

# WHAT THIS STRIKE MEANS TO THE LOCAL ECONOMY

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WALLACE — The strike at the Lucky Friday mine is more economic bad news in a county that doesn't need any more, said regional economist Sam Wolkenhauer.

Members of United Steelworkers Local 5114 who work at Hecla Mining Co.'s mine near Mullan voted March 12 to strike, leaving approximately 250 people without a steady paycheck. For Shoshone County, which has regularly been held as one of the top three unemployment rates in the state, the loss of wages going into the local economy, according to Wolkenhauer, could have a steady, negative impact.

"Mining, on average, employs around 800 to 900 people," Wolkenhauer said. "From what we know, the strike is affecting about 250 people. That's over 25 percent of the average level of mining employment, which is a pretty big number."

Wolkenhauer, who works with the Idaho Department of Labor, said that number of workers amounts to approximately \$1.7 million in lost wages each month.

Although, in most cases, striking miners are not eligible for unemployment benefits, Wolkenhauer said the labor force will be considered unemployed for statistical purposes. That could raise the county's unemployment rate, which reached 7.4 percent in December of 2016, almost at 8 percent.

Impact to the local economy, Wolkenhauer said, will likely be a slow burn. Some spending, such as on groceries and other necessities, will continue throughout the strike.

"Presumably they've planned ahead for their personal situations, so you expect some base level of spending to continue," Wolkenhauer said.

But other aspects of the local economy, like recreation and hospitality, will see dramatic decreases in dollars coming in almost immediately.

"Especially because right now is the slow season," Wolkenhauer said. "As their winter tourism season is burning off, it probably doesn't help that 250 of the county's highest earners are suddenly out of work. I would expect that if you own a bar or something in the Silver Valley this is probably not a good time for you."

Mining, according to Wolkenhauer, is one of the largest industries by employment in Shoshone County, with tourism and retail — largely because of Dave Smith Motors — rounding out the list of high-employment industries. For retail and tourism, Wolkenhauer said spring and fall are the lowest points of the year in terms of disposable income coming into the Silver Valley, making the timing of the strike even worse for the local economy.

“The thing about mining is that it is by far the highest paying industry,” Wolkenhauer said. “On average, mining workers make about \$6,600 a month, which is very high especially for Shoshone County.”

Economic bad news in the short term tends to feed long term economic trends, Wolkenhauer said. For Shoshone County, Wolkenhauer said the trend has been a “long state of decline” with significant out-migration of both young people and families.

Mining is not stranger to that trend, with Wolkenhauer citing automation in the industry over the last decade as a source.

“So I read in The Press that Hecla announces they have a new production record,” Wolkenhauer said. “But that doesn’t equate to an employment record because they’re finding more and more ways to maximize their manpower.”

Another large reason for the unemployment numbers, and a trend of out-migration in the county, is a lack of opportunities for professional work. Professionals often marry other professionals, Wolkenhauer said, which can lead to them seeking employment opportunities for both outside of the Silver Valley since “the economy doesn’t seem to be big enough to support two professionals.”

“I couldn’t say what this strike in particular would do, but more economic bad news tends to feed these long term trends,” Wolkenhauer added.