relocated to countries other than Mexico or Canada were not covered until recently. Finally, job losses at upstream or downstream suppliers – such as auto parts jobs lost when car production moves elsewhere – were not included until recently. Because the program data omits so many trade-related job losses in Ohio, this report also discusses other estimates of trade-related job loss developed by the Economic Policy Institute in Washington, D.C. Our major findings are listed below:

• TAA and NAFTA-TAA program data identified 45,734 jobs that were lost in Ohio between 1995 and October, 2003, directly due to international trade. Three-fourths (76.1%) of the job losses occurred in the 1999 to 2003 time period. The year with the highest total was 2002, during which 13,093 jobs were lost.

• Job losses identified under these programs accounted for more than one in six of the manufacturing jobs lost in Ohio over the 1999 to 2003 time period.

• Of the total 45,734 lost jobs identified under the two programs, 14,653 were directly due to NAFTA-related reasons. Nearly two-thirds of the NAFTA-related job losses were caused by U.S. companies relocating production facilities to Mexico.

• According to TAA and NAFTA-TAA data, Cuyahoga County lost over 5,000 jobs due to international trade, the highest number of job losses of any county. Twelve other counties had over 1,000 jobs lost due to international trade. In all, the two programs certified workers in 75 Ohio counties as having lost their jobs for trade-related reasons.
The industrial sectors with the greatest numbers of trade-related job losses were in electronics and electronic equipment, primary metals, and industrial machinery and equipment (SIC-based). These three sectors together accounted for 24,981 job losses, more than half of the total identified by the trade adjustment programs from 1995 to 2003.

The EPI economic model gives a more complete picture of international trade by taking into account exports as well as imports, and by including demand linkages among various sectors of the economy. EPI’s model estimates how much manufacturing production and employment would have existed in a given year if the trade deficit had remained at a given level. According to this model, increases in the U.S. trade deficit from 1994 to 2000 removed more than 135,000 jobs and job opportunities from Ohio’s economy, nearly 100,000 of which were from the high-paid manufacturing sector. The transportation sector (mostly automobiles and parts) was the hardest hit sub-sector of the Ohio economy, losing nearly 24,000 jobs and job opportunities. The primary metals, electronic equipment and machinery, and fabricated metal products sectors each had roughly 10,000 jobs and job opportunities lost.

In sum, trade-related job loss is a significant factor in reducing manufacturing employment in Ohio. The consequences of the decline in manufacturing jobs are severe for laid off workers, and for the overall employment situation in Ohio. It is vital that we reexamine our trade policies and acknowledge their true costs to Ohio and the nation.