

ALASKA'S ECONOMY 1977

By Christopher L. Miller

Alaska's labor market in 1977 will be marked by a significant reduction in the number of persons actively participating in the labor market. The primary factor behind this trend will be the completion of the trans-Alaska pipeline. At the close of 1976, large numbers of pipeline workers began to leave the state. Though the current massive reduction in the labor force may have already peaked, there may be a secondary migration of workers that could continue for several months. Most of the migrants who will makeup this secondary migration will in most probability be transient workers from the service industries who came to Alaska in search of work during the pipeline boom years. Although Alaska may experience a large reduction in employment a drop to pre-pipeline employment levels is not expected.

It should be pointed out that the new year will by no means be completely dismal for Alaska's labor force. During 1977, there will continue to be a great deal of economic activity throughout the state. The trans-Alaska pipeline still is not complete and may require as many as 6,000 workers to finish the job on schedule by early this summer. However, the pipeline's effect on the labor force will decline to a point where activities along the line will be insignificant compared to the Alaskan labor force as a whole.

One of the most important factors contributing to Alaska's economic stability will be government employment and spending. Approximately one fourth of Alaska's labor force is employed by government on either the federal, state or local level. As well as this direct employment, jobs provided through the construction of capital improvement projects will continue to be an important factor in the state's economy in 1977. Many projects are carry-overs from 1976. Though overshadowed in 1976 by the trans-Alaska pipeline, construction of the Chena Lakes flood control project is still going on and is now valued at more than \$186 million.

The entrance of the twelve regional native corporations into Alaska's economy continues to

grow in importance. The native corporations have invested in a wide variety of ventures, ranging from mining and fishing to real estate. The corporations have centered their investments in Alaska and have been reasonably successful at providing jobs for their share holders. The coming year may provide the acid test for the regional corporations as they begin to operate in the much more competitive post pipeline era.

The most noteworthy development to occur in 1977 will be the search for offshore oil in the Gulf of Alaska. The search for offshore oil has already begun to impact several communities around Alaska's gulf coast. It is generally believed that the communities of Yakutat, Kodiak and Seward will be most directly affected by offshore oil development in the Gulf of Alaska. At the present time most activity occurring offshore has been in the eastern gulf. Through at least the first half of 1977 employment related to offshore oil development will be primarily centered around the cities of Seward and Yakutat. Both of these communities are relatively small and the impact of this activity is already quite substantial. Due to the high degree of technical skill required in offshore oil work, most persons hired to work on the oil rigs will be experienced workers from outside the state. However, employment opportunities may develop for Alaska's labor force in support industries as they expand in an effort to provide services for the oil companies and their workers.

If the current schedule for offshore lease sales remains in effect, offshore development will spread to the western Gulf of Alaska in 1977. It is anticipated there will be a sale in the lower Cook Inlet in February and another sale near Kodiak by November.

Also in November of this year, a final decision on the route of the north slope gas pipeline will be made. Preliminary decisions will be made as early as May, but there is sure to be a great deal of debate before a final decision is reached. Though actual construction of the pipeline will not begin in 1977, the success or failure of the proposed trans-Alaska gas pipeline will have a significant impact upon the state's economy.