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### **Eating the Scenery: Should Government Employees Be Forced to Eat More?**

Because a lot of the information on the actual performance of the Montana economy and the information documenting environmental degradation often comes from the Montana University system, the industrial opponents of environmental protection have taken some glee in attacking even the very modest university non-faculty staff pay proposals coming from the governor's office. Since some University faculty have pointed out what we all know, that Montanans make an economic sacrifice to live here and maintain access to a nonmetropolitan lifestyle and spectacular natural landscapes, the proponents unlimited clearcutting and open pit mining argue that the University non-faculty staff should be encouraged to primarily "eat the scenery" and be denied even meager cost of living pay increases.

As an effective debating point, it is easy to appreciate this argument. It is much harder to discern its economic and public policy logic.

From an economic point of view, it is informative to study the pattern of sacrifices various groups of Montanans make to live in the state. We can do this by looking at the personal characteristics of our workers, their education, experience, occupations, age, sex, etc. and ask how much workers with those characteristics would get paid nationally. This can then be compared to what they are getting paid in various types of jobs in Montana. The difference is the sacrifice that type of worker makes to live here, the extent to which the worker is being asked to "eat the scenery" in compensation for a lower paycheck. On average, stated in terms of hourly wages, the sacrifice made by Montana workers is about 12 percent. They sacrifice one out of every eight dollars they could be earning elsewhere in order to continue living here.

As one might expect, where there are institutional arrangements in place to keep market forces from lowering pay, the sacrifice exacted from Montana workers is lower. Thus, for instance, in highly unionized, nationally organized industries like mining, chemicals, and paper, wage levels are not really set locally. So there is not much opportunity to demand that workers partly eat the scenery. At the other end of the pay spectrum, at the bottom, the federal minimum wage also puts a floor under how low pay can go.

As a result of such union and regulatory constraints, workers for public utility, transportation, and communications companies in Montana make no sacrifice at all to live here. The sacrifice made by miners in Montana is less than half that made

by the average Montanan: about 5 percent rather than about 12 percent of wages. Workers in manufacturing, like forest products, which tends to be more highly unionized than the workforce in general, also make less of a wage sacrifice to live here, about a third less.

At the other end of the wage and income spectrum, those Montana workers who did not finish high school make no sacrifice at all; their pay, as low as it may be, is about what they would receive if they lived elsewhere in the country. Similarly, the average family income of the poorest 20 percent of Montana's population receive about the same income as they would receive elsewhere in nation.

Clearly, we do not all make the same sacrifice to live in Montana. If one is looking for the group of workers that make the largest sacrifice, it is government workers. Adjusting their earnings for their education, occupation, etc. they make almost twice the wage sacrifice that the average Montanan makes, four times the sacrifice a miner makes, and three times the sacrifice a forest products worker makes. Of course, those government workers, besides making a larger percentage sacrifice, almost a quarter of their wage, also earn a lot less to begin with, some even qualifying for food stamps.

If one is looking for workers to beat up on, those working for state and local government do not appear to be the most deserving. We already treat them pretty shabbily. There may be another reason as well for being concerned about pay levels for state and local government employees. When the sacrifice demanded of certain types of workers rises well above that asked of others, a sorting process begins to take place. The workers willing to take those jobs either have a particular fascination with Montana or are entry level workers. Instead of choosing from a pool of the most talented applicants, we have to choose from a pool of newcomers or a pool of those who are obsessive anglers, mountaineers, or white water kayakers. Even though that is not a qualification listed for the job, because of the low pay level, it becomes one of the primary bases of the hiring choice. For jobs that are crucial to the health, safety, and well-being of ourselves and our children, we might want to ask how dominant we want this random, non-job-related, factor to be?

We all eat the scenery and gain considerable nutrition from it in Montana. Most of us are not upset with the choice we made. There are, however, some very real limits to the disproportionate exploitation of this commitment to Montana. With state and local government workers, we have already passed that limit.