

Ohioans work harder, earn less

College economists say technology is 1 reason.

By Dave Larsen
Staff Writer

Ohio's workers are more productive and better educated than in past decades, but that isn't necessarily reflected in their paychecks, according to a new report.

Ohio productivity grew by nearly 67 percent between 1979 and 2013, while median hourly wages fell by 1.1 percent when adjusted for inflation, according to a recent analysis of jobs data from Policy Matters Ohio, a Cleveland-based progressive economic think tank.

In 2013, Ohio's median wage was \$15.81, slightly above 2012 but well below the highs of \$17.11 and \$17.12 experienced in 1999 and 1979. Ohio's median wage is now nearly 90 cents less per hour than that of the median worker nationally, the report said.

"The productivity that Ohio workers are contributing to is not being shared with Ohio workers," said Amy Hanauer, Policy Matters Ohio's executive director and the report's co-author.

Economists from several area universities said much of the productivity improvement in recent years has been driven by technology, which requires fewer workers.

"America remains a great manufacturing nation. The problem in the American manufacturing sector is not over how much it produces, it is that it uses fewer and fewer workers to do it," said Dennis Sullivan, a Miami University economics professor emeritus.

As workers lose their jobs because of technical advances, productivity improvement shows up in company profitability, Sullivan said.

Ohio's manufacturing sector produced \$99.8 billion worth of goods, or 4.8 percent of the nation's manufacturing output in 2013, ranking it fourth in the U.S. after California, Texas and Illinois, according to the U.S. Bureau of Economic Analysis.

Tom Traynor, a Wright State University economics professor, said Ohio's manufacturing sector is becoming more "capital intensive," while using progressively less labor over time.

"In a way, manufacturing is going through a long-term process similar to that which farming went through a long time ago. Today, if you look at U.S. agriculture, there is more food produced than ever in this country, but we just have so many fewer people producing it," he said.

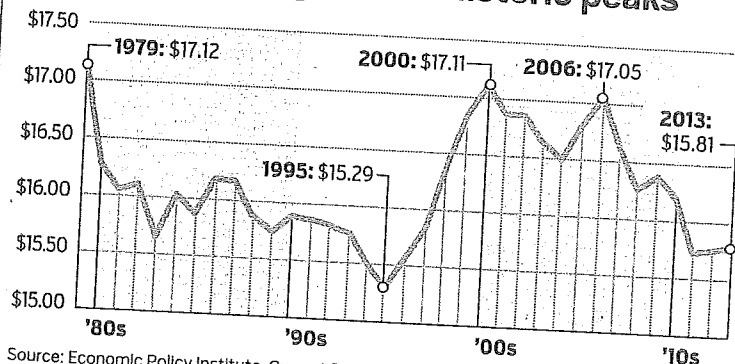
Median wage is the boundary between the highest paid 50 percent and the lowest paid 50 percent of workers.

Nationally, there was some growth in median wages from 1979 to 2000, but the U.S. median wage flattened afterward. That means Ohio did worse than the national average from 1979 to 2000,

but about the same since then. "Either way median wages have lagged far behind productivity growth," Traynor said.

Ohio's labor force participation in 2013 fell to its lowest level since 1979, which Policy Matters Ohio began tracking the indicator, at 62.9 percent. Over that period, labor participation peaked in 2007 at 67.8 percent.

Ohio median wage below historic peaks



Source: Economic Policy Institute, Current Population Survey, US Census Bureau

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The employment-to-population ratio, which reflects the percentage of adults who are actually employed, also fell last year, to 58.2 percent. Employment as a share of the population in Ohio is now at its lowest level since the mid-1980s, the report said.

"People are not finding jobs and they are leaving the labor market. That really concerns us," Hanauer said.

Ohio's job creation has been slow, especially compared to that of the nation, she said.

Since 2005, when Ohio legislators passed tax cuts promising job creation, Ohio has lost 2.3 percent of its jobs. In contrast, the nation as a whole added 3.8 percent to its jobs over that period.

"Clearly, if those tax cuts were supposed to make us more competitive, more able to grow than the country as a whole, they have very much failed in that role," Hanauer said.

Traynor said there were 5.6 million people working in Ohio in 2000. That number was down to 5.4 million right before the start of the recession in late 2007. The state then lost about 430,000 jobs during the recession, he said.

Ohio has only regained about 290,000 of those jobs, while national employment is back at just above its pre-recession level. "We just haven't had as strong of an employment recovery as the rest of the nation," Traynor said.