GUEST OPINION

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Labor Day 2017: Disapppointing trends for Iowa working families

By Colin Gordon

Labor Day is always a good time to take stock of the state of working Iowa. Patterns of employment, job creation, and wage and income growth across the Iowa economy are telling — and disappointing.

This long-term economic pattern combines with the most disheartening legislative changes for working families in the lifetimes of most Iowans. The year 2017 poses great challenges to Iowans' economic security, let alone opportunity for those coming to, serving in or retiring from the job market.

The Iowa Policy Project's upcoming State of Working Iowa review finds the following:

• Recovery is elusive.

The Great Recession is over, but the national and Iowa economies are still struggling to recover. While Iowa regained its pre-recession threshold of jobs in June 2013, our economy and population have continued to grow — leaving us a jobs deficit of 34,000 jobs as of July.

While the unemployment rate has come back down to a healthy 3.2 percent, the labor force participation rate is still well below its peak and rates of underemployment and long-term unemployment are still higher than they were before the financial crisis hit in 2007.

• Despite job gains, we have fewer good jobs.

Counting jobs lost or added is important, but so is the quality of those jobs. Since the 1970s, Iowa has shed many good jobs in sectors like manufacturing, and replaced too many of them with lower-wage service jobs.

But the real damage has been done by the collapse of security and job quality *within* sectors and occupations. We have traded good jobs for bad jobs, due to economic shifts, loss of union representation, lax enforcement of labor standards, and alarming growth in contingent work relationships.

• We are treading water.

Wage growth is anemic for all but the highest earners, underscoring both low job quality. In Iowa, the median wage in inflation adjusted dollars inched up *less than 1 percent*, across the last generation (since 1979).

The constraints on wage growth are mostly political: a weak commitment to full employment, the declining real value of the minimum wage, and loss of voice and bargaining power with the loss of union representation.

• We are choosing the wrong policies at the wrong time.

The last year in state and national politics has only made things worse. The Trump Administration has moved to roll back both the substance and enforcement of key labor standards, and trade, tax, and financial policies have lavished the economy's rewards on the highest earners. In Iowa, the legislative fusillade of the last session took aim at precisely the policies — including public sector collective bargaining and local minimum wage initiatives — that were helping to contain the damage.

Recent experience across the states offers us a good sense of what works and what doesn't. A higher minimum wage lifts families out of poverty with no decrease in employment or economic growth. Union representation and collective bargaining offer a robust defense against income inequality and the erosion of job quality. Investments in education produce growth and productivity in local and state economies that tax cuts never deliver.

When states ignore these facts — as Kansas and Wisconsin have — they undermine the prosperity, security and mobility of their citizens.

The high road to economic growth and worker security is the better course for Iowa.

Colin Gordon is a professor of history at the University of Iowa and senior research consultant at the nonpartisan Iowa Policy Project in Iowa City. He is the author of reports in IPP's "State of Working Iowa" series. Contact: cgordonipp@gmail.com.