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Guest column: Other funds flowing in; no need for borrowing

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Gov. Chet Culver has proposed a massive program to borrow against future casino tax revenues to create jobs in construction today. For any number of reasons, this proposal is unneeded, misguided and doomed to failure.

In February 2009, the state's unemployment rate stood at 4.9 percent. Over the past 30 years, the state's average unemployment rate was 4.8 percent. This is not cause for panic. While the state has lost 22,400 jobs over the past year, only 1,900 jobs have been lost in construction. While nationally we have lost more than 10 percent of our construction jobs, we have lost only 2.6 percent in Iowa. Iowa has lost many more jobs in manufacturing and in business services than it has in construction.

Construction in Iowa has benefited from an infusion of federal, state and insurance moneys that are being used to rebuild areas damaged by tornadoes and floods. In the coming year, we will be adding about \$156 million in flood repairs from Iowa's rainy-day fund, \$358 million in federal stimulus for road repairs, and hundreds of millions of dollars from insurance payments from last year's storms. If we add in the usual annual allocation of about \$115 million from the casino tax for infrastructure, environmental projects and the Vision Iowa fund, we already have a massive commitment of perhaps \$1 billion for public and private construction projects.

That amount is already large enough to hire every unemployed construction worker several times over. Adding the governor's proposed \$750 million that has to be spent over the same short period will add even more pressure on our limited construction capacity. In fact, the governor claims he will add more jobs to the Iowa economy than we have lost. Where will these workers come from?

Even if every unemployed machinist, accountant, insurance agent and secretary switches occupations to work construction, we do not have enough unemployed workers in Iowa to fill all these jobs. To meet those demands, we need to bring in construction firms from Illinois, Minnesota, Missouri and Wisconsin, states that have lost many more jobs in construction and are in much worse fiscal shape than Iowa.

In addition, we will need to take workers away from private-sector construction projects in Iowa to free up resources for these public projects. Homeowners needing construction workers to help rebuild their homes will find it increasingly difficult to hire builders, because they will be attracted away to more lucrative public-sector jobs.

Completing all these projects in a short period will bid up construction costs relative to a more rational, measured program that would spend these moneys over a longer period. And then two years from now, the money will be gone. In exchange, we will have eliminated a steady source of work for our construction industry and created a 20-year interest obligation.

The Iowa economy is not in need of job creation. Our current labor market is barely weaker than average. If we want to use state fiscal policy to create jobs in a downturn, so much better to wait for an atypically bad labor market. Let's leave our bullets in the gun until we have something to shoot at.

Meanwhile, if we want to support the construction industry, it makes more sense to dedicate public dollars consistently over a long period from proven tax sources than to blitz build for two years and then eliminate support.

