



PIPELINE COMPLETION AND ITS IMPACT ON ALASKA'S LABOR MARKETS

By Christopher L. Miller

Uppermost in the minds of many people within Alaska has been the question of what will happen to the State's economy as construction of the trans-Alaska Oil Pipeline nears completion. Probably the greatest single factor to impact Alaska's labor force during construction of the oil pipeline has been the tremendous number of highly paid workers needed to complete the project. It is the uncertainty of just exactly what the pipeline workers will do when they are laid off that is currently affecting Alaska's economy. By looking at the type of workers who came to Alaska in search of employment on the trans-Alaska pipeline, one can get a better understanding of what pipeline workers may do when construction is finished.

In June of this year, the Human Resources Planning Institute completed its study on pipeline impact in Alaska. Its final report was a series of four quarterly surveys on in-migration to Alaska during 1975. These surveys gave a very good picture of the type of people coming to Alaska in search of employment on the Oil Pipeline.

During 1975, approximately 48 percent of the in-migrants to Alaska came from the far west states. The remainder of the in-migrants were spread evenly throughout the rest of the United States. This trend is most likely a result of the high cost of traveling to the state. Peak in-migration occurred during the early part of the summer construction season and then continued to decline throughout the rest of the year. Of those in-migrants who responded to the HRPI survey, a majority indicated that they were destined for primarily Anchorage and Fairbanks. Over the year, approximately 27 percent of the in-migrants were destined for Fairbanks and around 24 percent were destined for Anchorage. It is interesting to note that at the time of the survey about half of the in-migrants had planned to stay in Alaska for over 12 months. On the other hand, almost 33 percent indicated that they would remain in Alaska less than 6 months. The HRPI study indicated that the length of stay in Alaska reported by the in-migrants was related to the expectations they had on their duration of employment. This would seem to indicate that without employment

in-migrants would not remain within the state but would seek employment elsewhere in the lower 48.

A further indication of the impact of pipeline completion can be seen by looking at the number of initial interstate liable claims for unemployment insurance benefits filed over the last two years. Interstate liable claims are filed by eligible workers who, at one time, worked in Alaska but now have left the state. During the first two years of the pipeline's construction, activity along the line followed normal seasonal patterns as shut downs usually occurred in December and January. However, the volume of claims filed has increased dramatically. The number of initial claims filed during the peak month has increased from 1,957 in January 1973, to 4,071 during January of 1976.

The true impact of the oil pipeline on interstate liable claims has become much more apparent in recent months. Since permanent lay offs on the pipeline began in late September, the number of interstate claims has jumped to record levels. There were 4,678 initial interstate claims in October and 5,061 initial interstate claims in November. When taking into account the correlation between construction activity on the trans-Alaska pipeline and the number of initial interstate claims, the tremendous increase in interstate liable claims in recent months is quite significant. A large percentage of those people laid off from pipeline construction are immediately leaving the state.

This massive out-migration of workers leaving Alaska will most certainly have some effect on the State's economy. Currently, the economy is going through a period of readjustment which has been precipitated by the expectations held by business and the public about the coming winter season. Fortunately, most businesses, who are not directly involved in pipeline construction, have not been forced to layoff workers. However, the hiring of new additional employees is more the exception than the rule as employers cautiously await the arrival of the Christmas shopping season. This cautious attitude is particularly evident among employers in the trade industry.

The coming months are seen as a crucial turning point for Alaska's economy in the short term. Depending upon the commercial success or failure of the coming holiday season, employment within the state will stabilize or continue to decline.

ALASKA LABOR MARKET IN SEPTEMBER

Employment and Unemployment: Total employment in Alaska during the month of September dropped approximately 4.4 percent. However, on a positive note, the number of unemployed also dropped slightly during the same period. A reduction in the state's labor force has made this condition possible. Large numbers of pipeline workers are now being layed off and leaving Alaska as pipeline construction nears completion. This situation is further verified by the fact that in recent months the number of initial and continued interstate liable claims have jumped precipitously compared to the intrastate claim case load.

Mining: Employment in the mining industry continued to decline during the month of September. The number of employed dropped approximately 4 percent during September. As in the previous month, the gas and oil extraction industry was the primary cause for the employment decline in this industry. It should be noted, however, that work during this time of year is generally slow as companies wait until freeze-up before going out into the field.

Construction: Fed by lay offs along the oil pipeline, construction employment dropped roughly 5.6 percent during the month of September. Generally, employment in non-pipeline related construction projects remained relatively stable taking advantage of the unseasonably warm fall weather.

Manufacturing: Employment in the manufacturing industry dropped approximately 11 percent during the month of September. Most of this decline was in the food processing industries which declined more than 23 percent during the month of September. It should be noted that this decline in the food processing industry is normal as the fishing season comes to a close during the autumn months. A positive note in the manufacturing industry was the increased employment in the lumber and wood products sector. Employment in the logging industry was up slightly over August and up more than 31 percent over the previous year. This was mainly due to the warm weather in Southeastern Alaska and a lack of snow in the mountain forests.

Transportation: Employment in the transportation industry again declined during the month of September, dropping approximately one percent from the previous month. Employment in this industry is expected to continue to slowly decline with the coming of the colder winter months.

Trade: Employment in the trade industry remained