Plot thickens for workforce tired of the rollercoaster

IBJ staff report

For the American worker, union and otherwise, what a long, strange trip the last few years has been.

If you followed the daily headlines, you wouldn't know what to think. After two-plus years of Covid-19 when job numbers plummeted, the labor market became so hot you could barely touch it. Subsequently, raging inflation and supply chain woes have many companies laying off workers.

Some of the developments have brushed off on the union workforce, with workers becoming more assertive toward their employers. They're increasingly active through labor unions, both outside the mainstream of organized labor and through reform movements within more established unions.

Around 4,000 grassroots activists, members and supporters of labor unions attended the Labor Notes conference in Chicago from June 17 to 19.

"I think we have the opportunity to make the word 'union' no longer some taboo word that we're afraid to say in the workplace," said Kylah Clay, a Starbucks barista and organizer with Starbucks Workers United, told the international broadcaster, the DW.

"As someone who's studied labor issues for the last 30 years or so, I've never seen anything like it in terms of the level of interest and excitement from people who want to fight back at the workplace," Stephanie Luce, a professor of labor studies at the CUNY School of Labor and Urban Studies, said at the same conference.

Union popularity is at its highest since 1965, according to a Gallup poll in 2021.

In 2021, 14 million workers belonged to a union, the lowest number since 1983, when comparable data from the U.S. Bureau of Labor Statistics was available.

The direction of the economy will surely spell further developments in the workplace, organized or not.

U.S. Treasury Secretary Janet Yellen said last month that even two consecutive quarters of negative GDP, which is the unofficial standard for declaring the economy in recession, aren't enough to convince her that America is in for a real recession. The job numbers, she said, are simply too good to scream the "R word." Employment, retail sales and other measures go into the official declaration, made by the National Bureau of Economic Research.

But, for the person who puts increasingly expensive food on the table, the economic situation leaves a bitter taste, as inflation runs rampant. The most recent U.S. Inflation Rate was 9.06 percent, compared to 8.58 percent the month before that and 5.39 at the same time the previous year. This is higher than the long-term average of 3.25 percent. The peak numbers are the highest in 40 years.

According to Bryce Hill, a senior research analyst with the Illinois Policy Institute, a libertarian, nonprofit think tank, the average Illinoisan needed a pay raise of $5,920 to keep up with inflation during the past 12 months. That worker only got a little more than $3,057.

So, Hill reasons, that $3,057 pay bump was actually the equivalent of a nearly $2,900 pay cut.

When you add up all the price increases from inflation, Illinoisans are paying $4,675 more for the same goods and services this year compared to last, he said.

On an annual basis, the average Illinois worker will shell out $1,483 more for gasoline this year, $929 more for housing, $523 more for groceries, and $387 more for utilities, according to Hill's research. The total cost adds up to more than $4,675.

The most recent inflation data was released July 13 by the U.S. Bureau of Labor Statistics. The prediction is the number will be closer to 8.5 percent for the third quarter and 7.3 percent in the fourth quarter and continuing downward in the next two quarters in 2023.

The Federal Reserve may well be prompted to continue interest rate hikes. For Illinoisans, this presents an unpleasant tradeoff: continued high inflation or an increase in unemployment because of rising interest rates, Hill said.

The Illinois economy added 18,800 jobs during June as the unemployment rate fell to 4.5 percent, the lowest it has been since the start of the pandemic.

That is down one-tenth of a percentage point from May, and down two full percentage points from June 2021.

Preliminary numbers released by the U.S. Bureau of Labor Statistics and the Illinois Department of Employment Security showed the sectors with the biggest gains during June were leisure and hospitality, professional and business services, construction, and educational and health services.

Slight declines were reported in the financial industry and the catch-all category "other services."

"With the statewide unemployment rate at its lowest since the onset of the pandemic, the data released (Thursday) is a further reflection of continued economic recovery and evidence of a strengthening Illinois labor market," Deputy Governor Andy Manar said in a statement.

Prior to the pandemic, Illinois had seen its lowest unemployment rate ever, at 3.5 percent in December 2019. It climbed to 4.9 percent in March 2020, when the World Health Organization declared a pandemic existed, and reached a historic high of 17.4 percent in April 2020 after restaurants, bars, theaters and other "nonessential" businesses were ordered to close in an effort to contain the spread of the virus.

The state's jobless rate has since been on a continuous downward trend as businesses gradually reopened.

The trend in Illinois mirrors what has been happening nationally, although the state continues to lag behind the rest of the country in its recovery. The U.S. unemployment rate stood at 3.6 percent, unchanged from the month before but down from its peak of 14.7 percent in April 2020.

Illinois' unemployment rate also stood higher than all of its surrounding states. Indiana, Missouri, Iowa and Wisconsin all had jobless rates below 3 percent while Kentucky stood at 3.7 percent. In fact, the 4.5 percent rate recorded in Illinois was the fifth highest in the nation. Pennsylvania and Delaware also were at 4.5 percent.

The economic recovery also has had its downside. Growing employment and rising wages have brought about increased consumer demand at the same time supply chains needed to satisfy that demand have remained bottlenecked, causing prices to spiral upward.

Capitol News Illinois contributed some information for this report.