

STATEWIDE IN ALASKA

Highlighting 1971 economically was the lull in oil activity on the North Slope which began in 1970. Employment in the oil industry moved to its lowest point in three years in the latter months of 1971, as there was nearly no new drilling activity. The low levels of employment and activity in this industry had a multiplier effect on other industries as well which served to hamper the economic growth of Alaska in 1971.

In addition to the hiatus in oil activity, there were a number of other significant developments which impacted the State's economy in 1971. These include: Governor William A. Egan's proposal for State ownership of the Trans Alaska Pipeline; the nation-wide wage-price freeze and subsequent economic controls which could have a significant effect on several Alaskan industries; the apparent intention of a Canadian firm, the Lost River Mining Company, to embark upon the first major mineral development in Alaska in recent years; the devaluation of the U. S. Dollar overseas, which may boost exports of Alaskan raw materials; the continuing importance of the Japanese investment dollar in Alaska; continued expansion of services offered by State and local governments.

EMPLOYMENT: Alaska's unemployment rate in 1971 surpassed the figures for 1970 consistently throughout the year. Causal factors in addition to those mentioned above are: high levels of unemployment nationally, particularly in the Pacific Northwest, which led to a large influx of workers into Alaska throughout 1971 who could not find employment immediately. Also contributing was the large number of young people who reached working age during the year. Brightening the economic picture for 1971 was the substantial increase in total employment throughout the year, especially in the government sector and manufacturing industry.

Employment is likely to continue its upswing throughout 1972 and could, in the event of a 1972 starting date for pipeline construction, increase at record rates. When pipeline construction begins, the heavy in-migration of job seekers should hold unemployment close to 1971 levels.

1971 will be recorded as only an average year for Alaska's fishing industry. Salmon landings were only average, barely surpassing the 20-year average for the industry. Shrimp catches were the bright spot in fisheries in 1971 on the strength of record landings in the Kodiak area. King Crab production was up in 1971 and there is cautious optimism around the industry that populations of King Crab in Alaskan waters may be on the upswing. Landings of tanner and dungeness crab were significantly lower than the three-year average in 1971. Recent information released by the Federal Food and Drug Administration has effectively dispelled concern over mercury concentrations in halibut and no restraints such as those imposed on this industry in 1971 are expected in 1972.

Alaska's mining industry, exclusive of the petroleum sector, remained fairly dormant throughout 1971, although there is promise that 1972 will see an end to the years of virtual inactivity in the hard-rock industry. Development of a fluorite mine at Lost River on the Seward Peninsula seems a certainty and promises to be a great boost to the economy of this area. The Mitsubishi Corporation is continuing its feasibility study of mining the Klukwan iron ore deposits and observers are optimistic that a large ore extraction operation will be developed in the near future. Interest in mining in the Glacier Bay National Monument came to the front in 1971 following an announcement by the National Park Service that they considered mineral deposits in the area to be of secondary economic importance. Federal agencies are

currently reviewing the status of the area for possible reclassification that would preclude any mineral development.

1971 must be viewed as a good year for the construction industry. Although spring was late in coming to many regions of the State, particularly the interior, contractors generally made up for lost time. The west coast dock strike had some minor effect on the industry but these problems were generally overcome. Encouraging on the construction scene in 1971 was the balance between public and private projects. Highway, sewer systems, airports and educational facilities work highlighted the public sector while service-related facilities and housing projects were primary among privately financed construction.

Alaska's mediocre 1971 salmon runs produced only average employment levels in the manufacturing industry. Employment in the timber products industry was again only average. Continued delays in the development of a pulp mill in Southeast Alaska have raised fears that the project will be abandoned entirely limiting potential employment increases in the timber sector. As mentioned before, the recent dollar devaluation should boost the timber export trade in Alaska.

The year 1971 was one of only average activity in the transportation industry. Employment levels did not exceed those noted in 1970 and were oftentimes lower despite a healthy boost in tourism in 1971.

Causal factors were (1) the generally poor financial condition of the air transportation industry nation-wide; (2) multiplier effects of the west coast dock strike; (3) absence of oil-related activity throughout the State.

The continued population increase and the potential for long-term economic growth in Alaska spurred steady employment increases and facilities construction in the trade industry. The solid growth here serves to temper the optimism-pessimism cycle of the Alaska economy. Steady growth is forecast for 1972 and beyond. The services industry shared in the optimism typical of consumer-related industry in Alaska. Construction of new hotels and motels, particularly in the Anchorage area portends well for this industry in future years.

The year 1971 saw a decreasing level of federal government employment but large increases at the State and local level. The drop in federal employment is reflective of the reduction in scope of Department of Defense operations in the State. The expanding employment of State and local governmental agencies is in response to increased need and demand for government services as the State grows. State and local government employment is expected to continue the trend established in 1971. Overall, 1971 is seen as a slightly better than average year economically considering the lack of activity on the North Slope. Optimism surrounding the national economy and the potential 1972 start of pipeline construction are reasons to suggest that 1972 may be one of the best, economically speaking, in Alaska's history.