It is no surprise that Ohio, long considered to have a heavily industrial economy, derives more than 25% of its gross state product from the manufacturing industry. Since the mid-1980s, manufacturing’s share of gross state product has fluctuated only slightly, ranging from roughly 25% to 27.5%. A close look at the fluctuations, however, suggests that manufacturing is more sensitive to business cycle phenomena than other industries; as the economy contracts and expands, so does manufacturing’s share.

The 1980 recession marked the beginning of a definitive drop in the average number of jobs and the average amount of real dollars earned from manufacturing. The 1969–80 average was 1.37 million workers and $37 billion in annual earnings, while post-recession averages fell to 1.11 million workers and $31 billion in annual earnings. Both employment and earnings have continued to fall since 1980, with a sharp drop during the 1990–91 recession and slight recovery in the years immediately following. Manufacturing’s employment and real earnings, as shares of employment and earnings for all Ohio industries, have shown a considerable and fairly steady decline over the last 30 years.

The number of production workers reached its peak (for the current expansion) in 1995. Production workers’ share of total manufacturing employment tends to fall during periods of recession, when plants are idled and workers are temporarily laid off; it rises during periods of expansion, when plants are producing near or at

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Manufacturing in Ohio (cont.)

capacity. During the current expansion, production workers’ share peaked in 1996, then began to decrease gradually. For 2001 to date, the share has remained level with 2000 figures. Production workers’ real wages, most set in nominal terms through union contracts made long before the wages are paid, dropped sharply in 2000 and 2001.

Manufacturing in Ohio is diverse, with industries in the durable goods sector making the largest contributions to employment and earnings. Although the state is known for its automobiles and primary and fabricated metal work (probably because its largest manufacturers almost all make autos, trucks, or their components), computers and industrial machines contribute the most jobs and the highest amount of earnings to Ohio’s economy. Of the eight largest subindustries within manufacturing, only three are nondurable industries: rubber and plastics; chemicals and allied products; and printing and publishing.

Workers in the “traditional” Ohio industries—automobiles, primary metals, and fabricated metals—receive the highest weekly average pay; workers in the motor vehicles and equipment subindustry averaged the highest pay overall ($1,030 per week). The nondurable goods industries tend to pay considerably less (under $600 per week on average).

Productivity in manufacturing industries has grown throughout the 1990s, with the exception of printing and publishing. Productivity levels in two industries, computers and industrial machines and electric and electronic equipment, doubled between 1990 and 1999.