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Manufacturing still vital to Ohio and U.S. economy Lawmakers should take steps to strengthen sector

Manufacturing remains a large and vital part of the U.S. and Ohio economy, and lawmakers should take steps to bolster the sector and create more good-paying jobs, says a new report by the Economic Policy Institute.

Despite policies that have shrunk manufacturing employment, the sector directly employs 12 million workers—8.8 percent of U.S. employment—and indirectly supports an additional 17.1 million workers. Together, these account for 21.3 percent of U.S. employment, or 29.1 million jobs.

“Manufacturing is still the most important part of the U.S. economy,” said Robert E. Scott, director of trade and manufacturing policy research at EPI, and the author of the new report. “It is a source of good, well-paying jobs. Policymakers should not ignore manufacturing or write it off. Instead they should work to shore up and expand our manufacturing sector.”

In Ohio, an even larger share of workers, 12.6 percent or 662,100, is employed in manufacturing. Only two states, California and Texas, have a higher number of manufacturing workers than Ohio, and only six states have a higher share of their workforce in this sector. Ohio’s 4th congressional district, stretching from Elyria to Lima, has 19 percent of its workforce employed in manufacturing – only seven districts nationwide have a larger share of manufacturing workers.

Five of Ohio’s congressional districts are among the top fifty districts nationwide in manufacturing as a share of employment, said the EPI report, *The Manufacturing Footprint and the Importance of U.S. Manufacturing Jobs*.

Manufacturing directly generated \$2.1 trillion in gross domestic product in 2013, or 12.5 percent of U.S. GDP and an even larger share, 17.7 percent, of Ohio gross state product (\$99.8 billion). Manufacturing is also a significant source of demand for goods and services in other sectors of the economy, contributing \$5.9 trillion or 35.4 percent of U.S. GDP.

“Manufacturing remains essential to the Ohio economy, and policy makers here should take steps to strengthen this sector, like encouraging green investments that are manufacturing-intensive,” said Amy Hanauer, Executive Director of Policy Matters Ohio, which released the report locally.

Manufacturing jobs pay more than other jobs, particularly for non-college educated workers. Nationally, manufacturing workers earned \$1.78 more per hour than similarly educated workers in 2012 and 2013, and in Ohio, manufacturing workers earn \$2.99 per hour more, a 19.4 percent wage premium. On an annual basis, this equates to \$6,099 more. Benefits are also often better in manufacturing.

Nearly twenty years of policy failures have eroded U.S. manufacturing, but steps can be taken to reverse its decline. In the paper, Scott identifies addressing currency manipulation, reducing U.S. trade deficits, and investing in infrastructure and research and development as key ways to rebuild and expand U.S. manufacturing.

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus. The Economic Policy Institute is a nonprofit, nonpartisan think tank based in Washington D.C.