S. E. ALASKA TIMBER INDUSTRY
by Kitri Euler

There is an air of uncertainty in the forests of Southeast Alaska. An unresolved question exists concerning the future of the timber industry — will it continue to be the economic backbone of this region, or will it decline to insignificance?

There are many factors influencing the industry’s future status: state and native land selections (ranging from 500,000 to 900,000 acres), a depressed market for Alaskan forest products and U.S. Forest Service policies and constraints are a few. However, one of the most important and, of course, most controversial, remains the federal land reclassification issue.

Subsection 17(d)(2) of the Alaska Native Claims Settlement Act of 1971 requires the Secretary of the Interior to classify up to 80 million acres of land in Alaska into National Park, Forest, Wildlife Refuge and Wild and Scenic Rivers Systems by December, 1978. Under legislation proposed by Representative Morris Udall of Arizona, 4.4 of the 15.4 million acres in the Tongass National Forest in Southeast would be set aside as wilderness. The House Interior Subcommittee on General Oversight and Alaska Lands, chaired by Representative John Seiberling of Ohio, has proposed 4.84 million acres be withdrawn as wilderness, with an additional one half million acres placed in wilderness study. Any development activity as logging or mining would be precluded from these areas.

Congressman Don Young recently submitted various questions to the U.S. Forest Service regarding potential impacts of H.R. 39 (Udall’s bill) on the timber industry in Southeast. In his written response, Forest Service Chief John McGuire concludes the industry can maintain present levels, providing certain conditions are met. They are:

1. Most of the remaining timber must be economically operable.

2. No further restrictive land designations will occur which will lower the potential yield below 630 million board feet.

3. The timber industry must invest in modern logging equipment to harvest additional special and marginal timber to maintain present levels.”

In stating these conditions, however, McGuire pointed out there were valid uncertainties about each of them.

According to McGuire, the annual timber harvest in the Tongass over the last three years averaged 481.4 million board feet. Of that, 90.5 percent came from “standard” land, and 9.5 percent came from “special” and “marginal” land. Special forest land includes those areas which are accessible but where environmental interests must be protected, usually increasing the cost of logging; marginal forest lands are those with low product values, involve high development costs, or where resource protection constraints exist. Of the potential yield of 630 million board feet mentioned above, 53 percent would come from standard land and 47 percent would be taken from special and marginal land.

Past harvest of the special and marginal lands has been incidental to the standard timber harvest, according to McGuire. In order to maintain present levels of employment in the industry, future harvests from such lands must be increased, he added, regardless of pending legislation. This would require investment in special equipment by the logging industry and utilization of logging techniques not now commonly practiced in Southeast. Industry contends an uncertain world market for forest products will not permit extensive new capital investment. However, if the industry only takes 5 percent of its harvest from these lands, the Forest Service predicts the land withdrawal legislation will adversely affect employment levels. McGuire reports possible job losses ranging from 1,248 to 1,674 out of 5,800 (F.S. estimate) existing timber-related jobs. If 10 percent of the harvest comes from special and marginal lands, the Forest Service predicts job losses ranging from 957 to 1,477. Because of current timber sale contracts, there would be a 3 to 5 year lag before employment levels would begin to decline, affecting smaller, independent timber businesses first.
A report prepared by Alaska Lumber and Pulp Company of Sitka estimates a possible loss of 2,000
timber-related jobs if H.R. 39 passes. It is their
contention that this estimate is more credible than
the Forest Service figures. The ALP report states
that their assumptions regarding existing economic
conditions and the difficulties and expense of logging
on special and marginal lands are more realistic, based
on extensive first hand knowledge of conditions on
the ground.

Keith Stump, public information officer for the
Alaska Logger’s Association in Ketchikan, stated in
a recent interview that one cannot say H.R. 39 won’t
adversely affect the timber industry. However, he
added the industry operates on a sustained yield
basis, so any cutback in acreage will have an adverse
influence on employment levels. According to John
Raynor of the U.S. Forest Service office in Juneau,
sustained yield is the yield a forest can produce
continuously at a given intensity of management.
Timber management activities are primarily governed
by the Multiple-Use, Sustained-Yield Act, the
National Environmental Policy Act, and the National
Forest Management Act.

There are other proposals being studied regarding
land classification in the Tongass. Citizens for the
Management of Alaska Lands (CMAL) has proposed
that 5.6 million acres be set aside as national
recreation areas and wilderness study areas. The
Alaska Loggers Association supports CMAL’s
proposal; timber harvest would be one potential use
in these areas. The Forest Service is in the process
of preparing a Tongass Forest Land Management
Plan, scheduled to be completed by December, 1978.
The plan will attempt to resolve the wilderness
allocation question by allocating land areas to various
uses or combinations of uses (e.g. wilderness,
dispersed and developed recreation, wildlife
management, and timber management). Other
organizations who have prepared proposals include
the Yakutat Citizens Involvement Group, the
Wrangell Chamber of Commerce, Alaska Department
of Fish and Game and the Southeast Alaska
Conservation Council (SEACC).

Federal land reclassification in the Tongass is
inevitable; the consequences of whatever proposal
adopted by Congress will surely have a major impact
on future jobs in the Alaska forest products industry.
But the industry’s own response, its ability and
willingness to adapt, also remains a determinative
factor.

While the timber industry in Southeast Alaska is in
a state of uncertainty, one would expect the city of
Ketchikan to be in a similar situation. City residents
might argue otherwise.

Ketchikan has suffered setbacks in recent years. Poor
pink salmon catches in S.E. Alaska resulted in lower
than normal employment levels in seafood-related
businesses in 1974, 1975 and 1976. In 1975 the
Ketchikan Pulp Company (now Louisiana-Pacific
Ketchikan Div.) announced intentions to close down
their Ward Cove pulp mill — the single largest
employer in the area — by July 1, 1977. Because
of prohibitive costs, the company decided not to
build a secondary effluent treatment plant required
by the U.S. Environmental Protection Agency,
necessitating the closedown. Since fishing and
forestry form Ketchikan’s narrow economic base,
these events caused much community apprehension.

The picture in Ketchikan is markedly improved this
year. The 1977 salmon harvest was extremely good
— the best since 1963 according to William Moran
of the First National Bank of Ketchikan. He credits
improved fisheries management and institution of the
200 mile limit as responsible for the unusually large
run.

In addition, the pulp mill will remain in operation.
A compromise is now in effect between LPK and
the EPA, consisting of fines and phased
environmental improvements.

At the time the pulp mill closure was a strong
possibility, the Ketchikan Gateway Borough created
the position of Economic Development Specialist
This action was taken in order to develop
diversification in the borough economy and pursue
development options. Among the priorities for
economic diversification developed by the economic
specialist, Mr. Ira Winograd, and the Ketchikan
Overall Economic Development Program are.
# Logging, Lumber and Pulp in Alaska
## Employment and Earnings

| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | AVE. | TOTAL | AVE. |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-------|------|
| 1970 | 1892 | 2034 | 2735 | 2993 | 3033 | 3115 | 2978 | 3186 | 3205 | 3088 | 2658 | 2176 | 2758 | 36,711,125 | 1109 |
| 1971 | 1866 | 1881 | 2185 | 2834 | 3183 | 3308 | 3301 | 3365 | 3309 | 3013 | 2667 | 2247 | 2763 | 37,799,071 | 1140 |
| 1972 | 1844 | 1835 | 2043 | 2789 | 3090 | 3245 | 3342 | 3462 | 3486 | 3149 | 2986 | 2471 | 2812 | 40,887,432 | 1212 |
| 1973 | 2059 | 2340 | 3047 | 3392 | 3639 | 3784 | 3721 | 3562 | 3455 | 3481 | 3259 | 2647 | 3199 | 49,843,377 | 1298 |
| 1974 | 2299 | 2480 | 2815 | 3554 | 4015 | 4326 | 4398 | 4370 | 4245 | 4079 | 3849 | 3245 | 3639 | 63,268,342 | 1449 |
| 1975 | 2518 | 2571 | 2881 | 3387 | 3660 | 3778 | 4120 | 4184 | 4119 | 3786 | 2908 | 2420 | 3378 | 63,234,023 | 1560 |
| 1976 | 2245 | 2326 | 2675 | 3046 | 3429 | 3682 | 3686 | 3931 | 3963 | 3742 | 3452 | 2903 | 3248 | 72,243,168 | 1853 |

### SOUTHEAST ALASKA

| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | AVE. | TOTAL | AVE. |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-------|------|
| 1970 | 1792 | 1947 | 2640 | 2837 | 2897 | 2985 | 2865 | 3036 | 3040 | 2903 | 2489 | 2034 | 2622 | 35,460,021 | 1127 |
| 1971 | 1737 | 1746 | 2040 | 2649 | 2966 | 3077 | 3067 | 3107 | 3065 | 2847 | 2512 | 2118 | 2581 | 35,887,403 | 1159 |
| 1972 | 1706 | 1755 | 1953 | 2667 | 2960 | 3088 | 3161 | 3262 | 3306 | 2971 | 2858 | 2361 | 2670 | 39,331,793 | 1228 |
| 1973 | 1960 | 2255 | 2920 | 3237 | 3470 | 3587 | 3531 | 3352 | 3257 | 3281 | 3094 | 2512 | 3038 | 47,827,097 | 1312 |
| 1974 | 2171 | 2327 | 2645 | 3310 | 3717 | 3961 | 3955 | 4005 | 3895 | 3686 | 3478 | 2948 | 3342 | 58,626,162 | 1462 |
| 1975 | 2202 | 2218 | 2497 | 2949 | 3411 | 3246 | 3499 | 3529 | 3505 | 3195 | 2370 | 1932 | 2879 | 53,693,774 | 1554 |
| 1976 | 1835 | 1885 | 2120 | 2543 | 2920 | 3121 | 3072 | 3309 | 3331 | 3300 | 3019 | 2505 | 2747 | 61,047,740 | 1812 |

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<th>MAR</th>
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Source: Unemployment Insurance Contribution reports filed quarterly by employers in compliance with the Alaska Employment Security Act. These figures do not include indirect employment generated by logging, lumber and pulp activities.
Annual Averages

Private Employment in the City of Ketchikan
by Industry**

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<td>Construction</td>
<td>185</td>
<td>138</td>
<td>316</td>
<td>436</td>
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<td>1254</td>
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<td>394</td>
<td>506</td>
<td>499</td>
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<td>699</td>
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<td>1026</td>
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<td>119</td>
<td>133</td>
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<td>2841</td>
<td>3401</td>
<td>3672</td>
<td>3971</td>
<td>3568</td>
<td>3847</td>
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* Withheld to comply with disclosure regulations.
** Source: Unemployment Insurance tax reports, filed quarterly by employers. Notable groups not covered by U.I. include self-employed persons, unpaid family workers, domestics and agricultural workers.

1.) Fisheries diversification. A study has been undertaken to determine the feasibility of developing a local year-round ground fisheries industry. Also, planned expansion of Bar Point Harbor will increase mooring capacity in Ketchikan for fishing vessels. The Corps of Engineers plans to add 350 commercial berths to the existing harbor.

2.) Tourism development. Plans for a theatre/convention/recreation center have been proposed; Ketchikan hopes to develop its tourist industry into a year-round business. With adequate convention facilities, the city will not be so dependent on tour ship cruises for visitor trade. A new City Dock was constructed and received its first tour ship this last July.

3.) Encouragement of an Alaska Marine Highway winter maintenance program. To further reduce the seasonality of Ketchikan's economy, the borough is attempting to convince the A.M.H. Administration and the State Legislature to locate winter maintenance activities for the State ferries in Ketchikan. In 1976, the State Legislature contracted out for a marine maintenance feasibility study. Conducted by Kent Miller, the study indicated that Ketchikan is the most feasible site for winter maintenance.

Mining offers one of Ketchikan’s best hopes for future economic diversification. U.S. Borax and Chemical, a California-based corporation, has discovered a large deposit of molybdenum near Boca de Cuadra, 50 miles east of Ketchikan. Although the mining activities would be largely outside of local control, the borough anticipates some stimulation of its economy. The borough hopes to establish communications with U.S. Borax and conduct impact analysis of alternative development proposals. Development of the mining site is not certain, however; environmental regulatory matters have not been settled.

Certainly, economic diversification cannot be achieved overnight. Ketchikan, however, is making a concerted effort toward that goal. There are good indications that if Alaska's fourth largest city does expand its economic base, it will remain a viable community and continue to exhibit a steady growth in the future.

ALASKA'S LABOR MARKET IN OCTOBER

Employment & Unemployment: Total unemployment in Alaska increased approximately 17 percent from September to October. During the month approximately 10.7 percent of Alaska's labor force was unemployed. Much of the increase in