

GUEST COLUMN: MARCH 1, 2007 (DES MOINES REGISTER)

CONTACT: Mike Owen, (319) 338-0773 or ipp@Lcom.net

Arguments against Fair Share don't hold up

By Peter S. Fisher

Iowa law prohibits labor unions and firms from negotiating a requirement that employees covered by their labor contract pay either union dues or a fee for union services they receive. The proposed "Fair Share" bill eliminates this prohibition.

Opponents of this legislation are using downright silly arguments against it, predicting dire consequences for the state. Having researched state economic-development policy for more than 10 years, and consulted with the Iowa Department of Economic Development and others, I can tell you why the Chicken Littles are wrong.

The whole point of economic development is to raise a state's standard of living. Iowa is a low-wage state, and ranked 31st in median hourly wage in 2005. Of the seven surrounding states, Minnesota, Wisconsin, Illinois, Missouri and Kansas had a higher median wage. The stated goal of Iowa economic-development policy has been to raise wages, and rightly so.

Some opponents of Fair Share seem to believe that economic development means simply attracting new jobs, of any kind, paying any wage. They appear to argue that if the proposed Fair Share law would cause even one firm to go elsewhere, it is a bad law.

I have been trying to understand why a firm would change its location based on this law. Firms choose locations because of access to natural resources, suppliers and markets; a supply of productive workers at reasonable wages; and quality education and other public services.

Those factors determine whether Iowa is the most profitable location for a firm. Why would Fair Share matter? The legislation will not raise a firm's costs, after all. Why would a unionized company care how many of its workers paid how much to the union? Why would a non-union firm care what dues or agency fees workers in a union firm are contributing?

The answer is that most firms would not care; they cannot afford to base a location decision on an issue that doesn't affect their bottom line.

I can only conclude that firms that assert they will not come to Iowa because of Fair Share are looking for a low-wage location, and want weak labor unions to help ensure that Iowa will remain a low-wage state.

Most business and economic analysts agree Iowa faces an impending labor shortage. Given projected slow growth in the labor force and more rapid growth in demand for workers, the state will face a shortage of 150,000 workers by 2012.

We also have difficulty keeping young people in the state, primarily because of better job opportunities elsewhere. A 2001 study showed that Iowa retained only 42 percent of its college graduates. This put us 44th out of the 48 continental states, and last in our region.

-- more --

Clearly, we should be doing all we can to make Iowa a more attractive place.

States do face choices when it comes to economic policy. Some have chosen the "low-road" strategy of poor wages, low taxes (and substandard public services) and weak unions. They are content to measure success in terms of job numbers alone. Others have embarked on a "high-road" strategy aimed at better-paying jobs by creating a good education system, strong infrastructure and a high quality of life.

Fair Share is part of the high-road approach. Silly arguments and policies aimed at preserving our status as a low-wage state will not help.

PETER S. FISHER is research director of the nonpartisan Iowa Policy Project in Iowa City, and professor of urban and regional planning at the University of Iowa.