

## EMPLOYMENT FORECAST

*By Steve Harrison*

### INTRODUCTION

Indications are that Alaska's economy will experience moderate but continuous growth over the coming two years. The basic pace-setting industries which bring money into the state are expected to make substantial gains. Nonbasic support industries should gradually begin to follow the growth trends established by basic industries. The high profile, high stimulus projects now in the news will probably not begin to heat the Alaska economy before 1983. For example, construction of the proposed gas pipeline is not likely to begin during the forecast period. Several fundamental decisions remain to be made even before manufacture of pipe sections can begin. In the Governor's January 17th Budget Address major appropriations were outlined for Capital Improvement projects: \$162 million for general capital improvements, \$353 million for transportation, \$300 million for accelerated Native Claims Settlement Payment.

### BASE INDUSTRIES

The basic tempo of Alaska economic activity is largely shaped by mining, manufacturing, and government. These three basic industries bring dollars into the Alaska economy. The mining and manufacturing industries export minerals, fish, and wood products to outside markets; while government in Alaska is largely sustained by federal money and state oil revenues. Growth in these industries is usually accompanied by growth in support industries such as trade, services, and construction. The outlook is good for increased activity in the basic industries through 1982.

The mining industry provides major economic stimulus in Alaska. We expect to see a 4 percent increase per annum in mining employment over the next 2 years. National energy policy will continue to heighten oil exploration in the 49th state (strong interest was shown in the recent Beaufort Sea lease sale. Exploration activities in the state will continue full scale). The mining industry raises economic activity in several significant ways. The industry stimulates construction activity, adds directly to state revenues, and creates need for transportation systems

(such as the Trans-Alaska Pipeline, and the proposed gas line). Although comprising only 3 percent of statewide employment, the mining industry will contribute significantly to the state economy throughout the forecast period.

Employment growth in manufacturing is expected to be moderate over the forecast period. Although record salmon runs are anticipated, demand for final fish products is expected to be weak due to a surplus remaining from the 1979 catch. In view of this situation harvesters may have to accept lower prices this year for their catch. Thus, as stockpiles build, increasing quantities of fish may be canned rather than frozen in order to increase shelf-life. In the past nearly all Alaska salmon has been marketed to the Japanese but state efforts are now underway to break into European and other markets. New processing plants for salmon and bottomfish should also be coming into operation during the forecast period. The wood products industry will not grow as rapidly as food processing. However, logging activity will increase as native corporations begin harvesting their timberlands. The Goldbelt Corporation recently announced a Port Houghton sale for 1980. The federal government, however has not announced plans to make any major new tracts of timber land available in the near future.

Government will expand slowly during the forecast period. Employing one out of three working Alaskans, the public sector will grow most rapidly at the local level and least rapidly at the federal level.

### NONBASIC INDUSTRIES

The nonbasic industries are largely dependent upon the basic industries for growth. The construction industry has now reached its low point following the post-pipeline decline. Construction activity should increase over reduced 1979 levels as more money is made available for building and local projects are initiated. The budget surplus in combination with an election year will create a more favorable climate

STATEWIDE  
February, 1980

LABMOD PROJECTIONS TO 1981  
POPULATION, WAGES AND SALARIES & EMPLOYMENT

	1979					1980					1981				
	Qtr 1*	Qtr 2*	Qtr 3	Qtr 4	Ave	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Ave	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Ave
Population (July 1) 1/	409,607					419,153					429,509				
Total Nonag. Wages & Salaries (\$1,000's)	776,437	866,256	951,075	932,098	888,908	891,372	989,950	1,067,950	1,043,950	998,214	996,913	1,115,650	1,199,450	1,181,220	1,123,310
Average Quarterly Earnings	4,987	5,131	5,509	5,610	5,375	5,510	5,719	5,944	6,053	5,807	5,961	6,179	6,412	6,529	6,270
Total Nonag. Wage & Salary Employment	155,698	168,817	172,647	166,156	165,189	161,772	173,092	179,597	172,461	171,731	167,228	180,566	187,073	180,925	178,948
Mining	5,882	5,903	5,702	5,665	5,614	5,954	6,321	6,686	6,394	6,341	6,511	7,400	7,563	7,276	7,188
Construction	7,461	9,846	12,740	10,453	10,014	8,690	11,586	14,233	11,254	11,446	9,720	13,120	15,787	12,786	12,853
Manufacturing	7,800	13,139	15,252	11,080	11,603	9,779	12,902	15,818	11,680	12,545	10,411	13,531	16,412	12,324	13,170
Transp./Comm./Utilities	15,609	16,726	17,598	16,393	16,566	15,992	17,114	18,107	16,987	17,050	16,286	17,663	18,810	17,397	17,539
Transportation	10,016	11,081	11,626	10,535	10,761	10,128	11,043	11,353	10,844	10,967	10,333	11,498	12,430	11,149	11,353
Communications	4,214	4,224	4,454	4,349	4,350	4,424	4,393	4,669	4,567	4,563	4,447	4,621	4,728	4,606	4,601
Public Utilities	1,379	1,421	1,518	1,509	1,453	1,440	1,478	1,585	1,576	1,520	1,506	1,544	1,652	1,642	1,586
Trade	28,168	29,777	30,635	29,938	29,489	29,025	30,166	31,374	30,574	30,285	29,669	31,105	32,374	31,600	31,187
Wholesale	5,289	5,679	5,842	5,520	5,525	5,381	5,660	6,007	5,599	5,662	5,451	5,738	6,145	5,658	5,748
Retail	22,879	24,098	24,793	24,418	23,934	23,644	24,506	25,367	24,975	24,623	24,218	25,367	26,229	25,942	25,439
Finance/Insurance/Real Estate	8,093	8,208	8,738	8,603	8,469	8,390	8,557	8,859	9,001	8,777	8,814	9,372	9,715	9,885	9,446
Services	27,558	28,657	30,440	28,085	28,717	27,744	29,357	31,040	28,664	28,201	28,303	29,977	31,690	30,291	30,090
Government (Civilian)	54,885	55,814	50,688	55,769	54,126	53,483	56,407	52,648	57,338	55,379	56,951	57,857	53,950	59,040	56,950
Federal	17,516	17,816	16,556	17,938	18,022	17,651	18,169	18,644	18,026	18,123	17,740	18,257	18,732	18,114	18,211
State	14,651	15,041	15,185	15,459	15,107	15,146	15,626	15,681	15,954	15,602	15,641	16,121	16,176	16,449	16,097
Local	22,718	22,956	16,947	22,372	20,997	22,686	22,612	18,323	23,558	21,795	23,570	23,479	19,042	24,676	22,642
Miscellaneous	482	747	854	410	592	504	582	813	369	567	463	541	771	328	526

1/ Employment based population estimates.  
\* Actual employment data.

ANCHORAGE  
February, 1980

LABMOD PROJECTIONS TO 1981  
POPULATION, WAGES AND SALARIES & EMPLOYMENT

	1979					1980					1981				
	Qtr 1*	Qtr 2*	Qtr 3	Qtr 4	Ave	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Ave	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Ave
Population (July 1) 1/	196,063					200,969					207,775				
Total Nonag. Wages & Salaries (\$1,000's)	377,313	400,386	440,998	437,460	419,338	419,230	459,952	489,688	487,873	460,186	467,852	516,257	552,351	544,842	520,326
Average Quarterly Earnings	5,124	5,164	5,495	5,577	5,374	5,496	5,689	5,895	5,994	5,769	5,924	5,129	6,349	6,453	6,214
Total Nonag. Wage & Salary Employment	74,919	77,540	80,248	78,446	77,977	76,285	80,848	83,007	81,398	80,385	78,969	84,233	86,994	84,428	83,656
Mining	1,840	1,867	1,882	1,797	1,847	1,968	2,086	2,206	2,110	2,093	2,149	2,442	2,496	2,401	2,372
Construction	4,471	5,662	6,621	5,583	5,488	4,589	5,959	7,391	6,380	6,080	5,312	6,671	8,086	6,941	6,753
Manufacturing	1,393	1,709	2,398	1,769	1,846	1,571	1,912	2,277	1,835	1,899	1,637	2,005	2,363	1,934	1,985
Transp./Comm./Utilities	7,587	7,877	8,573	7,832	8,002	7,553	8,156	8,713	8,045	8,117	7,699	8,461	9,071	8,266	8,374
Transportation	5,432	5,870	6,174	5,595	5,743	5,379	5,865	6,295	5,759	5,488	6,106	6,601	5,921	6,029	
Communications	1,584	1,563	1,765	1,628	1,655	1,591	1,674	1,758	1,652	1,669	1,602	1,707	1,785	1,685	
Public Utilities	371	444	634	609	604	583	617	650	634	624	609	648	685	660	
Trade	15,935	17,218	17,458	17,589	17,410	17,340	17,886	18,410	18,376	18,003	18,168	19,051	19,767	19,327	19,078
Wholesale	3,946	4,061	4,287	4,051	4,093	3,949	4,153	4,337	4,109	4,137	4,000	4,211	4,423	4,151	4,196
Retail	12,990	13,157	13,171	13,538	13,317	13,391	13,733	14,073	14,267	13,866	14,168	14,840	15,344	15,176	14,882
Finance/Insurance/Real Estate	4,900	4,910	5,232	5,151	5,088	4,990	5,241	5,393	5,260	5,221	5,158	5,374	5,635	5,548	5,429
Services	15,288	15,129	16,447	16,069	15,905	15,439	16,264	16,826	16,448	16,244	15,735	16,607	17,331	16,781	16,614
Government (Civilian)	22,083	22,511	20,591	22,298	21,874	22,395	22,836	21,081	22,622	22,234	22,707	23,150	21,571	22,944	22,593
Federal	9,672	9,633	10,139	9,851	9,903	9,746	10,024	10,214	9,926	9,978	9,821	10,100	10,288	10,000	10,052
State	4,725	4,700	4,874	4,925	4,831	4,807	4,880	4,936	5,007	4,913	4,889	4,962	5,038	5,089	4,993
Local	7,686	8,177	5,578	7,522	7,141	7,842	7,932	5,911	7,689	7,344	7,997	8,088	6,245	7,855	7,546
Miscellaneous	421	657	746	358	517	440	508	710	322	495	404	472	674	286	459

1/ Employment based population estimates.  
\* Actual employment data.

for initiation of new construction. The third largest industry in Alaska, services, will experience a steady 2 to 3 percent employment growth rate. Trade is projected to increase 3 percent per year. Jobs in the finance, insurance, and real estate sector will expand by 4 to 8 percent in aggregate. The transportation industry is forecasted to increase by 3 percent per annum between 1980 and 1982.

Alaska's economy is expected to advance smoothly through the first two years of this decade. During the forecast period, Alaskans will ready themselves for the coming years of rapid growth which appear to be just around the corner.

*The accompanying labor forecasts are identical to the projections appearing in the November 1979 Trends. These forecasts compare very closely with actual second quarter 1979 figures and preliminary third quarter figures. We did not re-run the model this quarter due to the close correspondence with actual data and because we believe our assumptions are still reasonably sound.*

## ALASKA'S LABOR FORCE IN DECEMBER

By Sally Saddler

Despite an improvement in the annual average unemployment rate, Alaska ended the year with the dubious distinction of having the nation's highest unemployment rate. A modest growth in employment of 2 percent is expected for 1979 when final numbers become available. Headlining this year's employment highlights was construction's diminished share of total employment resulting from the absence of pipeline influence and rising interest rates. Increasing interest dampened employment prospects in residential and nonresidential building along with heavy construction projects in the private sector.

Bolstered by exceptional salmon runs in parts of the state, employment in the processing and manufacture of food products was more than 55 percent of total manufacturing employment. Restricted activity in forest product related industries as a result of the unresolved land issue helps explain the growing share of food processing related employment.

NONAG. EMPLOYMENT INDEX  
ALASKA  
1972 = 100

