

Ohio's Producer Economy Was Killed in 'Consumer America'

by Richard Freeman and Mary Jane Freeman

The state of Ohio, its former industrial, agricultural, and scientific development, was the realization of the mission for the United States of Benjamin Franklin, George Washington, and John Quincy Adams. Up through 1970, it was the most industrialized state in America. Its technology-proud workers and farmers enjoyed the highest standard of living. Its leaders had constructed an excellent infrastructure system which powered the economy: canals, railroad systems (**Figure 1**), locks and dams, power generation systems. Among states, Ohio was first in machine-tool and in rubber production, second in auto and in steel production, and among the top five in a host of other production sectors: the heart of the industrial heartland.

Today, Ohio is in the forefront of the U.S. Presidential election battleground states, and a primary battleground for the issue: What to do about the collapsed U.S. physical economy? Ohio today is one of America's poorest states, with the gateway city of Cleveland leading the nation with a 31.3% official poverty rate. Since the nation's mid-1960s turning point, identified by Lyndon LaRouche as the shift from the once most productive economy on Earth, to a consumer society—and underscored by the 1971 throwing overboard of the Bretton Woods fixed-exchange-rate system, and the spread of globalization—America's economy has spiralled downward into a junk heap.

Ohio's once prosperous factories and cities have emptied out, its productive jobs have disappeared. The infrastructure which had driven its industrial development is neglected. Locks and dams on the Ohio River are now past their replacement age, and upgrades are blocked by the Bush-Cheney cutting of funds to the U.S. Army Corps of Engineers; the rail grid

has been ripped up; the health and hospital system has been taken down to a level that is grossly insufficient for the current influenza crisis.

It is the infrastructure that built Ohio into a mighty state in the first place, that must be rebuilt, using 21st-Century technology, through a "Super-TVA" Federal program to build infrastructure in cooperation with the states. The locks and dams must be upgraded on a crash basis; the rail system must be rebuilt with a magnetic-levitation system that uses Ohio and Indiana as the base, and radiates through the Midwest and the Atlantic East Coast; high temperature gas-cooled nuclear reactors must replace the aging coal-fired plants and meet the new electricity demand of a growing economy.

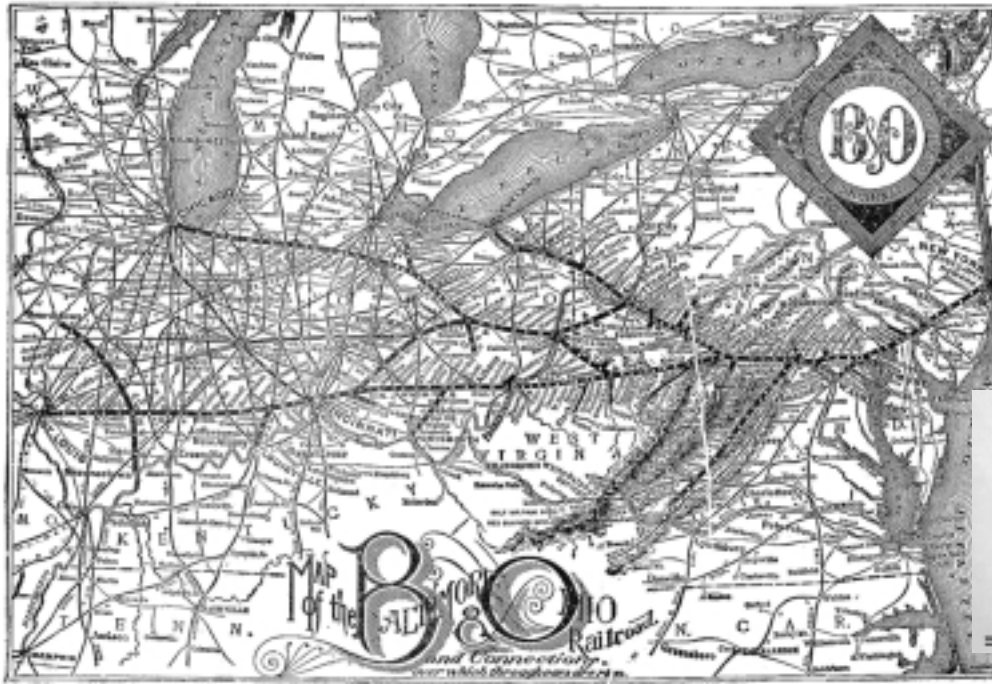
These terms underlie the battleground-state fight. LaRouche has placed great importance on a John Kerry landslide victory in Ohio. More than 100 LaRouche Youth Movement (LYM) organizers have mobilized there to inspire Democratic activists, students, and the "forgotten men and women" of the region's economic collapse. The LYM are saturating Cleveland, Toledo, Youngstown, and Ohio's college campuses with LaRouche's *Real Democratic Platform*, his *It's the Physical Economy, Stupid* pamphlet, and hard-hitting anti-Cheney/Bush leaflets. LaRouche's method is the same used to make Ohio a pivot for America's greatness centuries ago.

History of Economic Development

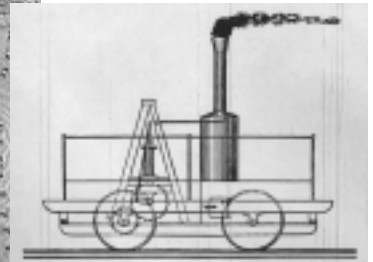
The development of the state of the Ohio—and of the entire Northwest Territory of which it was a part—fulfilled the most deep-seated plan of the American nation-building faction of the Massachusetts Bay Commonwealth, led by the Winthrops

FIGURE 1

Nation's First Railroad, and Its Newest



The United States' first railroad and first locomotive, the Baltimore and Ohio with its "Tom Thumb" (below), helped build the mid-Atlantic states and the western territories through St. Louis. Now, its routes represent the natural high-speed corridors of the hub of a continent-wide 21st-Century rail system (the Pittsburgh maglev train project, bottom).



and the Mathers, to civilize the American continent by going across the Appalachian Mountains, and bringing it under republican government. To do this, they had to drive the British, French, and Spanish imperial forces off the continent, and to spread the ideas expressed in the U.S. Constitution's General Welfare clause: the principle of sovereignty, and promotion of the General Good for present and future generations. To achieve this idea required capital-intensive industrialization and the construction of infrastructure: water management, transportation, power generation, and the spread of Classical education.

The Ohio land that confronted the Americans on their westward expansion had once been covered during the Ice Age by glaciers, except for the southeast part, dividing it topologically into three principal geo-physical regions, shown in **Figure 2**. The Great Lakes Plains span a moderately narrow strip of land—a very fertile lowland—on the northern tier of the state lying on Lake Erie. The Appalachian Plateau, broken by many hills and valleys, spans most of the eastern portion; in the Appalachian Plateau's south lie Ohio's great bituminous coal fields. The Till Plains, which possess rich, fertile soil, span most of the western part of the state, covered by gently rolling hills. Most of Ohio's farming takes place in the Great Lakes Plains and Till Plains.

The Ohio River defines the state in many ways. The 981

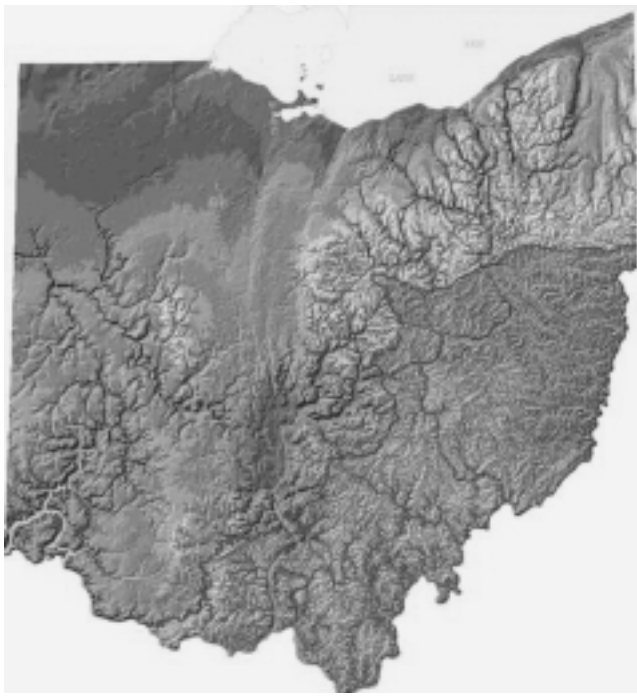


mile-long Ohio rises in Pennsylvania, at the conjunction of the Allegheny and Monongahela Rivers—the location of the city of Pittsburgh—goes northward, and then heads southwest, defining the southern border of Ohio. After leaving the state, the Ohio River wends its way to Cairo, Illinois, whence it empties into the Mississippi River. Seventy percent of all the rivers in Ohio drain southward into the Ohio (the rest drain northward into Lake Erie).

Virginia Governor Alexander Spotswood (1676-1740) was the leader of the republican faction in Virginia, which would produce George Washington (1732-99). Spotswood made Virginia the spearhead of America's drive to develop the vast continent beyond the Appalachian mountains, and the Ohio

FIGURE 2

Ohio's Geophysical Regions



The Great Lakes Plains span a narrow but very fertile lowland in the north on Lake Erie. The Appalachian Plateau spans most of the eastern portion; in its south lie Ohio's great bituminous coal fields. The Till Plains, with rich soil, span most of the western part of the state.

territory was part of the Virginia's territorial claims.

Spotswood, who was Governor of Virginia from 1710-22, had led an historic expedition across the Blue Ridge Mountains of the Appalachian Mountain chain in 1716. He was an ally of Benjamin Franklin (1706-90), and shared with Franklin the strategic vision of busting across the Appalachian Mountains to spread civilization, republican government, and economic development.¹

The family of iron-maker Augustine Washington, and his two sons, Lawrence and future President George, were key figures in Spotswood's network after his death. In 1747, Lawrence Washington, George's older brother and mentor, helped form the Ohio Company, to establish the necessary trading posts, population settlements, and forts to begin developing the vast potential of Virginia's territorial colonial claims in the West. Lawrence and George Washington, along with Benjamin Franklin and others, became the leading coordinators to develop the Ohio territory as a staging area to spread the

1. This section draws upon H. Graham Lowry, *How the Nation Was Won*, (Washington, D.C.: Executive Intelligence Review, 1988); Pamela Lowry "This Week in History: Congress Passes the Northwest Ordinance and Embraces a Development Policy for the New Nation," in *EIR Online*, Vol. 3 No. 29, at www.larouhepub.com/eiw; and Anton Chaitkin, "How the Government and Army Built America's Railroads," *EIR*, July 17, 1988; on discussions with Pamela Lowry and Anton Chaitkin; and on primary sources.

American System across the continent.

In 1753, the 21-year-old surveyor George Washington was sent on a perilous diplomatic-military mission to the Ohio territory, during which he mapped out key features of Ohio's topography, river systems, etc., drawing on the work that others had done as well. He and Franklin realized that the French and British would have to be driven out of this area, if the American proto-nation forces were to settle it. The Seven Years War (1757-63) made significant inroads in removing the French.

During this time, Washington formulated an idea that would become one of the grandest pieces of transportation infrastructure for the development of Ohio nearly 75 years later: the building of a canal from Lake Erie to the Ohio River. Washington worked over this idea for three decades, and in a Jan. 1, 1788 letter written to Thomas Jefferson, Washington weighed the different potential advantages a canal could take, by going through different routes:

The distance between Lake Erie and the Ohio [River], through the Big-Beaver [River], is, however, so much less than the rout[e] through the Muskingham [River], that it would, in my opinion, operate very strongly in favor of opening a canal between the sources of the nearest water of the Lake and Big-Beaver [River], altho the distance between them should be much greater and the operation more difficult than to the Muskingham. I shall omit no opportunity of gaining every information relative to this important subject; and will, with pleasure, communicate to you whatever may be worthy of your attention.

Building the Canals and the Ohio's Locks

In July 1787, the Continental Congress passed the Northwest Ordinance, by which "the Territory of the United States Northwest of the Ohio River"—what we know today as the Midwest—would be divided, settled, and eventually added to the original 13 states. One year earlier, at Boston's famous Bunch of Grapes Tavern of Revolutionary War fame, a group of former Revolutionary War officers formed the Ohio Company of Associates, which proposed to use veterans' certificates, and \$1 million raised from subscriptions, to buy a large tract of land in southeastern Ohio, and to settle it with Revolutionary War veterans and their families. This soon occurred.

Another section of the Franklin-Alexander Hamilton network joined in directing this grand transportation infrastructure project. In 1797, a young man by the name of Ethan Allen Brown joined Hamilton's law office. Hamilton tutored Brown, who moved to Ohio and in 1818 was elected its governor. In 1819, reflecting Hamilton's view expressed in his 1791 *Report on Manufactures*, Governor Brown stated, "Roads and canals are veins and arteries to the body politic that diffuse supplies, health, vigor and animation to the whole system, nor is this idea of their extensive use and beneficial influence new."

Brown made several trips to New York to consult with New York Governor Dewitt Clinton, who had launched in 1818 the construction of the Erie Canal, which successfully gave impetus to U.S. canal building.

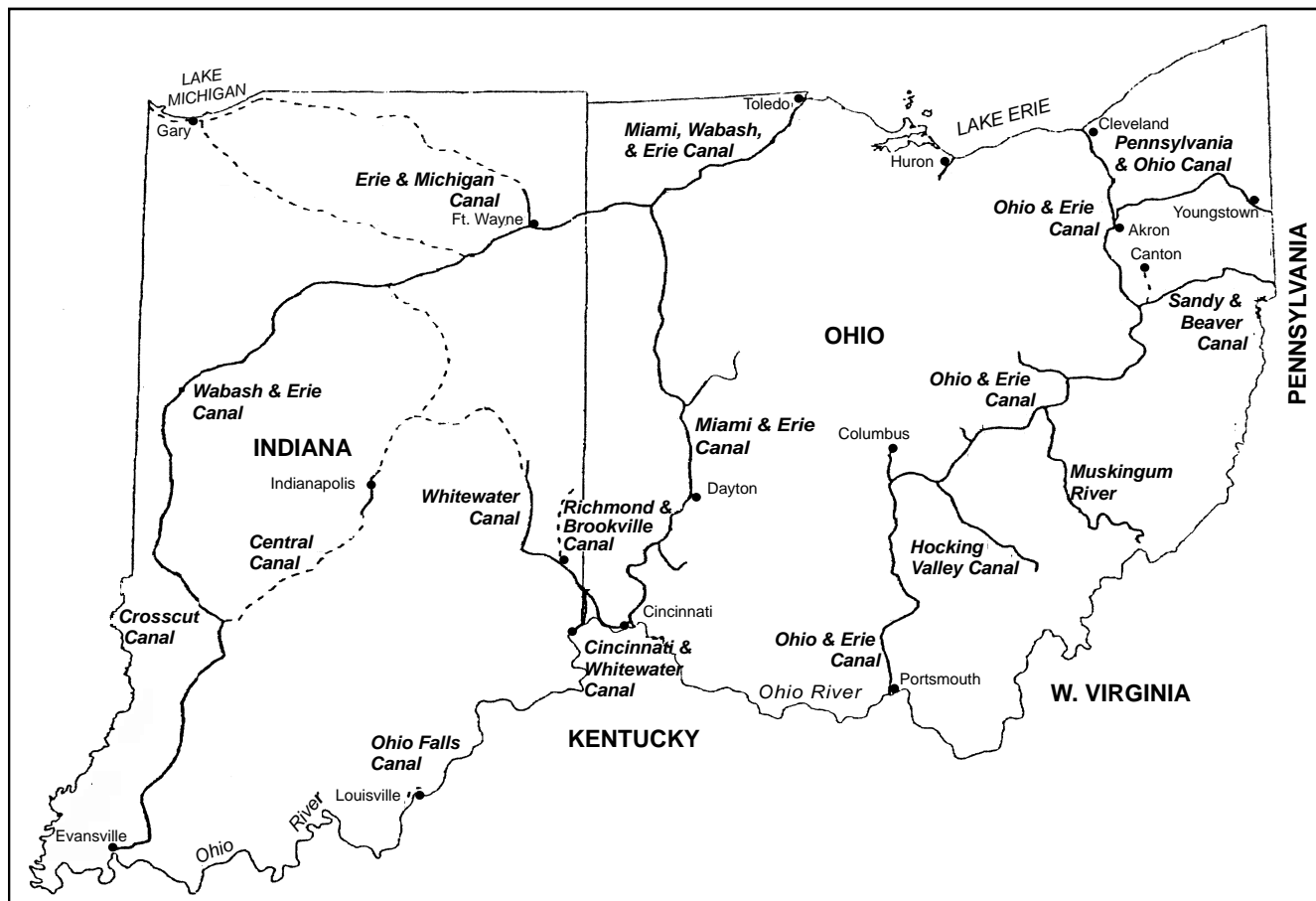
In the early 1820s, Brown led the networks building the Ohio and Erie Canal, upon which construction was started in 1825. The canal would connect Cleveland to Portsmouth; that is to say, go from Lake Erie to the Ohio River, realizing George Washington's plan of three-quarters of a century earlier. It was completed in 1832 (see Figure 3). This produced a tremendous economic growth trajectory, as finished industrial goods, agricultural



The Ohio & Erie Canal project, like that of the Potowmac Canal in Virginia and Maryland, was begun by George Washington.

An illustration from 1874 of the Ohio & Erie Canal shows how production (a lumber mill in the foreground, a steel plant in the distance) located itself directly on the canals.

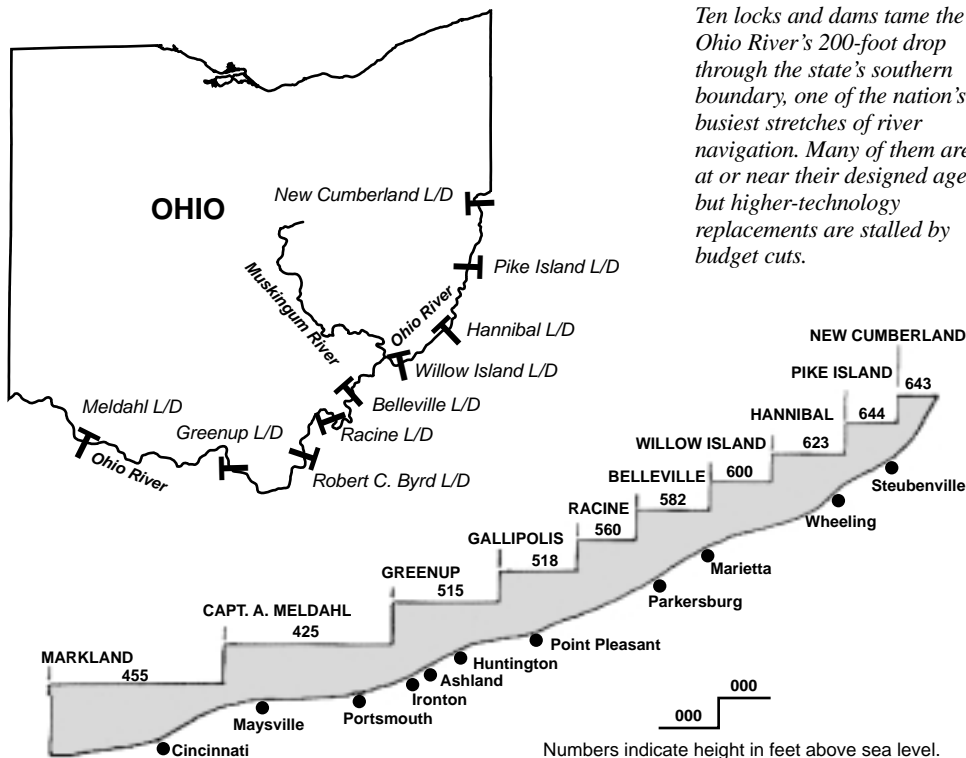
**FIGURE 3
Canals Made Great Lakes and Ohio River a Single Transport System**



Source: Canal Society of Indiana, prepared by Ball St. University.

FIGURE 4

Ohio's Lock-and-Dam System



Ten locks and dams tame the Ohio River's 200-foot drop through the state's southern boundary, one of the nation's busiest stretches of river navigation. Many of them are at or near their designed age, but higher-technology replacements are stalled by budget cuts.

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products, and people could travel from northern Ohio, along the canal, to the Ohio River, and upon the Ohio River to points south, west, and east; or, continue on the Ohio onto the Mississippi River, all the way down to the Gulf of Mexico. In 1820, Cleveland was a tiny, isolated, back-woods settlement of 606 people, and Ohio had been a state of the Union for only 17 years. By 1880, the canal and other internal improvements, such as development of Cleveland's port, had changed its character to that of an industrializing city, a magnet for new population, with 168,000 inhabitants.

In the western portion of the state, a second great canal, the Miami and Ohio, was begun in 1825-27, and completed in stages by 1845. This connected Toledo to Cincinnati, turning the latter into one of America's largest cities in the 19th Century. Feeder canals were built into these primary canals. The trade and intercourse between Ohio's emerging cities blossomed.

In addition to building canals, the republican leaders had to construct additional infrastructure to make the existing rivers navigable, and where appropriate, to build functional ports. About three-quarters of Ohio's borders are lined by water, of which 452 miles consist of the Ohio section of the Ohio River, which makes up the state's northeast to southwest border. Another 312 miles of the northern border lies on Lake Erie.

Making the Ohio River navigable (and providing flood control), so that it was capable of accommodating medium-to-deep draft boats carrying goods and people, became crucial to Ohio's growth. Gen. Richard Butler, an American Revolutionary War commander and key ally of Ohio-builder George Washington, drafted a plan in the late 18th Century to use dikes and dams to deepen the Ohio's channels. As early as 1809-10, inventor-scientist and nationalist Robert Fulton had steamboats travelling on the Ohio River to accelerate transport.

Three major undertakings were made to construct a series of locks and dams upon the Ohio River, which would finally eliminate the twin problems of waterfalls, or excessive shallowness caused by drought. The first initiative was launched after the Civil War; second, a Congressional Act of 1910 authorized the Army

Corps of Engineers to construct a system of 46 locks and dams upon the entire length of the Ohio River; and third, a 1955 Congressional initiative authorized the Army Corps to replace the 46 existing locks and dams, with a system of 19 more advanced, higher, gated dams, each with dual locking chambers 1,200 feet long by 110 feet wide. **Figure 4** shows the full locks and dams achievement for the Ohio portion of the Ohio River.

Along the northern tier of Ohio, which faces onto Lake Erie, the nationalists built a beautiful necklace of ten ports stretching from Conneaut to Toledo (see **Figure 5**). Upon the realization of the railroads, Ohio's ports would be linked by hoops of iron to the interior of Ohio, Pennsylvania, West Virginia, and Kentucky. Ohio's ten ports shipped and received, at peak, more than 100 million tons of goods every year.

Railroad Construction

In 1824, the towering republican genius John Quincy Adams (1767-1848), then U.S. Secretary of State, along with House Speaker Henry Clay, pushed through Congress the Survey Act. The Act authorized the "President of the United States . . . to cause the necessary surveys, plans, and estimates, to be made of such Roads and Canals as he may deem of national importance, in a commercial or military point of

view.” Adams employed the authority of the Act to build America’s first commercial railroad, the Baltimore and Ohio (B&O), whose railhead lay at the port city of Baltimore—with its access, by ocean, to the goods of the world—extended across the relatively undeveloped state of Pennsylvania, and pushed into the very undeveloped Ohio territory (shown in Figure 1). It operated as a development corridor bringing vital goods and people, and erecting new cities along its pathway.

Adams turned to the U.S. Army Corps of Engineers to construct the project. During the course of the 19th Century, the Corps of Engineers would build more than 60 railroads, either directly, or more often, using Army Corps members who would temporarily “retire” from the Corps, and supervise the construction of railroads as private citizens.

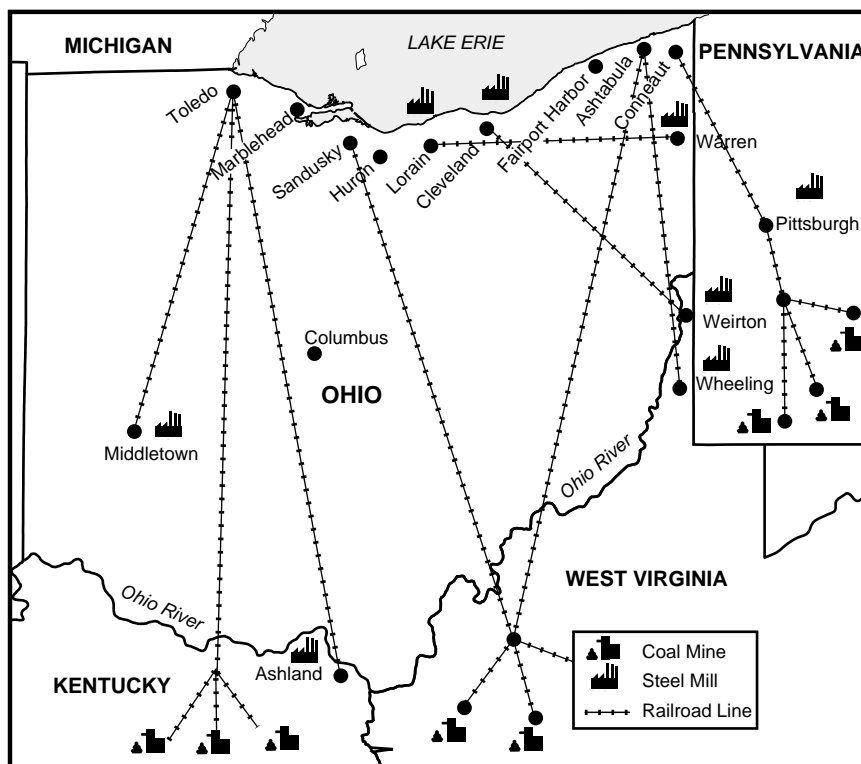
The B&O Railroad received its charter in 1827. On July 4, 1828, a groundbreaking ceremony for the railroad was held as a national event. It was completed, in stages, by 1857.

There is a nasty bankers’ myth that the B&O, and all U.S. railroads, were built by robber-baron speculators. In fact, the B&O was built through the dirigistic American System method, using state intervention. The City of Baltimore, and later the state of Maryland advanced the B&O sizeable amounts of money, in the form of purchasing B&O bonds, especially during the rough period of the national depression of 1837. The Army Corps ran the railroad construction in a disciplined manner, employing brigades of workers. In 1829, the inventor and educational leader Peter Cooper produced America’s first commercial steam-powered locomotive, nicknamed the “Tom Thumb,” for use on the B&O, making the railroad the first to use steam-powered locomotives. In its first run, the Tom Thumb hauled 40 passengers along a 13-mile track in 1 hour and 15 minutes. The primitive Tom Thumb was powered by a tubular boiler, in an upright position, fueled by anthracite coal. By 1850, great strides in locomotive technology made them powerful enough to pull heavier loads, faster; and durable enough to traverse the nation.

But the B&O railroad did not terminate in Ohio; according to the intent of Benjamin Franklin and Quincy Adams, it extended American System development to Detroit, Chicago, and St. Louis, the whole of the former Northwest territory.

Catalyzed by its superb infrastructure and high level of applications of technological discovery, of all states Ohio became the most advanced manufacturing state in America.

FIGURE 5
Rail Connects Necklace of Lake Erie Ports to Mills and Mines



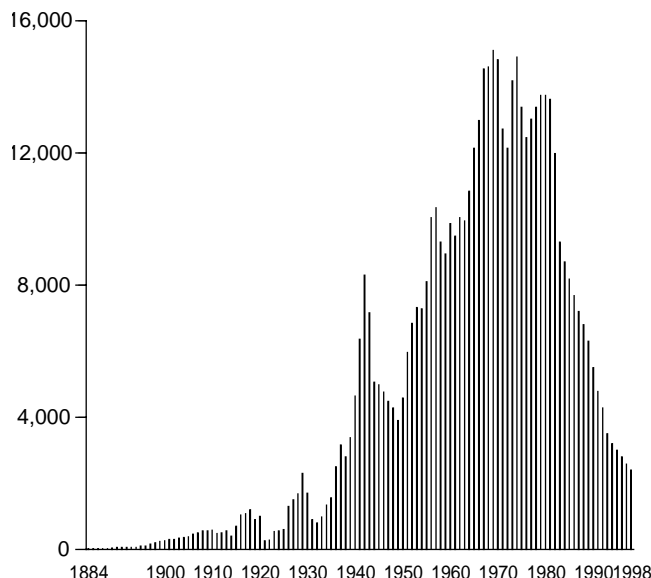
Sources: Courtesy of Ohio Lake Carriers Association.

This unfolded from approximately 1840, through 1970. By 1970, Ohio had the highest percentage of its labor force engaged in manufacturing. It was the nation’s largest producer of machine tools and of rubber, the second largest producer of steel and of autos, one of the largest producers of glass and plastics. Cleveland was a hub, with its magnificent port on Lake Erie, the Cuyahoga River transport system which flows through Cleveland, and its multiple rail links. Cleveland functioned as a leader in steel-making, machine-tool production led by Acme-Cleveland Machine Tools, and auto-making. In downtown Cleveland, railroad lines came into the section called The Flats. It was dense with warehouses fronting onto Lake Erie, where finished goods and raw materials passed into and out of the city. Emanating from Cleveland, up and down the Cuyahoga River, was the heated activity of the plants owned by U.S. Steel, Republic Steel, and Inland Steel.

Cleveland was the center of an arc of Ohio’s powerhouse industrial cities: Warren, Youngstown, Akron, Canton, and Lorain. These cities were integrated as, in essence, a single industrial complex. Cleveland also anchored the northern vertex of an industrial triangle, whose other two vertices were Wheeling, West Virginia, and Pittsburgh; this triangle became the most developed metallurgical center in the world.

FIGURE 6
Cincinnati Milacron Employment, 1884-1998

(Thousands)



Sources: Association of Manufacturing Technology; U.S. Department of Commerce.

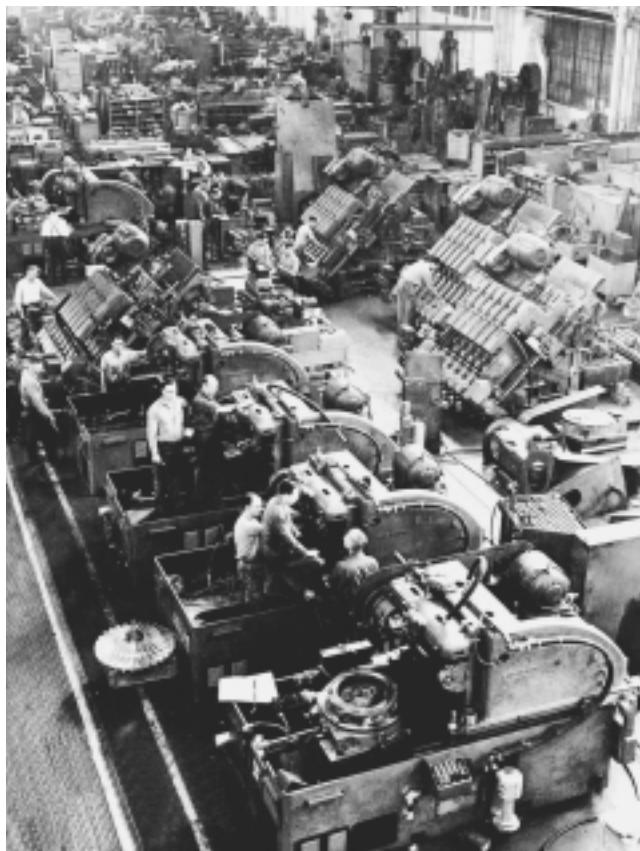
Ohio was properly most celebrated for machine-tool production. Cincinnati, led by the industry’s technological leader Cincinnati Milacron, was the epicenter of Ohio’s machine tool production by the small high-tech, closely held firm.

However, this process came to a lurching stop starting the mid-1960s, when the financiers launched their policy objective, which transformed America from the world’s most powerful producer society, to a parasitical consumer society. A nodal point in this process was President Richard Nixon’s reckless 1971 abandonment of the Bretton Woods fixed-exchange-rate system, which opened the door to globalization, which soon led to outsourcing of industry and jobs. This ushered in a series of measures such as the free-trade deregulation of the rail, and airline industries. That was conjoined to the 1979 action by then Federal Reserve Board chairman Paul Volcker to deliberately impose a policy that he called the “controlled disintegration of the economy,” by sending interest rates into the stratosphere and holding them at double-digit levels for more than a decade. This onslaught brought desolation to Ohio.

Decimation of an Industrial Economy

Lyndon LaRouche has repeatedly emphasized the leading-edge role of the small machine-tool design shop, its owners and workers, in generating and transmitting new scientific ideas to the whole economy.

The most important and defining manufacturing sector for



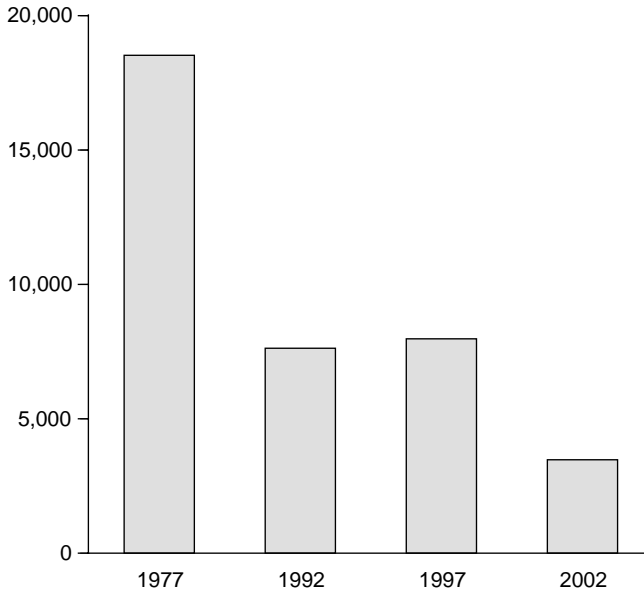
On the floor of Cincinnati Milacron’s factory in 1952, engineers and skilled workers design and machine “the tools that make tools”; the company was a pioneer from 1900 to the development of laser tools in the 1970s. Today, Milacron Inc. makes plastics only.

Ohio is machine-tool production—wholly dependent for its survival on America’s continuation of its mission as a producer nation, which the nation has abandoned. The destruction of the machine-tool sector prefigured the collapse of all of Ohio’s economy.

During the second half of the 19th Century, Cincinnati became the center of machine-tool production, thanks, in part, to a significant influx of skilled master machinists and inventors from Germany and from the machine shops of Eli Whitney in New England; and thanks to the U.S. Civil War (1861-65), which required more advanced machinery and more rigorous accuracy (with tolerances of less than .01 of an inch). Most representative of the history of the machine-tool industry is the history of the once-superb Cincinnati Milacron Company, which started as a small machine shop in downtown Cincinnati in the mid-1860s. In 1889, the company was incorporated as the Cincinnati Milling Machine Company. Frederick Holz, its resident genius, was a skilled machinist who liked to invent during after-work hours, and as president infused the priority of invention into the company’s fiber. In 1889, Holz designed one of the first tool and cutter grinders; a later version was still the world’s most widely copied machine

FIGURE 7
Ohio: Number of Machine-Tool Workers

(Thousands)



Source: U.S. Department of Commerce.

tool well into the 20th Century.

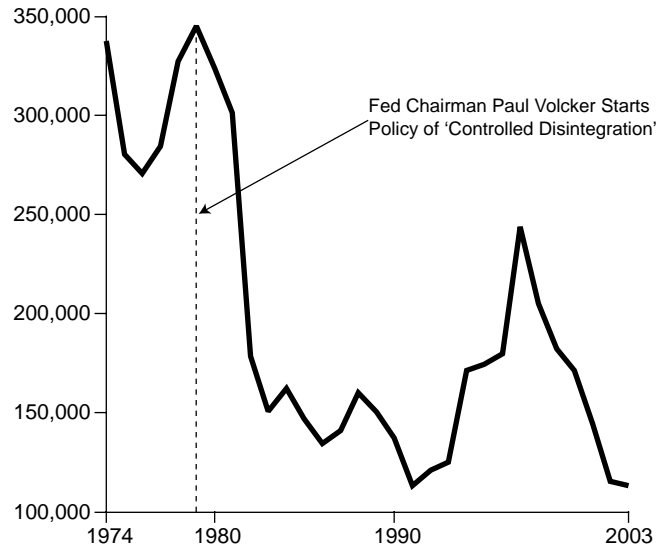
Making scientific discoveries for new technological design is paramount in the machine-tool industry, since machines could become outmoded within 24 months of being introduced. Over its first century, Cincinnati Milling implemented that principle, developing the largest research and development program. In the 1970s, it moved heavily into producing numerically controlled machine tools, including those run by computers; in 1986, it became one of the first companies to produce laser machine tools, in which laser beams, rather than metal machines, cut other metals; it developed into one of the nation's largest producers of robotics.

By 1970, the renamed Cincinnati Milacron had become the world's largest machine-tool producer, whose name was synonymous with the world's highest-quality product. Though large by machine-tool standards, it was quite small compared to behemoths like General Motors and General Electric. Through being family owned, and through its stress on technological innovation, and its refusal to allow financial considerations to set restraints on the quality of its products, it maintained the small-sized collegial collaboration needed for new invention.

Federal Reserve Chairman Volcker's implementation of the policy of "controlled disintegration of the economy" starting late 1979, dealt a mortal blow. With interest rates at double-digit levels for a decade, American industries which would normally buy machine tools for capital expansion,

FIGURE 8
U.S. Machine-Tool Production Collapses, 1974-2003

(Thousands of Units)



Sources: Association of Manufacturing Technology; U.S. Department of Commerce.

now cancelled orders. Between 1981 and 1983, Milacron's sales plunged by 40%. The real physical economy's depression deepened during the 1980s. By the end of that decade, Milacron shut down its laser-machine-tool business, closing a window on a necessary revolutionary technology, and sold its robotics business to ABB Robotics, a subsidiary of Asea Brown Boveri, in 1990. It carried out successive restructurings, which meant firings and making the company smaller. **Figure 6** shows the trend in the slashing of the company's workforce, until the company exited the machine-tool business altogether in 1998. From the world's premier producer, it had ceased operations (today a much smaller company with the name of Milacron still exists, but its business now is plastics).

This set the downward trend for Ohio's machine-tool industry. **Figure 7** shows the collapse in the number of Ohio machine-tool establishments, and workers, so that today, the industry employs less than 20% the number that it did in 1977. Production fell by approximately three-quarters. However, the problem was even deeper than the official government report shown here, which is strictly for metal-cutting and metal-forming machine-tool factories and workers; it is conservatively estimated that for the broader Ohio machine-tool-design sector as a whole, the loss in employment and establishments was twice as large as the narrower official government report shows.

The Ohio take-down was the leading edge for the national

collapse in machine-tool production by a stunning two-thirds between 1979 and 2003 (Figure 8).

Steel and Manufacturing

Ohio was traditionally one of America's leading producers of steel. Youngstown, near the border with Pennsylvania, exemplifies this process in concentrated form. Youngstown was referred to in the media as the "Ruhr of America"; no American city had such a high percentage of its workforce employed in primary steel. Youngstown Sheet and Tube was the heart and soul of Youngstown steelmaking. It had been formed in 1900 by two Youngstown steelmakers, James A. Campbell and George D. Wick. By the 1960s, it was America's fourth-largest steel-maker, employing more than 25,000 workers, and was independent from the Morgan Bank-controlled U.S. Steel.

In 1969, the New Orleans-based Lykes Corporation moved to take over Youngstown Sheet and Tube. Lykes was invested in shipping, banking, and ranching; it had no steelmaking experience. The U.S. Department of Justice's attorney assigned to study the merger for the Federal government, George Schueller, recommended that the merger be blocked, since it would destroy Youngstown Sheet and Tube. Then-President Nixon's Attorney General John Mitchell overruled Schueller, ramming the merger through.

Lykes asset-stripped Youngstown Sheet and Tube, using the bulk of the profits extracted from the steel subsidiary to subsidize its other investments, according to an award-winning series of columns in the *Warren Tribune*. Virtually none of the profits were used to modernize or maintain the Youngstown steel facilities. In 1977, Lykes closed Youngstown Sheet and Tube's Campbell

FIGURE 9
Youngstown-Area Steel Plants, 1975

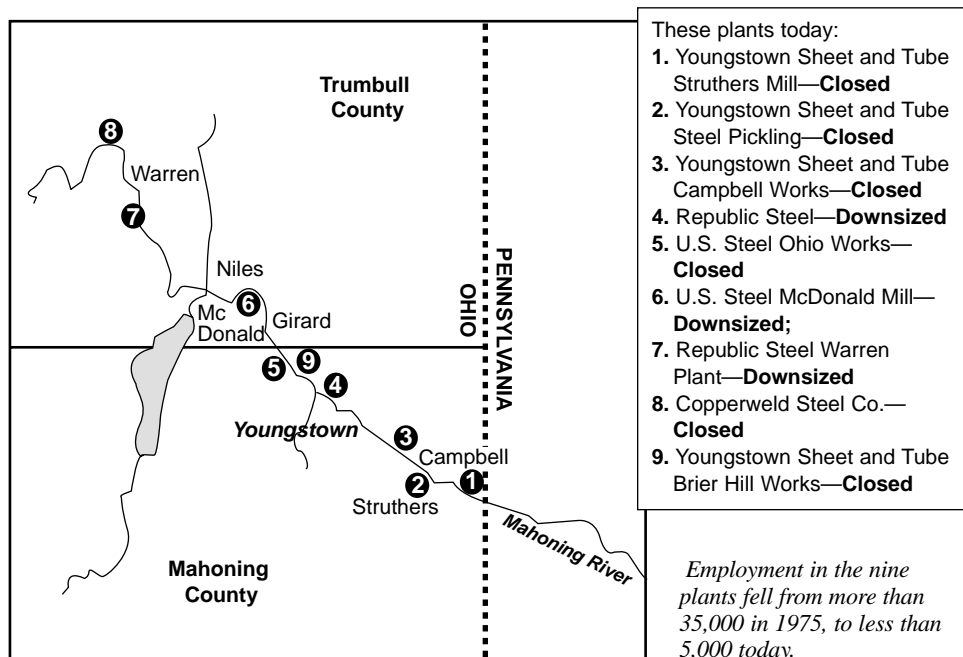
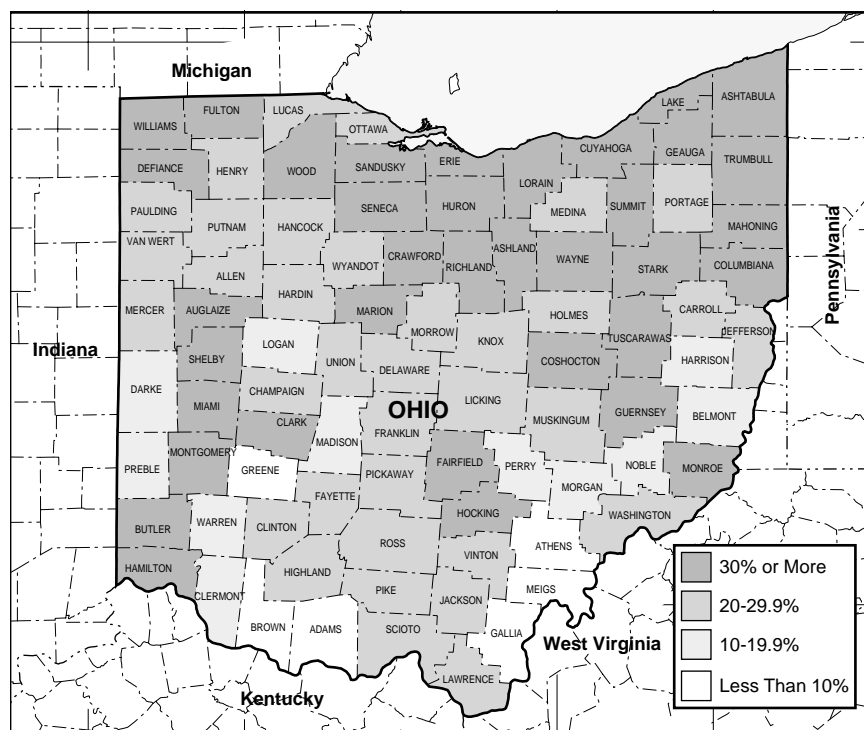


FIGURE 11a
Manufacturing as % of Total Employment in Ohio Counties, 1970

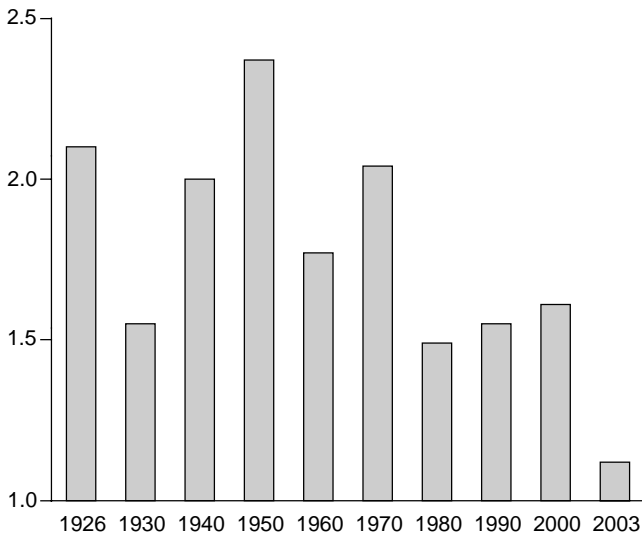


Sources: U.S. Bureau of Labor Statistics; *EIR*.

FIGURE 10

Ohio Steel Production Collapses Per Capita, 1926-2003

(Tons per Capita)



Sources: American Iron and Steel Institute, U.S. Dept. of Labor.

Works, firing the plant's remaining 4,100 workers.

In January 1980, under the shock of Fed chairman Volcker's 20%-plus interest rates, LTV Corporation (which had taken over from Lykes the Youngstown Sheet and Tube facilities) shuttered another Youngstown Sheet and Tube steel plant; and within a day, U.S. Steel Corporation closed down two of its massive plants in Youngstown. The carnage spread throughout the Mahoning Valley around Youngstown. **Figure 9** shows that of the nine steel plants in the region, six were permanently shut, and three drastically reduced. The Mahoning Valley had had five "hot mills," capable of producing steel from scratch; now it had none. From its peak of employment above 35,000 workers, the region now had less than 5,000.

The City of Youngstown reeled through the 1980s. Real unemployment shot above 20%; workers who had worked at the mills for 30 years had no jobs. Young people could find no employment, and moved out of the city. The tax base collapsed, causing a perpetual budget crisis.

Ohio's statewide steel-making capabilities were massacred; this, in a state that was America's second-largest steel producer. Ohio's annual steel production in 2003, at 13.1 million tons, was back to the level of 1926! **Figure 10** shows that on a per-capita basis, Ohio today produces 1.12 tons of steel per person, a mere 55% of the 1970 level of 2.04 tons per person.

Ohio's other manufacturing capabilities suffered a similar

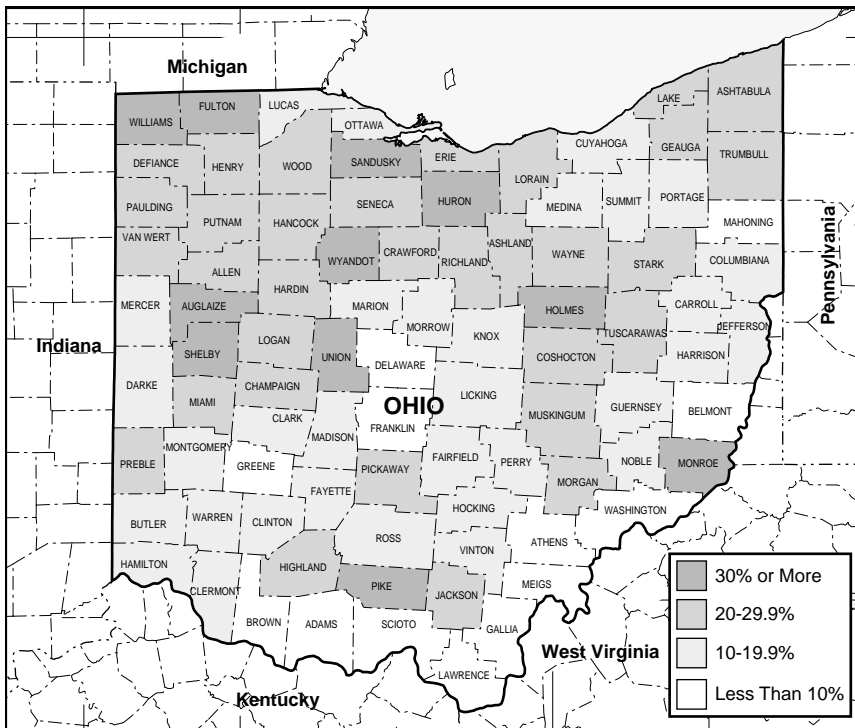
fate. In the case of rubber, in which Ohio was the number-one producing state, Akron, located south of Cleveland, was the center. Between 1975 and 1982, the major rubber producers—B.F. Goodrich; Goodyear Tire & Rubber; Firestone Tire and Rubber; and General Tire—closed down every one of their manufacturing plants in Akron.

Deindustrialization thrust across the state like a plague. **Figures 11a-b** show the loss of Ohio's entire manufacturing superstructure on a county-by-county basis. In 1980, in an exceptional 37 out of Ohio's 88 counties, 30% or more of the workforce was employed in manufacturing—especially in the counties where the steel, machine-tool, and rubber sectors still thrived. In 2000, only 11 out of the 88 counties still had 30% or more of the workforce employed in manufacturing.

Figures 12-24 show the depopulation, deindustrialization, and impoverishment of Ohio's leading urban centers. Figures 13-15 shows the change for 10 leading Ohio cities between 1970 and 2000. Figures 16-24 show the change in the

FIGURE 11b

Manufacturing as % of Total Employment in Ohio Counties, 2000



Sources: U.S. Bureau of Labor Statistics; EIR.

individual instances of three former industrial hubs, Cleveland, Cincinnati, and Youngstown. In Cleveland and Youngstown, the central city population shrank by more than a third. In all three, the manufacturing workforce collapsed by 50% or more. The unemployed and underpaid pushed up the poverty rate to precipitous levels, even though official poverty rates vastly understated the real level of poverty.

Infrastructure Destruction

The growing obsolescence of infrastructure, weighed down by age without necessary technological upgrades, has created a grave emergency in Ohio.

Health and Hospitals: Under the impulse of the 1946 Hill-Burton Act, which mandated construction of hospitals and sufficient staffing of hospital beds for all counties in the United States, Ohio expanded its healthcare infrastructure to secure adequate care for its citizens. From 1958-1980, 19 new hospitals were built, adding 18,800 new beds. But then the impact of the pro-genocide HMO/managed care policies—first adopted in 1971—hit. From 1980-2001, Ohio shuttered 36 hospitals, bringing the total of functioning hospitals down to 166, fewer than it had in 1958. Some 16,500 Ohio hospital beds were decommissioned (see **Figure 25**).

The Hill-Burton Act established a 4.5 beds per 1,000 people ratio as the standard. By 1980, the state had surpassed that standard. But by 2001, its policies had plunged the ratio to only 2.9 hospital beds per 1,000 Ohioans. This is a recipe for health disaster. For example, during the oncoming influenza season, there is only half the required flu vaccine; any significant flu outbreak would expose a gross deficit of hospital beds.

Rail—Ohio’s freight and passenger rail grid has been battered into dysfunctionality. In 1963, facing bankruptcy, the Baltimore and Ohio Railroad was acquired by the Chesapeake & Ohio Railway, which through consolidations became CSX, one of only four major Class I freight railways left in America. **Figure 26** showed the abandonment of chunks of Ohio’s rail network. From its peak of 9,002 miles, Ohio’s Class I rail trackage has been slashed by 40%, to 5,383 miles.

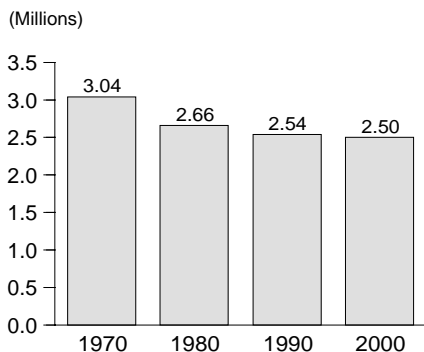
On Sept. 3, Amtrak, America’s national rail passenger service, faced with a shortage of funds imposed by the Bush-Cheney administration, announced that as of March 1, 2005,

FIGURE 12
Depopulation, Deindustrialization, Poverty in 10 Ohio Cities



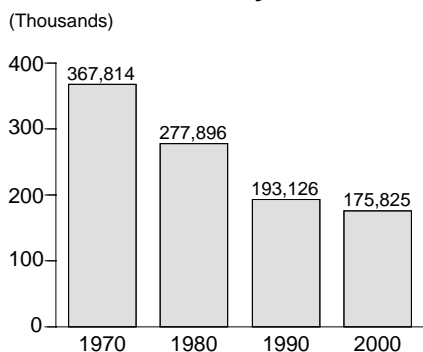
Source: EIR.

FIGURE 13
10 Leading Ohio Cities: Population Falls by 18%



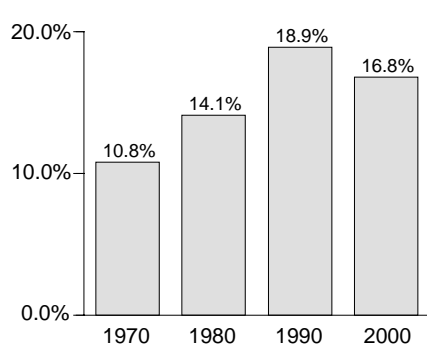
Source: Dept. of Housing and Urban Development, EIR.

FIGURE 14
10 Ohio Cities: Manufacturing Workforce Falls by 65%



Source: Dept. of Housing and Urban Development, EIR.

FIGURE 15
10 Ohio Cities: Poverty Rate

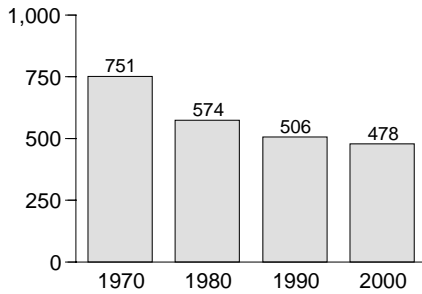


Source: Dept. of Housing and Urban Development, EIR.

FIGURE 16

Cleveland: Population Falls by 36%

(Thousands)

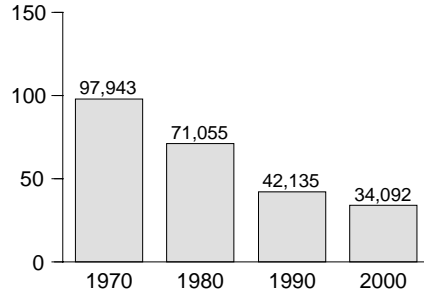


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 17

Cleveland: Manufacturing Workforce Falls by 65%

(Thousands)

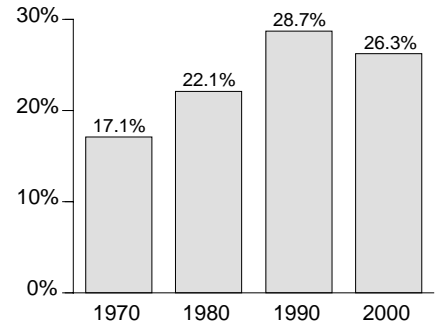


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 18

Cleveland: Poverty Rate

(Percent)

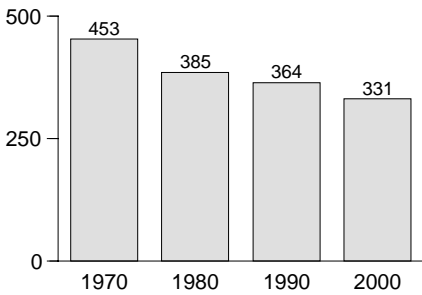


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 19

Cincinnati: Population Falls by 27%

(Thousands)

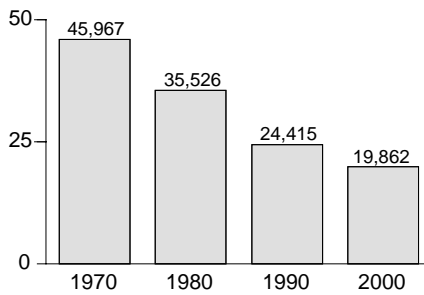


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 20

Cincinnati: Manufacturing Workforce Falls by 57%

(Thousands)

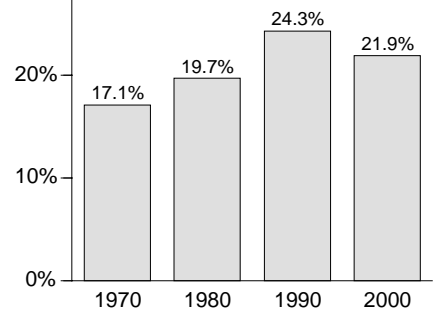


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 21

Cincinnati: Poverty Rate

(Percent)

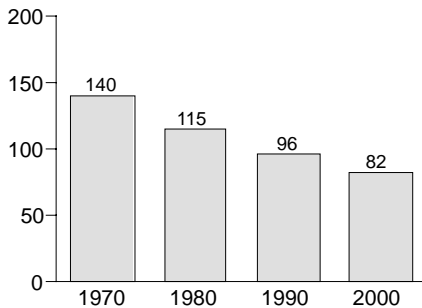


Source: Dept. of Housing and Urban Development; EIR.

FIGURE 22

Youngstown: Population Falls by 41%

(Thousands)

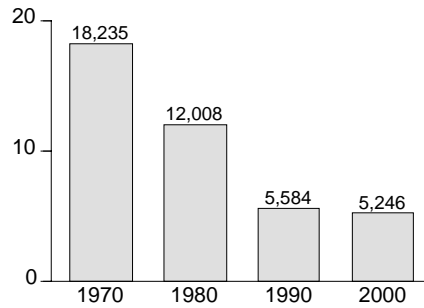


Sources: Dept. of Housing and Urban Development; EIR.

FIGURE 23

Youngstown: Manufacturing Workforce Falls by 71%

(Thousands)

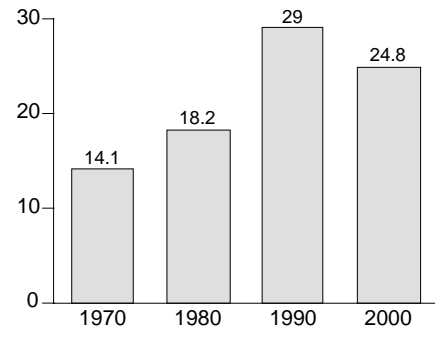


Sources: Dept. of Housing and Urban Development; EIR.

FIGURE 24

Youngstown: Poverty Rate

(Percent)

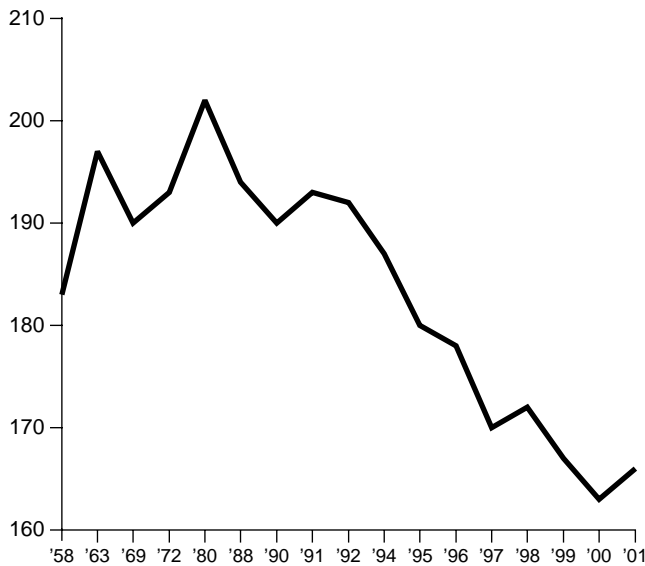


Sources: Dept. of Housing and Urban Development; EIR.

FIGURE 25

Ohio's Community Hospitals: Built, Then Lost, 1958-2001

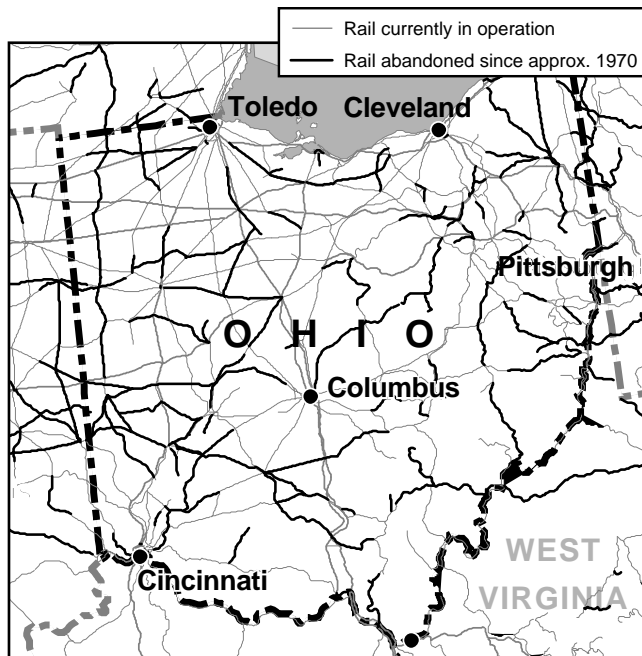
(Number of Hospitals)



Source: U.S. Statistical Abstracts; EIR.

FIGURE 26

Ohio, Abandoned and Existing Rail, 2000



John Sigerson / EIRNS 2001

service on its Three Rivers route will eliminate stops at Youngstown, Akron and Fostoria, Ohio, so these three cities will no longer have any rail passenger service.

Locks and Dams; Ports—The series of locks and dams along the entirety of the Ohio River from Pennsylvania to Illinois, is quite aged. Of the nine locks and dams on the Ohio section, three have reached their 50-year design life span; three others are 30-40 years old. Exemplifying the extreme danger of the Bush-Cheney cuts of Army Corps of Engineers funding, the 50-years-old-plus Greenup Locks and Dam on the Ohio has become a bottleneck to the system: the facility requires a new mitre gate, but no such gates are available. The Army Corps lacks the funds to build a new gate.

Ohio has 150 non-Army Corps flood-control dams that are classified as “high hazard.” Should they fail, it “would result in loss of human life,” damage to homes and “major roads . . . railroads, or public utilities,” or “loss of water supply.”

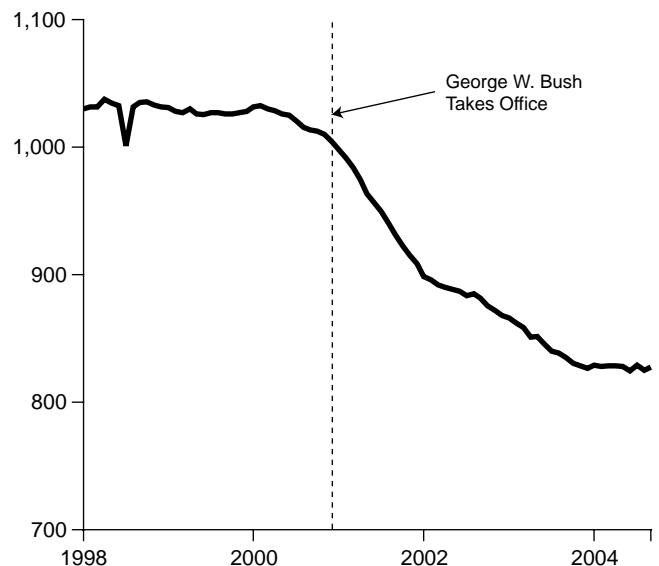
Currently the U.S. Army Corps of Engineers has a \$130 million backlog of Great Lakes ports dredging projects which have been approved but are not adequately funded.

The closing down of the machine-tool design sector, steel, and other heavy manufacturing has imploded many cities’ revenue base. Towns became shells of their former selves, with young people fleeing, and the elderly and middle-aged boxed in within cities that cannot support their population, and have no future. In March 2004, the City

FIGURE 27

Ohio's Manufacturing Workforce Collapsed During Bush Administration

(Thousands of Workers)



Sources: U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 1

Bankruptcies in Ohio

City	2000	2004	% Increase
Cleveland	6,540	11,309	72%
Toledo	3,696	7,378	99%
Youngstown	2,516	4,299	71%
Akron	2,688	4,781	78%
Canton	2,914	4,683	61%

Source: U.S. Bankruptcy Court, No. District of Ohio.

Council of cash-strapped Cleveland adopted a budget that cut social services. If you have a car accident, the city will now charge you \$590-\$850 if it has to send an emergency fire truck to the scene!

Poverty

Much of the damage to Ohio was caused by bankers' 40-year imposition of a post-industrial "consumer society" policy. But at the end of this process is the Caligula-like characteristic of the Bush-Cheney Administration, with its merciless indifference, and its wildly insane endorsement of the policies that have destroyed America. Ohio, which had enjoyed the highest living standard in America, is now the land of paupers. A single poverty "average" does not represent poverty, but certain real social-economic processes give a hint of the deeper underlying orbital trajectory.

- Ohio had lost manufacturing jobs for decades. **Figure 27** showed that the manufacturing jobs picture had stabilized for the latter part of the 1990s. When Bush took office, Ohio had 998,000 manufacturing jobs; as of September 2004, it only has 828,000—a loss of 170,000.

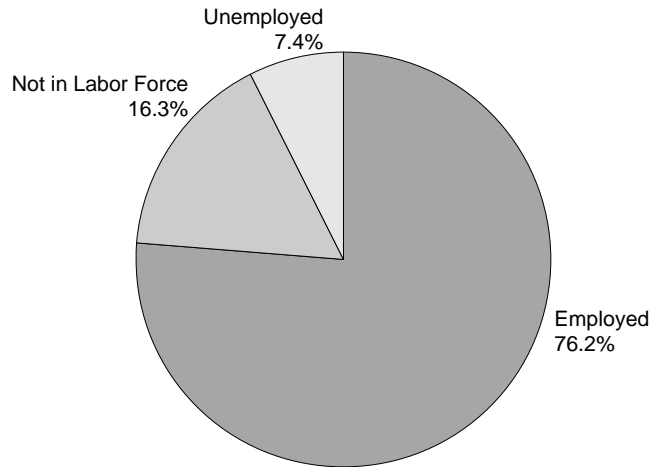
- Due to the loss of jobs, and to soaring medical costs, there has been a huge leap in the number of Ohio citizens forced into personal bankruptcy (**Table 1**).

- As of 2003-2004, a staggering 2.86 million Ohioans were without health insurance for 6 months or more—an increase of 330,000 since Bush took office. **Figure 28** shows the stark reality: three-quarters of those without health insurance hold a job.

- In July 2004, 445,174 Ohio households were on food stamps, 50% more than five years ago (**Figure 29**). Households average about 2.2 people, and poor households usually more than 3 people, so 1.5 million Ohioans only exist at below-subsistence level by drawing on food stamps. However, this counts only those on government programs; Ohio's private network of food pantries and soup kitchen report they can't keep up with the demand.

Bush-Cheney sped up the ride to economic Hell. Ohio, as a battleground state, should deliver them a crushing defeat. It needs, under a Kerry Presidency, LaRouche's "Super-TVA,"

FIGURE 28

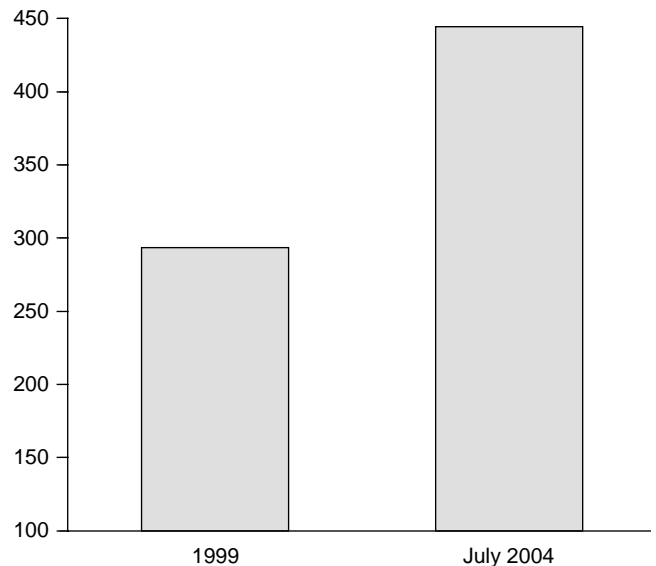
Largest % of Ohio's Medically Uninsured Are Working Families

Source: Families, U.S.A.

FIGURE 29

Number of Ohio Households in Food Stamp Programs

(Thousands)



Source: U.S. Department of Agriculture.

to rebuild the physical economy from 40 years of collapse, and restore Ohio to its position as pre-eminent industrial state, by Ben Franklin's and Alexander Hamilton's method that made it so.