

1974 SALMON OUTLOOK DISMAL

While most of the State anticipates the start of pipeline construction, fishermen and seafood processors wait with considerable apprehension for the beginning of Alaska's 1974 salmon season. Sources of this apprehension are gloomy predictions by the Alaska Department of Fish and Game which call for a total salmon harvest of around 15.6 million fish in 1974. This harvest, if it does in fact come to pass, will be the smallest since 1899. Following on the heels of 1973's only slightly better catch, it will heap a further burden on those already hard pressed Alaskans who earn their living in activities related to the taking and processing of salmon.

Particularly hard hit in this regard will be the Bristol Bay area. Here the run of sockeye salmon, the region's major commercial species, is not expected to be sufficient to reach escapement goals set by the Alaska Department of Fish and Game to insure preservation of the run. As a result, it is quite likely that with the exception of the Togiak district where it is anticipated that escapement goals will be met, the fishery may be closed entirely to commercial operations this coming summer. Given their historical dependence on the run for monetary income, the economic impact of such a closure would be nothing short of catastrophic for the area's residents, many of whom are members of Alaska's Native population. Last year only a few salmon were harvested. A second consecutive disaster year could mean financial ruin for fishermen whose boat payments must be financed from monies obtained through fishing.

Also hard hit would be the many Bristol Bay area residents who work in canneries. In 1972, which was a mediocre year for the red salmon fishery, around 1,800 persons were so employed during July, the month in which the run peaked. Furthermore, wages paid to cannery workers during 1972 totaled \$4.2 million, with \$2.7 million or 64 percent coming during the red salmon run months of June and July.

If Bristol Bay area canneries operate at all during the 1974 season it will be at greatly reduced levels since most of the fish to be processed will come from normally incidental runs of chums and cohos. Without this traditional source of employment, residents will be forced to seek another form of monetary income if they are to survive. Given the

lack of non-fishing related economic opportunities in the region, this alternate source could, in many cases, turn out to be welfare.

While Bristol Bay represents the worst side of Alaska's fishing picture the rest of the State appears little better. The total salmon harvest for all western Alaska, of which Bristol Bay is a part, is expected to be just under 2.1 million fish. In southcentral Alaska the Department of Fish and Game expects a total harvest of 4.8 million fish. Southeast Alaska looks to be a little bit better off with a total projected catch of around 8.7 million fish. But even this is only marginal when compared to previous years' harvests for the panhandle region.

In addition to the anticipated small runs is the possibility that the record high prices for salmon, which were the rule during most of 1974, may not be maintained this coming year. Last year, by the end of the season, fishermen in Southeast Alaska were receiving as much as \$2.20 per pound for coho salmon compared with around \$.70 per lb. at the same time in 1972 and, the price of large red kings had gone as high as \$1.50 in some parts of the panhandle region. Similarly, prices for canned salmon were sky high with a standard case of red salmon (48 one pound tall cans) being quoted at \$110 to \$112 compared with \$56 to \$57 in 1972. Correspondingly, medium reds (coho) were being quoted at \$104 compared with 1972's range of \$47 to \$48 per standard case. These high prices allowed fishermen to enjoy about an average year incomewise during 1973 in spite of the poor statewide salmon catch.

According to most authorities the major reason for these inflated price levels was strong buying of Alaska caught salmon by Japanese trading companies. This may have been a secondary effect of U. S. efforts to pressure Japan to curb its high seas fishing for Alaska salmon. Whatever the reasons, the Japanese outbid all comers and in doing so helped to create the inflated price conditions experienced by the industry last year.

This year, however, things are different. There are indications that due to last year's buying spree combined with good catches by the Japanese offshore

fleet many Japanese firms are now holding substantial surpluses of salmon. As a result, participation by the Japanese in the 1974 Alaska salmon scene is likely to be considerably less than that noted during 1973. Added to this are currency realignments which have caused the value of the Japanese yen to fall sharply relative to the U.S. dollar. This change will serve to further lower the prices that Japanese buyers would have to pay for Alaska salmon during 1974.

Without strong Japanese participation in the domestic salmon market it seems questionable whether prices can stay as high as they currently are. It is true that any drop in salmon prices will be cushioned somewhat by the high rate of inflation anticipated for the U. S. this year. But, even with the strong upward movements being experienced by other food commodities such as beef, pork and poultry, these still represent a better buy to the consumer than canned salmon at its present level. For example, last year a coho salmon dressing out at eight pounds would bring a fisherman at the dock in Southeast Alaska roughly \$9.50. This is already a cost equivalent to what a consumer pays for a large beef roast. By the time the fish has been processed, and passed through various middlemen to arrive on the shelf in a supermarket the added cost will be so great relative to other foods as to make it an exceedingly unattractive buy for consumers, even in a period of rising food prices. Indeed, wholesale prices for tuna which to a certain extent competes with salmon for the housewife's dollar are running at around a third below those for pink salmon and better than 50 percent below per case prices for canned red salmon.

As if this weren't enough, it is not impossible that Japanese firms holding surpluses of Alaskan salmon from last year might choose to cut their losses by dumping these on the U. S. market. Such a move would be spurred by continuing declines in the value of the yen against the dollar which have caused a lowering of the cost in the U. S. of all Japanese exports. This would, in addition to wreaking havoc in the domestic salmon market, adversely affect the U. S. balance of payments position.

All of this has potential serious ramifications. The poor salmon runs anticipated for 1974 are certain to cause curtailment of employment in canneries this summer. Similarly declining fish prices could force many fishermen to sit out the season and look elsewhere for employment. Since, as we noted in our

discussion of the Bristol Bay situation, activities relating to the catching and processing of salmon provide an important source of money income for residents of rural Alaska, particularly natives, this fact will undoubtedly have severe economic repercussions for these areas. Not the least of these are high levels of unemployment which could spill over into other areas of the State and thereby create severe problems for Alaska's Manpower Planners.

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ESTIMATED CIVILIAN WORKFORCE IN ALASKA Dec. 1973

INDUSTRY	Changes From:				
	12-73	11-73	12-72	11-73	12-72
CIVILIAN WORKFORCE.....	133,600	135,600	127,900	-2,000	5,700
INVOLVED IN WORK STOPPAGES.....	100	0	0	100	100
TOTAL UNEMPLOYMENT.....	15,700	15,300	12,300	400	3,400
Percent of Workforce.....	11.8	11.3	9.6	-	-
TOTAL EMPLOYMENT 2/.....	117,800	120,300	115,600	-2,500	2,200
Nonagricultural Wage & Salary 3/.....	105,300	107,600	103,100	-2,300	2,200
Mining.....	1,800	1,800	1,700	0	100
Construction.....	6,600	8,100	6,500	-1,500	100
Manufacturing.....	7,600	8,500	6,600	-900	1,000
Durable Goods.....	2,500	3,100	1,900	-600	600
Lumber, Wood Products.....	2,000	2,500	1,500	-500	500
Other Durable Goods.....	500	600	400	-100	100
Non Durable Goods.....	5,100	5,400	4,700	-300	400
Food Processing.....	3,000	3,300	2,700	-300	300
Other Non Durable Goods.....	2,100	2,100	2,000	0	100
Transp.-Comm. & Utilities.....	10,200	10,300	9,900	-100	300
Trucking & Warehousing.....	1,700	1,700	1,500	0	200
Water Transportation.....	700	800	700	-100	0
Air Transportation.....	3,100	3,100	3,000	0	100
Other Transp.-Comm. & Utilities.....	4,700	4,700	4,700	0	0
Trade.....	19,000	18,700	18,000	300	1,000
Retail Trade.....	3,500	3,500	3,300	0	200
Wholesale Trade.....	15,500	15,200	14,700	300	800
General Merchandise & Appar.....	4,200	4,000	4,100	200	100
Food Stores.....	2,000	2,000	1,700	0	300
Eating & Drinking Places.....	3,600	3,600	3,400	0	200
Other Retail Trade.....	5,700	5,600	5,500	100	200
Finance-Insurance & Real Estate.....	4,200	4,200	4,000	0	200
Service & Miscellaneous.....	15,400	15,400	14,700	0	700
Government 4/.....	40,500	40,600	41,700	-100	-1,200
Federal.....	17,000	17,100	17,100	-100	-100
State.....	12,800	12,900	14,100	-100	-1,300
Local.....	10,700	10,600	10,500	100	200

1/ Estimated in accordance with techniques recommended by U. S. Bureau of Labor Statistics.

2/ Includes domestics, nonagricultural self employed and unpaid family workers, and agricultural workers.

3/ Prepared in cooperation with the U. S. Bureau of Labor Statistics.

4/ Includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

ALASKA'S ECONOMY IN DECEMBER

Employment—Unemployment: Worsening winter weather was the major factor in a drop of around 2,500 in total employment which took place from November to December. Major declines came in the construction and manufacturing sectors, while the only gain, one of 300, came in retail trade. Compared with a year-ago total employment was up by 2,200. With the exception of government, all major industrial sectors turned in advances as Alaska's economy began to gird itself for the impact of pipeline construction. Total estimated unemployment