

## STATEWIDE IN ALASKA

Alaska's personal income so far in 1971 has on a year-to-year basis failed to rise at the rate noted for the same period during 1970. The first seven months of 1971 when compared with the corresponding time span in 1970 show a gain in total personal income of 10.3 percent. From 1969 to 1970 a substantially greater 16.2 percent advance was noted. A number of factors were responsible for this comparatively slack performance in the personal income sector. Uncertainties relating to the pipeline project have kept petroleum activity on the North Slope at low levels. In addition contract construction, while proceeding at a fairly brisk pace has generally trended below last year's high levels. In the logging, lumber and pulp sector, poor market conditions for Alaska's wood products have resulted in shortened work weeks for employees of many wood processing plants and has depressed personal income for the timber industry, as a whole.

The only sector that really has looked strong during 1971 is State and local governments. Both these areas showed substantially higher employment during the first seven months of 1971 than was the case during the same period in 1970. Furthermore, much of the construction that is taking place in Alaska during 1971 is due to demands from within the public sector. Notable examples of this are the State office building, being built in Juneau, and the extensive highway and airport construction going on around the State.

For a number of reasons, personal income's rate of rise for the rest of 1971 will at best only equal that noted during the first seven months of the year. The first of these is the generally lower level of activity in some of the higher paying sectors of the economy. In mining, where employment was off by 300 from last year's figure during August, average weekly wages have remained at around the same levels as were noted a year ago. Without a go-ahead for a beginning of work on the Trans Alaska Pipeline project, employment will probably remain at or below last year's levels. Indeed at this writing little if any

exploratory drilling is anticipated on the North Slope during the upcoming drilling season. Since winter normally sees the greatest amount of drilling activity, this lull could cause an actual over-the-year decline in personal income for mining during the last part of the year when compared with 1970.

In construction, although weekly wages have risen radically over the year, employment there will probably continue to be down sufficiently from last year to limit the industry's contribution to personal income. In manufacturing, although wages were also up in most sectors, generally lower levels of employment for the rest of the year in the crab processing sector will probably hold total personal income close to last year's levels. In addition there is little indication of any let-up in the poor Japanese market conditions that have plagued the wood products sector of manufacturing. The lack of any improvement here may portend shortened work weeks and possibly layoffs for workers in some of Alaska's wood processing plants this winter.

Another factor which is bound to have some effect on personal income for the rest of the year is the wage-price freeze. However, in view of the fact that Alaska's economy was already beginning to decline seasonally, these effects should be relatively minimal. Furthermore, most previously agreed upon wage increases in various industries, notably construction, had already taken place prior to the imposition of the freeze.

On the plus side, as was the case during the first half of the year, expansion of State and local governments will provide a spur to Alaska's personnel income. In addition, gains have been noted in trade and services. However, given the over-the-year declines in construction manufacturing and mining, it is unlikely that these sectors by themselves can trigger the kind of astronomical personal income gains that have characterized Alaska's economy during the past three years.