Case Western Reserve University Journal Of Economics

Volume 2
Issue 1 *Spring 2024*

Article 4

May 2024

Rust to Riches: Cleveland’s Stall vs. Columbus’s Success

Ian Cameron
Case Western Reserve University, ijc29@case.edu

Quynh Nguyen
Case Western Reserve University, qtn10@case.edu

Recommended Citation

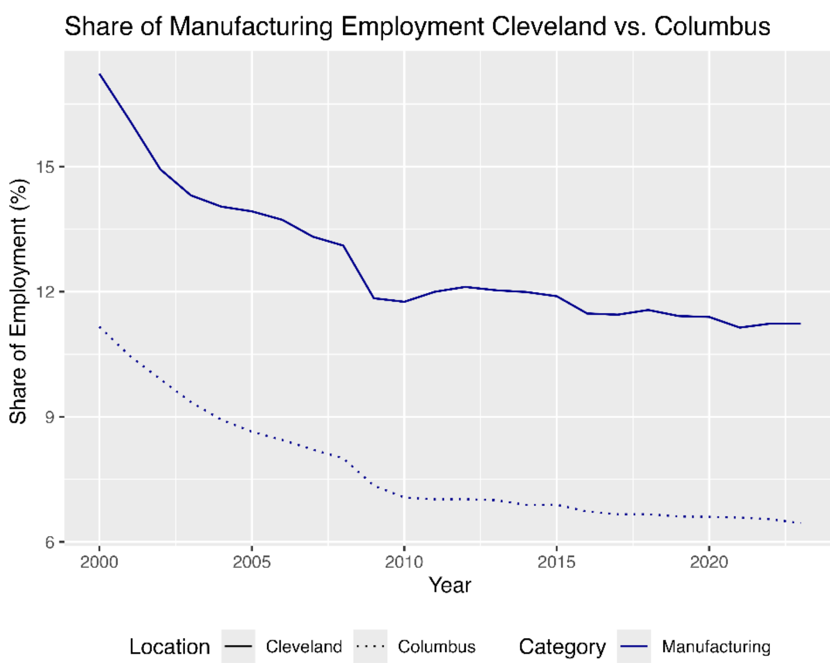
Cameron, Ian and Nguyen, Quynh (2024) "Rust to Riches: Cleveland’s Stall vs. Columbus’s Success," *Case Western Reserve University Journal Of Economics*: Vol. 2: Iss. 1, Article 4.
DOI: https://doi.org/10.28953/APPL00011120.1011
Available at: https://commons.case.edu/joe/vol2/iss1/4

Rust to Riches: Cleveland's Stall vs. Columbus's Success

By: Ian Cameron & Quynh Nguyen[1]

Cleveland and Columbus reside as Ohio's two biggest cities by population within their respective Metropolitan Statistical Areas (MSAs). During the 19th and early 20th centuries, Cleveland thrived due to its location, industrialization, and steep population growth, fueled by manufacturing. Meanwhile, Columbus lacked the geographical advantages that drove Cleveland's economy, hindering its ability to match Cleveland's prior economic success. Columbus, still maintaining a large manufacturing presence, diversified its economy to encompass governmental and educational industries as well. Nonetheless, both cities relied heavily on manufacturing, accounting for 44% of all jobs at its peak in Ohio. However, globalization, which has increased competition from nations with lower labor costs, automation, which has boosted productivity and reduced the need for human labor, and outsourcing, have all contributed to declines in manufacturing's share of employment. Cleveland's manufacturing share dropped to 11.2%, while Columbus's dropped to 6.4%. While these declining trends have ignited Cleveland's fall from prominence, Columbus has flourished by seizing new opportunities (Shkurti & Stewart, 2017).

Figure 1. Share of manufacturing employment in Cleveland versus Columbus

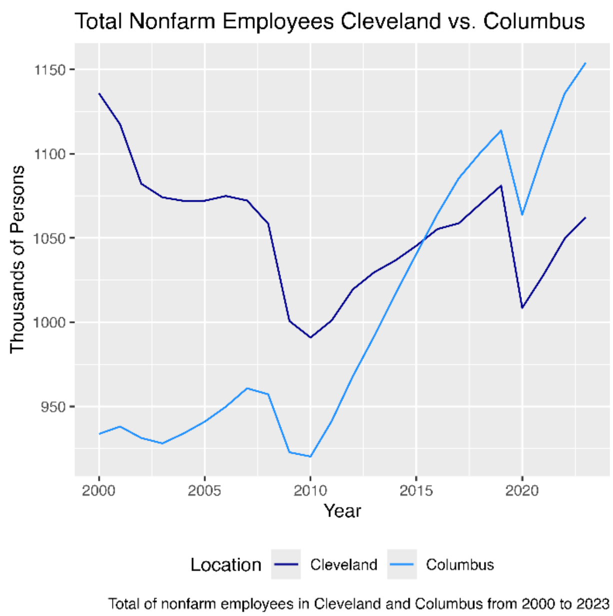


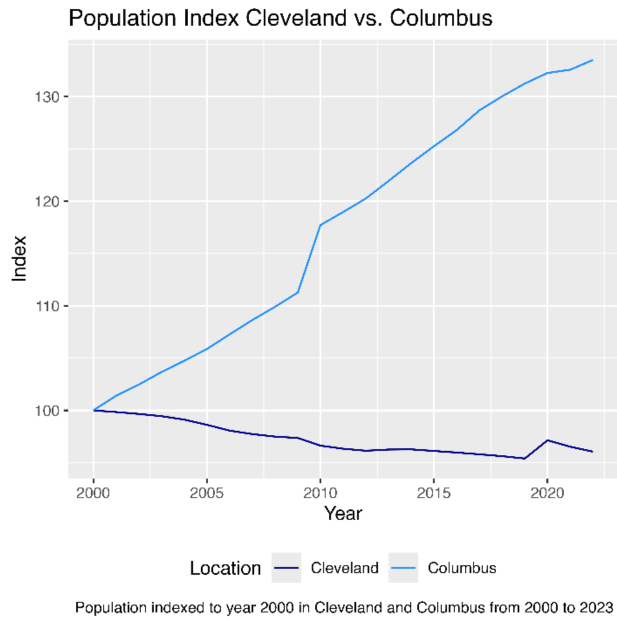
Share of Employment indexed to year 2000 in Cleveland and Columbus from 2000 to 2023

Since 2000, Columbus, mentioned as being "the fastest growing city in the U.S." (Chang, 2024), has experienced remarkable growth in total population and employment: 33.5% in population (1,619,514 to 2,162,066 persons) and 22.6% in all employees (933,700 to 1,154,000 persons). Conversely, Cleveland has experienced a steady decline in total population and employment: -3.9% in population (2,147,948 to 2,063,132 persons) and -7.5% (1,135,900 to 1,062,300 persons) (U.S. Bureau of Labor Statistics, 2024; U.S. Census Bureau, 2024).

[1] Thank you to Professor Mark Schweitzer and Yanett Chimeless

Figure 2. (left) Total non-farm employees in Cleveland versus Columbus; **Figure 3.** (right) Population index for Cleveland versus Columbus



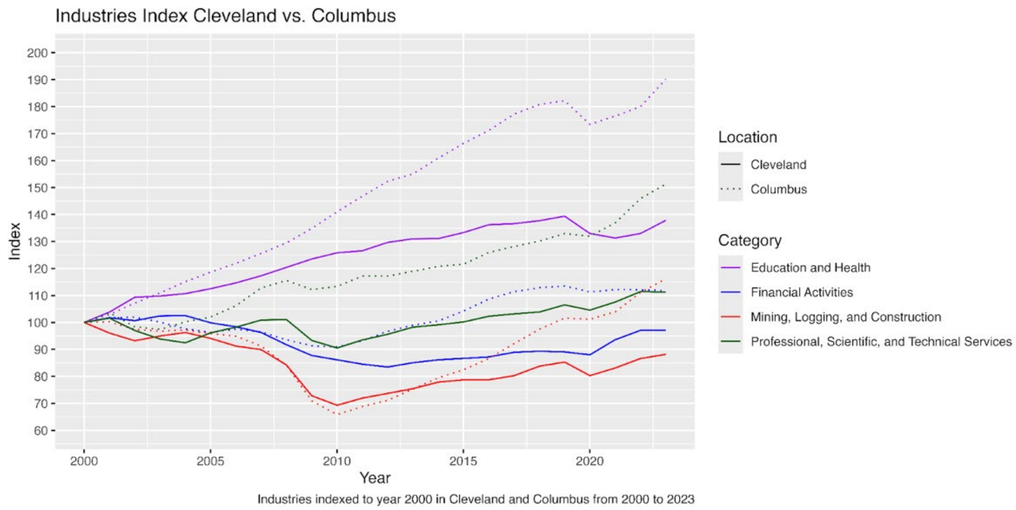


Two leading drivers behind Columbus's recent booming economy and growth are the Columbus Partnership and the Columbus-Franklin County Finance Authority. The Columbus Partnership, a nonprofit, member-based organization of CEOs from Columbus' leading businesses and institutions, launched "Columbus 2020" aiming for 150,000 net new jobs, securing $8 million in new capital investment, and increasing per-capita income by 30%. By 2014, the region added 85,000 net jobs, increased its per-capita income by 11%, and attracted $4.5 billion in capital investment. In 2019, "Columbus 2020" evolved into "One Columbus," targeting 60,000 new jobs, $3.3 billion in annual payroll, and $10 billion in investments. Furthermore, the Columbus-Franklin County Finance Authority (CFFA), established in 2006, provides financing solutions for economic development projects in Columbus for all sectors. Through over $4.5 billion in bond financing and over $5.7 billion in investments, the CFFA has successfully fostered business creation and expansion, new jobs, and contributed to the fastest-growing city in the U.S. (CFAA, 2024).

Cleveland's fall from prominence can be attributed to its lack of shovel-ready land and the disconnect between job access and employment. Companies have continuously approached Cleveland's City Hall regarding the availability of shovel-ready land for relocating their operations. However, the answer is always no, according to Councilman Anthony Hairston (Rascon, 2023). The lack of green fields and space in the area causes companies to set their eyes on developing cities like Columbus where business is easy. Furthermore, inverse relationships between job access and employment rates in Cleveland metro areas have worsened the city's challenges. In a national study done across 96 metro areas, a positive relationship of 0.05 existed between job access and employment rates. However, Cleveland's metro area presents a negative relationship of -0.27, emphasizing neighborhoods with higher rates of job access experience lower employment rates and vice versa. Mismatches between job opportunities and the workforce, limited impact of transportation initiatives, and underrepresentation of black workers are to blame (Fee, 2021).

https://commons.case.edu/joe/vol2/iss1/4
DOI: 10.28953/APPL00011120.1011

Figure 4. Industries Index for Cleveland versus Columbus



Comparing the industry-specific "all employees" growth between the two cities, Columbus stands out with impressive positive markers across key industries: 90.2% in health and education, 51.32% in professional, scientific, and tech, 11.8% in finance, and 16.2% in mining, logging, and construction. Conversely, Cleveland's trends have fluctuated, recording modest growth and decline across the same industries: 37.8% in health and education, 11.2% in professional, scientific, and tech, -2.9% in finance, and -11.8% in mining, logging, and construction (U.S. Bureau of Labor Statistics, 2024).

Since the fall of manufacturing, economic challenges display the divergent trajectories between both cities, with Columbus flourishing through effective initiatives and adequate investing while Cleveland struggles with issues of land availability and employment disconnects.

References:

1. *About Us – Columbus-Franklin County Finance Authority.* (2024). Columbusfinance.org. Retrieved April 23, 2024, from https://columbusfinance.org/about-us/
2. Chang, K. (2024, April 14). *Columbus Is America's Fastest Growing City And A Wonderful Place To Visit*. Forbes. https://www.forbes.com/sites/katiechang/2024/04/14/columbus-is-americas-fastest-growing-city-its-also-a-wonderful-place-to-visit/?sh=4e5464904439
3. Edwards, E. (2022, December 22). *From Riches to Rags: The Decline of Cleveland, Ohio*. Abandonedspaces. https://www.abandonedspaces.com/towns/cleveland-decline.html
4. Fee, K. D. (2021). Missed Connections in Cleveland: The Disconnect Between Job Access and Employment. *Community Development Reports*, *20210811*. https://doi.org/10.26509/frbc-cd-20210811
5. Hall, C. (2022, June 1). *Columbus, Ohio is quickly becoming the Midwest's tech hub*. Tech Crunch. Tech Crunch - Columbus
6. Rascon, M. (2023, May 16). *In the battle for business in Ohio, why is Cleveland trailing Columbus?* Wkyc.com. https://www.wkyc.com/article/news/local/cleveland/battle-business-ohio-cleveland-trailing-columbus/95-16a8b2ea-1fb5-453c-9658-2b36a5bc9d81
7. Rivkin, J. W. (2015). The Columbus Partnership [Review of *The Columbus Partnership*]. *Harvard Business School*. https://d2rfd3nxvhnf29.cloudfront.net/legacy/uploadedfiles/playbook-assets/our-journey/hbs-case-study-on-columbus-partnership--retreat-speaker-publication-jan-rivkin%5B1%5D.pdf
8. Shkurti, W., & Stewart, F. (2017, November). *The Decline of Ohio*. https://glenn.osu.edu/sites/default/files/2021-11/paper-1-decline-of-ohio.pdf
9. U.S. Bureau of Labor Statistics Data, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org, April 26, 2024.
10. U.S. Census Bureau Data, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org, April 26, 2024.

11. Williams, M. (2019, September 3). *Columbus 2020 has new name, new goal*. The Columbus Dispatch. Retrieved April 23, 2024, from https://www.dispatch.com/story/business/2019/09/03/columbus-2020-has-new-name/3990845007/

https://commons.case.edu/joe/vol2/iss1/4
DOI: 10.28953/APPL00011120.1011