

STATEWIDE IN ALASKA

Plans were recently announced by the Lost River Mining Company to proceed with a major mineral mining development at Lost River on Seward Peninsula. Located near one of the world's largest known deposit of fluorspar^{1/} the mine will create roughly 300 jobs in mining and support activities and result in the establishment of a community of 1,500 persons near the mine site. This month's "Trends" feature article examines the probable social and economic consequences of this massive project for the people of Northwest Alaska.

The planned Lost River mineral development seems certain to have a major impact on Northwest Alaska. This region, which is inhabited largely by Eskimos, is one of the most economically depressed in the entire nation. The degree of this depression can be seen in the chronic high levels of unemployment experienced by the area. In 1971 561 or 21.9 percent of a total work force of 2,557 were unemployed. The 300 jobs that would be created by development in mining and support activities at Lost River would, assuming strong resident participation in the project, provide a steady source of year around employment for many of these people. Moreover, the development will probably generate additional job opportunities in supportive industries such as trade, services and transportation in other communities in the area.

An obvious question in gauging the actual employment benefits to area residents stemming from the project is to what degree can the indigenous labor force take advantage of the job openings generated by it. While no one can say for sure at this time, a possible insight into the problem can be gained from a survey of this work force conducted in 1970 by the Department of Labor's Smaller Communities Team. Although the survey is two years old, given the static nature of the area's economy, the results are still reasonably valid. Overall, the SCP Team contacted 950 persons, both men and women, 16 years of age and over. Of these, 750 or 79 percent were available for work. Sixty-one percent of those available had some work experience. Among all males surveyed, the vocational areas showing the greatest prevalence were those relating to structural work. These include occupations such as carpenter, electrician, welder, and heavy equipment operator. Roughly 12 percent more had experience in professional, managerial and technical fields, while the rest had no work experience. The high preponderance among men of occupational skills in areas related to structural work bodes well for their

participation in the venture as such skills will be in demand, both during initial construction phases, and after mining operations actually get under way. Similarly, given the high degree of clerical, sales and service related experience among women indicating a willingness to work, it appears that many of the jobs in this occupational area created as a result of the development can also be filled locally.

In addition to the jobs that will be spawned by it, the venture should result in other economic benefits for the region. One of the most important is that it will substantially lower Northwest Alaska's living costs, which are presently among the highest in the nation and the State, by lowering the cost of shipping freight into the region. This reduction in shipping costs will come as the result of two factors. The first is the construction of the area's first deep water port at Lost River. The port will be the point from which flourite and the other minerals mined there are shipped to markets. The lowering effect that it will have on the area's cost of living comes from the fact that for the first time it will be possible to unload goods directly from freighters to shore. Presently because of the lack of port facilities, freight shipped into the area must be transferred to small shallow draught vessels several miles off shore. This process adds significantly to shipping costs of freight bound for Northwest Alaska.

Freight costs should also be lowered by the creation of a community of 1,500 newly affluent consumers at Lost River. While most of the people will hopefully be area residents, and therefore not represent an increase in the region's total population, the wages they will earn will allow them to purchase many goods they cannot now afford. The demand generated by this increased purchasing power will, by expanding the volume of goods shipped to the area, bring into play economies of scale which should further lower shipping expenses, and hence the cost of living.

^{1/} Fluorspar or "fluorite" as it is known in the metals industry, is an important component of many metallurgical and chemical processes. Its largest single use is in the production of steel by the electric furnace method.

A second economic benefit accruing from the Lost River project is that it will undoubtedly make development of other mineral reserves that exist in Northwest Alaska economically feasible. Minerals known to be abundant include gold, copper, tin, and beryllium. The establishment of a transportation network and port facilities in this area resulting from the Lost River development will provide a better access than now exists to many of these deposits. One example of this is a deposit of copper located at Bornite, 175 miles east of Kotzebue. Development of this find, which appeared economically feasible even before the Lost River project was announced, seems almost a certainty once mining begins at Lost River.

A third benefit stemming from the development is the increased tax revenue to help pay for State and local government services that would be generated by the expansion of economic activity that would occur once the mine goes into operation.

On the other hand, the Lost River development will hasten the process of cultural assimilation of the Eskimo peoples of the region, and attention should be given to minimizing the social problems that have in the past been associated with such assimilation. For the Department of Labor, this means that training programs to qualify indigenous people for employment in activities related to the project must be geared to the total person and not just his vocational deficiencies. It was previously indicated that many of the area's residents have work experience and hence would qualify for jobs related to the development. However, as was also indicated almost 39 percent of those contacted by the Smaller Communities team possessed no work experience. For training of this group to be effective in preparing them for employment, a broad spectrum of other services must be interwoven within the framework of vocational instruction. These include counseling and rehabilitative services, adult basic education (of those surveyed by the Smaller Communities Team 62 percent had eight or fewer years of schooling) and a structuring of the training program so that it makes the trainees responsive to the demands to be made of them by the work environment.

Other areas of concern include creating an educational environment for the community's children which takes into account their Eskimo heritage and the structuring of the community itself so that residents are allowed to retain as much of

this cultural heritage as is possible.

In conclusion, it seems that the proposed Lost River development represents something of a two edged sword for Northwest Alaska's Native peoples. On the one hand, it promises jobs for many and an improved standard of living for all. On the other, it hastens the process of cultural assimilation that has for several generations been drastically altering their lifestyle. Thus, the State and the mining company are faced with the formidable task of insuring that the economic benefits of the project for the people of the region are maximized, and the impact of the social problems created as a result of it are minimized.

ALASKA'S ECONOMY IN SEPTEMBER

Total Employment — Unemployment: Total estimated unemployment dropped 1400 during the month as normal seasonal decreases in food processing were partially offset by increasing school faculties and increased service employment. 1972 employment levels are currently some 4,400 persons higher than in the comparable month last year on the strength of gains in manufacturing, transportation, and government sectors. Readers should note that this month's statistics are the first to reflect the latest "benchmark" of employment estimates, whereby these estimates are adjusted on the basis of actual employment figures obtained from unemployment insurance contribution reports. The "benchmark" is partially responsible for the employment changes in the August estimates from those published last month.

Total estimated unemployment decreased 800 from August to September, which is typical for this time of year. The estimated total rate of unemployment decreased to 7.1 percent of the work force as opposed to the 7.6 percent in August.

Mining: Total estimated employment in the mining industry declined approximately 100 during the month due to a cutback in hardrock mineral exploration activity. Statewide employment is holding about 300 positions higher than last year at this time. Employment should begin to pick up as soon as operations get underway on the North Slope following freeze-up.

Construction: There was a slight increase in construction industry employment in September, but