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GUT-CHECK TIME IN OHIO: AMERICA'S FUTURE HANGS IN THE BALANCE

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Anyone with a sense of the important in political affairs knows that Ohio with its 18 electoral votes is crucial in this year's presidential election. Mitt Romney, it is argued, cannot win without those votes. There are eight other battleground states -- Colorado, Florida, Iowa, Nevada, New Hampshire, North Carolina, Virginia, and Wisconsin – but none is as important as the Buckeye State. Florida for sure has more electoral votes, but the Sunshine State is not in play like Ohio. Since 1944 Ohio has voted for the winning presidential candidate in every election except 1960. However, due to reapportionment based on the 2010 Census population count, Ohio has 2 fewer electoral votes than in the last presidential election.

In the following, we report on several economic performance indicators for Ohio in the context of the other eight battleground states.

	CO	FL	IA	NV	NH	NC	OH	VA	WI
Electoral votes	9	29	6	6	4	15	18	13	10
Jobless rate (7/2012)	8.3	8.8	5.3	12.0	5.4	9.6	7.2	5.9	7.3
Poverty rate (2011)	13.5	17.0	12.8	15.9	8.8	17.9	16.4	11.5	13.1
GSP % increase (2011)	1.9	0.5	1.9	1.2	1.5	1.8	1.1	0.3	1.1
Foreclosures filings* *n* =	572	318	1640	496	1453	1585	546	1315	745
Bank failures (2009 -)	9	61	2	8	0	5	4	4	6
Private employment (000)**	1929	6214	1256	987	550	3296	4476	3049	2366
Average hourly wage	24.72	21.56	20.88	19.79	23.47	21.74	21.87	25.00	22.30
Median hhld income (2011)	58629	45105	50219	47043	65880	45206	44648	62616	52058
Stimulus billion$ (2/09-6/12)	5.7	11.3	2.2	3.0	1.0	7.6	8.8	6.4	4.1
Recipient jobs	3021	8810	1137	751	719	5791	7132	3012	1924

*** one in *n* number of properties: 9/2012. ** 7/2012.**
Sources: Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, FDIC, RealtyTrac, and the White House.

Ohio's current unemployment rate of 7.2 percent is deceptive. In spite of an hourly wage that is higher than four other battleground states, Ohio is plagued with the lowest household income of all, attributable importantly to the decline in a high-wage manufacturing sector that since 1990 has shed approximately 400,000 jobs. President Obama has been touting the auto bailout as breathing new life into that sector. Since his first month in office Ohio has added 3100 jobs in motor vehicle manufacturing but, at the same time, the state has lost 4600 jobs in motor vehicle parts manufacturing. Across the entire manufacturing sector, the net job loss since Obama was inaugurated is 12,200.

Increases in Ohio's gross state product have been limping along at a 1.1 percent annual rate, far below the 3-5 percent that is regarded as necessary to grow jobs and lift incomes. At 16.4 percent poverty in Ohio is well above the national average. The latest foreclosure information indicates that there is one filing for every 546 Ohio properties. Among battleground states, only Florida and Nevada fared worse. Since January 2009 just four FDIC-insured banks in Ohio failed, suggesting that the state's banking system is in far better shape than Florida's and much better positioned to assist economic development.

Where will the high-paying jobs come from that will keep future generations in Ohio rather than fleeing elsewhere? Clearly not from federal intervention as the record of the Recovery Act indicates. Stimulus awards totaling $8.8 billion created/preserved 7,132 jobs in Ohio.

Across the U.S. economy, federal government mandates minimum wages, maximum hours, and workplace safety, but it cannot mandate employment except by replacing private decision-making through the market system with public decision-making through the political system.

To preserve a market economy, three conditions are necessary: private initiative, productivity, and private sources of finance. Private initiative to establish business enterprises that produce products and services in demand, productivity in the workplace to assure that those enterprises are able to compete in the global marketplace, and private sources of finance that provide the funds to launch and sustain those enterprises.

President Obama leans in the direction of public decision-making that channels taxpayer monies to enterprises identified by Washington bureaucrats. Mitt Romney leans in the direction of private decision-making that channels private monies to enterprises selected by private investors. The difference reduces to this. With the Obama plan, taxpayers are put at risk. With the Romney plan, private investors are put at risk. That's the choice that all Americans, especially Ohioans, have to make on November 6.

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