

Calendar year 1971 should see at least a temporary stabilization of Alaska's economy following the fluctuations that began in 1968 with the discovery of oil in the State's far North. It is now a virtual certainty that the building of the billion dollar Trans-Alaska Pipeline to transport the oil will be delayed for yet another year. This will result in a retrenchment and general scaling down in areas of the economy directly effected by the massive project, notably wholesale trade, construction, and mining. For the State government, the delay means that North Slope oil revenues will not begin filling the treasury's coffers as early as was originally expected. However, it also means additional time for planning to insure that Alaskans reap the maximum economic benefits, particularly in terms of employment, from the massive project once work actually begins.

Without a beginning of work on the pipeline during 1971 total employment should increase at about the same rate as was the case during 1970. Areas showing the largest gains will be trade, services and transportation, communications and public utilities. A decline will be noted in food processing while employment in mining and construction is expected to about equal 1970 levels.

Pipeline Snarl Throttles Mining: Due to the continuing blockade of the pipeline project, little change is anticipated in petroleum industry employment. In fact as long as the granting of a construction permit lies in the future, oil activity is likely to remain at a low level. If, by some miracle a permit is granted by fall, it could touch off a sharp rise in drilling and exploratory activity on the North Slope next winter.

In hardrock mining, employment is not expected to increase radically during the coming year. As in the past two years, mineral activity will be largely exploratory in nature. However, the possibility does exist that work preliminary to actual development of specific deposits surveyed during the past two years may take place. Areas of probable development include Seward peninsula fluorite deposits and copper claims at the base of the Alaska Peninsula.

Construction To Continue Strong: The outlook in the construction industry is for employment during 1971 to about equal the previous year's high level. Much of the impetus will come from the public sector where some \$150 million in State authorized construction alone is slated to go during the coming season. Anchorage and Fairbanks both look for a good deal of University of Alaska related work. In Southeast Alaska construction is to begin in Juneau on the new State office building. Other government related work will include various city and borough projects throughout the State and a continuation of work on the federally funded Snettisham hydro-electric complex south of Juneau.

In the private sector the construction picture is somewhat clouded. Work is expected to continue at high levels on many service related projects particularly in the Anchorage area. However, due to pipeline delay some oil industry related projects slated to begin during the coming fiscal year may be postponed. In addition, as a result of the economic slowdown being experienced by the State there are indications that a housing surplus may be about to develop in the Anchorage area. If such becomes a reality, housing starts in the State's largest city could fall below projected levels, causing a drag on employment in construction as a whole.

Manufacturing Employment May Trend Below 1970's Levels: Employment in seafood processing which accounts for the largest portion of manufacturing employment will probably fall below 1970's levels in 1971. This will cause employment in manufacturing as a whole to be lower over the year. Last season saw one of the largest salmon packs in Alaska's history. This outsized pack resulted in much higher employment than normal during the peak salmon canning months. However, in spite of lower levels of employment in salmon canning during the upcoming fiscal year the industry's broad outlook is far from bleak. In the northern portion of the State, Native owned and run cooperatives have begun to exert a good deal of economic pressure, both as a source of employment for area residents, and as a market for salmon caught by local fishermen. In South-central Alaska a number of new facilities are being built to handle a wider variety of seafood. Furthermore, established operations are being modified to process additional species. The net result of this diversification will be to reduce the seasonal character of what has been the most seasonal of Alaska's industries. This, in turn will produce more stable employment for Alaskans engaged in seafood processing related occupations during the upcoming year and thereafter.

Alaska's timber industry should continue its long term growth during 1971. New sawmills in both the Southcentral and Southeastern regions of the State will add at least 100 new jobs in primary processing as well as creating additional employment among logging contractors. Demands for round logs and some cut lumber from North Slope operators should keep interior and northern Alaska timber cutters fairly busy during 1971. As in previous years, Japan will continue to be the major buyer of Alaskan timber products.

Air Transportation On The Rebound: After an extremely bad year for Alaska's air cargo industry brought about by the precipitous decline in North Slope oil activity, things appear to be on the upswing. The drop in Arctic petroleum operations appears to have leveled off. Indications are that activity will at least remain constant until pipeline work begins. With no massive sealift, such as occurred last year, the air route will be the only means of getting in supplies to North Slope facilities. Although air cargo activity between Fairbanks and the Arctic will fall far below calendar year 1969's fantastic levels it should still be sufficient to keep air cargo operators fairly busy.

With tourism in Alaska expected to resume its long term growth during the coming year passenger carrying airlines should also increase their employment. In fact if some optimistic projections by the travel industry come to pass, passenger carrying airlines could have one of the best years in the State's history.

Employment in water transportation and trucking and warehousing should hold fairly constant. Increases in volume of cargo will be offset by technical innovations in cargo handling, such as increased use of containerization, resulting in little change in employment over the period.

ACS Transfer Spurs Communications And Utilities Employment: Employment in the communications sector will show a sharp increase during 1971. Responsible in part for this expected gain is the transfer of the Alaska Communication System to private ownership which took place during early 1971. (It should be noted that the transfer resulted in a corresponding decline in federal employment). Also

contributing to employment growth in communications, however, will be the proliferation of, and improvement in, communications related services resulting from the transfer. Utilities employment will increase in response to an expanding population and growing economy.

Tourism To Help Growth In Trade And Services: Increased tourism, declining unemployment, and population growth should combine to cause employment in the retail sector of trade to advance during 1971. This gain should exceed that which was noted during 1970. As the economy stabilizes and job prospects get better, Alaskan consumers will become more inclined to spend money, much to the joy of the State's retailers. Tourism and the entrance of new consumers into the economy will further increase consumption causing further employment growth among retail outlets. Wholesale trade should continue to expand due to gains in the retail sector and in other areas of the economy, particularly communications and services.

If tourism lives up to preliminary expectations, 1971 should see substantial growth in Alaska's service industry. Many of the hotels and motels that were under construction last year, particularly in the Anchorage area, are now completed. The jobs they create will swell Alaska's service industry employment once the tourists begin arriving. Growth in this area is extremely important when it is realized that the service industry is an excellent source of work for disadvantaged graduates of manpower training programs.

Easier Money Brightens Outlook For Finance Insurance And Real Estate: An easing of the tight credit, which held borrowing down during 1970, should help to spur employment in the financial sector during the coming fiscal year. In the area of real estate, growth will occur as easier money allows more people to build dwellings and buy property. In the banking industry, loosened credit combined with improving economic conditions will encourage more borrowing for expensive consumer items such as new cars, purchase of which had been deferred by consumers in expectation of better times.

Federal Cutbacks And Budgetary Problems Hinder Growth In The Government Sector: Federal employment in Alaska during 1971 is expected to drop slightly from the past year. The transfer of the Alaska Communication System, to RCA-Alascom, which took place in January, will depress levels of federal employment as these employees change industries. In addition the approaching completion of work at the underground nuclear blast site on Amchitka Island by the Atomic Energy Commission has further reduced federal hiring. Also contributing to the decline in federal employment will be the manpower reduction of the Kodiak Naval Station and deactivation of Army anti-aircraft missile batteries near Fairbanks.

Recent worries within the State government concerning the dwindling funds available to continue to finance established programs has placed a damper on the creation of new State positions in 1971. This plan of action is expected to continue until a definite date for the receipt of oil royalties from the North Slope is known. Until this time expenditure of State funds will be curtailed somewhat in the interest of maintaining financial solvency.

However, even with the new budget consciousness, State employment is expected to grow during 1971 as the State continues to take over past federal functions. The relinquishing of Bureau of Indian Affairs schools to the State operated school system will continue as in the past. In addition, the creation of a new Department of Environment, should it occur, would also create considerable State government employment.

Employment in local government is expected to expand as the result of a growing population. Also, many sources of federal monies can be made available to help the financial needs of Alaskan towns. These services will continue to grow with the needs and wants of the people.

COMMERCIAL FISHERMEN ESTIMATE: An Economic Analysis paper exploring the impact of commercial fishermen on Alaska's workforce has been prepared by the Research and Analysis staff and is now made available to the public. The paper presents employment estimates on commercial fishermen by month for the years 1965, 1966 and 1967. Annual averages are presented for these years and 1968, 1969 and 1970. This paper represents the first step in what is hoped will turn into a detailed study of Alaska's commercial fisherman. This paper represents the first time isolated monthly employment figures have been presented on commercial fishermen in Alaska. Estimates were derived from Department of Fish and Game fish tickets and International Pacific Halibut Commission estimates. Copies of the paper be obtained by writing: Department of Labor, Research and Analysis Section, Box 3-7000, Juneau, Alaska 99801.

MANPOWER TRAINING PROGRAM EVALUATION STUDY: Since 1962 the Departments of Labor and Education have trained some 5000 Alaskans under the Manpower Development and Training Act. However, while the programs involved have appeared successful, scant follow-up information has been compiled to support the assumption that this training is an effective means of getting the disadvantaged person into Alaska's economic mainstream.

In hopes of filling the void stemming from this lack of follow-up information, Research and Analysis is presently engaged in developing a computerized method of evaluating various manpower training programs. Results of the study will be primarily intended for those involved in the administration of various manpower programs (MDTA, Job Corps, WIN, OJT, etc.). Since the administration of training programs crosses division and department lines, Labor's Manpower Training Division and Employment Security Division as well as Education's Vocational and Adult Education Division are involved in the project. The information system will be directed towards answering the following questions on a continuous basis:

- a) How many trainees find employment after training?
- b) How many trainees finding employment are employed in training related occupations?
- c) Are these employed trainees earning a higher income after training has been received?