

Labor Day Woes and Wishes

Reviewing recession's impact on workers and policies for greater shared prosperity

By Joy Margheim

In the midst of a severe recession it should come as no surprise that the most recent economic data available this Labor Day are bleak. Oregon's unemployment rate reached historic highs in May, all job gains from the previous economic cycle have been wiped out and economists predict a "jobless recovery." Some parts of the safety net have served their function, but some have not. And wages have fallen for all income groups, though those at the top had ample cushion to soften the blow.

There's much work to be done to build an Oregon that works for working families. To achieve the goal of an economy of shared prosperity there are some key actions that the state can take. Those include upholding the revenue measures enacted by the 2009 legislature, improving Oregon's Earned Income Tax Credit (EITC) and shoring up the state's Rainy Day fund to help smooth the effects of economic volatility.

Among the key findings in the report:

- From December 2007 to July 2009, 107,800 jobs in the state vanished, wiping out all of Oregon's job gains from the previous economic cycle.
- In 2009, Oregon is expected to have only 67 jobs for each 100 workers, and the state is not expected to surpass even the jobs-to-workers level of 2003 — the worst year of the 2001-03 recession — before 2015.
- Absent congressional extension of unemployment benefits, thousands of unemployed workers will start running out of benefits in January 2010.
- The number of families relying on Oregon's Temporary Assistance to Needy Families (TANF) program has grown rapidly since the recession began, rising 32 percent since December 2007. Yet the TANF program is structurally unable to keep up with increased need.
- Workers at all wage levels saw their earnings fall relative to inflation in 2008. But the highest-income households, as a group, entered the recession with a cushion of prior earnings and income gains.

An economy of shared prosperity, with economic opportunity for all working families, won't be built overnight. But Oregon can take decisive steps in that direction by affirming the revenue measures enacted by the 2009 legislature, improving the state Earned Income Tax Credit and shoring up Oregon's Rainy Day Fund.

Taking those steps would make for better Labor Days in the years ahead.