

Average state wage up 5 percent in 14 years

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JUNEAU — In spite of the state's substantial economic growth over the past 14 years, average monthly earnings for the Alaska wage earner have risen by just five percent since 1970.

According to a report by state Department of Labor economists Neal Fried and Greg Huff, when inflation is taken into account, real wages in Alaska increased by only \$123 between 1970 and 1984.

In 1984, the average Alaska job paid \$2,383 a month. In terms of 1984 buying power, the average wage in 1970 was \$2,260.

But although state wages have undergone a seemingly meager rate of growth in the last decade-and-a-half, the economists point out that Alaska has done markedly better than the rest of the nation — where average real earnings have actually fallen since 1970.

Alaska's "minimal growth in earnings still comes as a surprise in light of the extremely strong economic growth which has taken place in Alaska since 1970," Fried and Huff say in their report.

"Employment in the state has more than doubled. However, inflation and low productivity growth have taken their toll, keeping 'real' increases of Alaska's monthly earnings relatively constant."

Wages paid to Alaska workers have gone on a roller coaster ride since 1970.

From 1970 to the peak of the oil pipeline construction years, in 1976, wages rose by 43 percent, fueled by labor shortages and overtime pay. In 1976, average monthly earnings, adjusted for in-

flation, peaked at \$3,238.

And then wages began their long spiral downward.

Beginning in 1977, when the buying power of an average Alaska paycheck dropped by 13.4 percent, wages dove a total of 30 percent by 1980.

Real wages rose by four percent between 1980 and 1982, but have dropped again, by two percent, in the last two years.

"Unlike the pipeline years, there were few labor shortages in the 1980s," Fried and Huff say.

"The national economy plunged into the worst postwar recession, providing Alaska's economy with a more than ample supply of labor. Hours worked did climb, though not as rapidly as they did during the oil pipeline construction years."

All Alaska businesses have not fared equally in the last 14 years, in terms of how much pay their workers take home.

"There are definite groups of longtime winners and losers," Fried and Huff say.

Leading the list of industries in which real wages have increased since 1970 is mining — primarily the oil industry — in which wages after inflation increased by twenty-five percent.

In 1984, average wages in the mining industry were \$4,544 a month — almost double the average wages for the rest of the state.

Wages in the finance, insurance and real estate businesses also increased, by 15 percent, over the fourteen-year period, while transportation and utilities industries paid their workers an average of 14 percent more in 1984 than they did in 1970.

Federal, state and local government wages were up by thirteen percent, and service industries

wages rose by 12 percent during the same period.

On the down side, real wages for Alaska workers in wholesale and retail trade slipped by 10 percent between 1970 and 1984, while manufacturing wages fell by five percent.

"Manufacturing earnings have performed poorly as a result of a

depressed logging and pulp market and more recently, lower fish prices and a depressed shellfish industry," the two economists explain.

The increase in the number of chain stores coupled with greater use of part-time workers has helped keep trade industry wages the lowest in the state, the

report's authors say.

Surprisingly, average contract construction wages have also fallen since 1970, by two percent, from \$3,828 to \$3,761, in 1984 dollars.

"A large supply of labor (during recent years) provides the best explanation for the declining earnings," Fried and Huff say.