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Final Edition

Anchorage Daily News

Sunday, January 13, 2002

ALASKA'S NEWSPAPER

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WHERE THE MONEY IS GOING

Registering Alaska snowmachines has raised more than \$500,000 in three years — for trails and safety.

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IT'S A HAMMER TOWN

Matt Hammer, who has played shows in and around Southcentral Alaska for decades with every musician in town, just turned 50.

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COMFY CAFE IN BUTTE

What the world needs is a Ronda's Cafe on every corner, a place where nobody has to eat alone. Butte has the real thing.

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SALMON S.O.S.



Alaska's wild salmon industry is clogged with thousands of boats, many more than necessary to catch fish returning to Bristol Bay and other areas. High costs make the industry vulnerable to low prices created by a dramatic rise in farmed salmon.

On the rocks

Alaska's historic salmon industry faces unprecedented threat

By WESLEY LOY
Anchorage Daily News

When Dick Jacobsen was a kid, his family had to abandon his home village of Squaw Harbor on Unga Island along the south Alaska Peninsula. The island's industries had dried up, the people had fled and finally the school closed.

Now Jacobsen, a Sand Point resident and mayor of the Aleutians East Borough, is trying to save other towns in the region.

And that means saving the commercial salmon industry.

"I've been a fisherman all my life," he said. "I started fishing with my dad when I was 6. We can't exist on what we're doing anymore."

Salmon fishing, a bedrock Alaska industry for more than a century, is withering.

The numbers have been tallied from last summer's harvest, and they are bittersweet.

Although the state remains blessed with scads of salmon — nearly 175 million fish were landed last summer — fishermen took home only \$216 million for them, less than half what they got 15 years ago.

The horizon is black with storm

clouds:

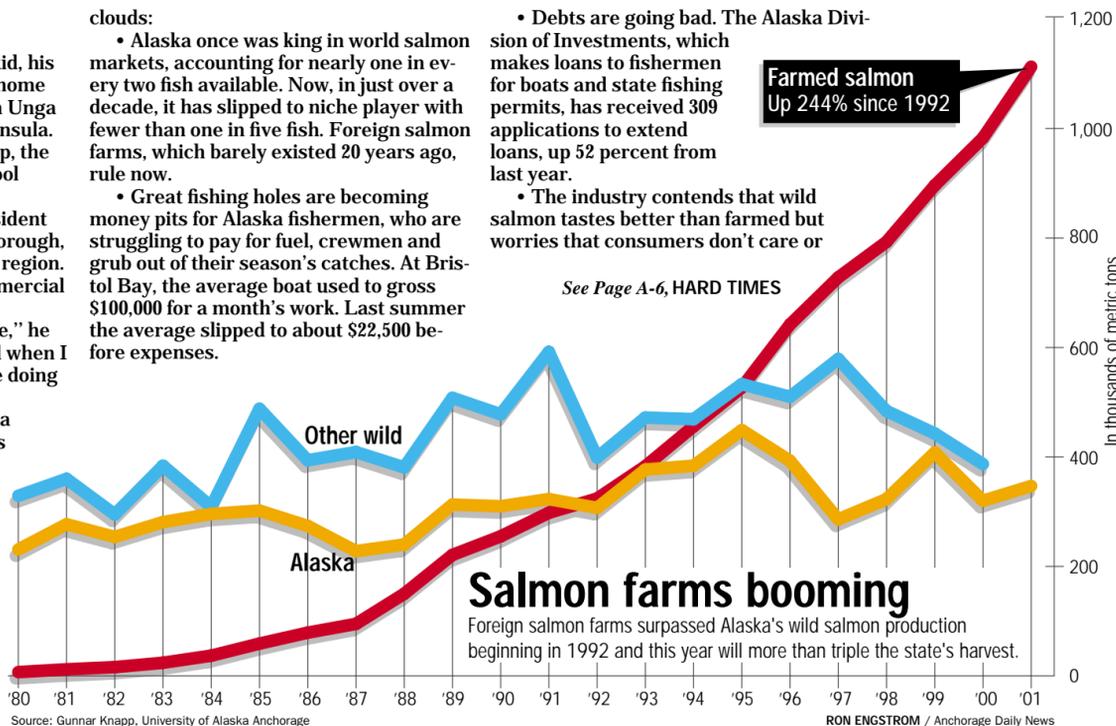
- Alaska once was king in world salmon markets, accounting for nearly one in every two fish available. Now, in just over a decade, it has slipped to niche player with fewer than one in five fish. Foreign salmon farms, which barely existed 20 years ago, rule now.

- Great fishing holes are becoming money pits for Alaska fishermen, who are struggling to pay for fuel, crewmen and grub out of their season's catches. At Bristol Bay, the average boat used to gross \$100,000 for a month's work. Last summer the average slipped to about \$22,500 before expenses.

- Debts are going bad. The Alaska Division of Investments, which makes loans to fishermen for boats and state fishing permits, has received 309 applications to extend loans, up 52 percent from last year.

- The industry contends that wild salmon tastes better than farmed but worries that consumers don't care or

See Page A-6, HARD TIMES



Young's missed-vote tally ranks among worst

ABSENT: Alaska's lone congressman missed 21 percent of votes in 2001.

By LIZ RUSKIN
Anchorage Daily News

Rep. Don Young missed 108 of 507 House votes in 2001.

WASHINGTON — Alaska Rep. Don Young missed 21 percent of House of Representatives floor votes in 2001, more than nearly every other member of Congress who lived out the year. Alaska's only congressman didn't partici-

pate in 108 of 507 House votes, according to a database maintained by the independent publication Congressional Quarterly, and it appears he skipped the last two weeks of the congressional session.

Young last voted Dec. 4. Congress continued without him for 15 days and 44 votes before adjourning for the year.

The sole House member who missed more was Rep. Barbara Cubin, R-Wyo., whose husband fell gravely ill last year. She missed 40

percent of votes. The average House member missed 4 percent.

The U.S. senator who missed the most votes is also an Alaskan: Ted Stevens. He missed 12 percent of Senate votes.

"He usually has a very good voting record," said Stevens spokeswoman Melanie Alvord.

But last year Stevens kept a commitment to speak at his granddaughter's high school grad-

See Back Page, YOUNG

Musharraf denounces terrorism, bans five militant organizations

■ PAKISTAN: U.S. officials call speech a bold, principled stand; India wants to see action.

By CRAIG WHITLOCK and RAJIV CHANDRASEKARAN
The Washington Post

ISLAMABAD, Pakistan — Pakistan's president, Gen. Pervez Musharraf, pledged on Saturday that his country would not be used as a base for terrorism of any kind and announced a broad ban on militant groups accused of fomenting violence in Indian-held Kash-

mir as well as at home.

In a nationally televised address, Musharraf banned five Islamic militant organizations, including two accused of staging attacks against India. But after a month of high tension along the Indo-Pakistani border, Musharraf offered few other concessions to India, instead warning that "the armed forces of Pakistan are fully deployed and ready to face any challenge to the last drop of their blood."

On the issue of Kashmir, the divided

See Back Page, PAKISTAN



Pakistan President Gen. Pervez Musharraf addresses the nation Saturday in Islamabad, Pakistan. Seeking to defuse the crisis with India, Musharraf declared he will not permit terrorist activities in Pakistan.

The Associated Press



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HARD TIMES: Alaska's salmon industry hopes to reduce harvesting costs

Continued from A-7

Most agree that too many were allowed into the program.

In all, the state issues nearly 12,000 commercial fishing permits, with about 9,000 held by Alaskans.

The permits are bought and sold on the open market, and many fishermen in more hopeful times paid hundreds of thousands of dollars to buy a permit that today might sell for half or even a tenth of that, if a buyer can be found.

The excess fishing boats, the permits, the tenders — all add layers of cost to the industry. In Bristol Bay last summer, packers paid 40 cents to fishermen but they also had to pay another 25 cents a pound to the tender operators, Giles said.

"With costs like these, it's little wonder someone else ran off with the market," according to Brad Warren, editor of the trade journal Pacific Fishing.

COMPETE OR GET BEAT

"Some folks have jumped to the conclusion that Alaska can't beat the salmon farmers, so it should join them. That's bunk," added Warren.

The problem is, the Alaska industry and state officials never had to compete before the farms came along, he said. So the industry was shaped too much to meet social goals, making it highly inefficient.

As it stands, some parts of the salmon business are competing better than others.

Alaska's coast supports not one salmon fishery but many, from Ketchikan to Cordova, Cook Inlet to Kodiak, Chignik to False Pass, Bristol Bay to Nome. Each has its own focus, its own group of fishermen and packers, its own markets and its own problems. Farmed fish and inefficiency aggravate them all to varying extents.

Farmed salmon hits places like Bristol Bay and Chignik the hardest, as the high-value red salmon from these areas compete most directly with farmed in the vital Japanese market. An exception is the Copper River fishery based in Cordova, where fishermen have marketed their May king and red runs into an enthusiastic first-of-the-season cult following in the Lower 48.

In Southeast, where the focus is on vast runs of pinks and chums, the salvation has been chum eggs or roe, a lucrative item in Japan.

Statewide, many salmon are still stuffed into cans for sale in stable old markets like England. Alaska packers believe it's only a matter of time until the farmers get involved with canning, roe and value-added goods like grill-marked salmon cuts.

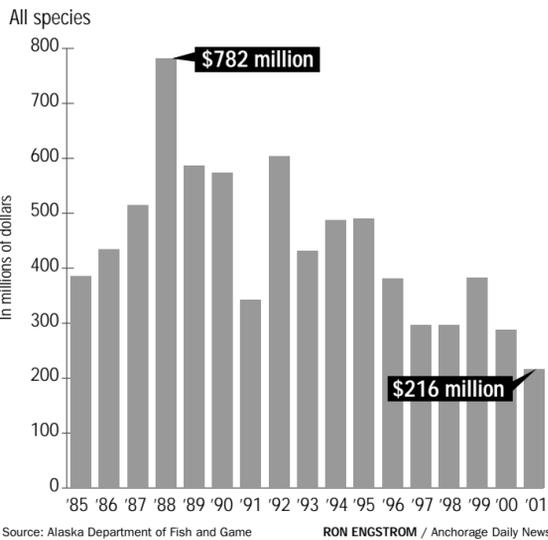
Despite the faint bright spots, the fortunes of commercial salmon fishing are down sharply regardless of area or specialty.



The New York Times

Maine fish farmers had to kill more than 700,000 salmon last year in an attempt to stop the spread of a deadly virus that some people compared to the hoof-and-mouth disease that has decimated European cattle.

Alaska salmon value



At Bristol Bay, the average boat in the 1,900-boat fleet had gross earnings of nearly \$100,000 in 1990, and permits were selling for more than \$200,000. A typical fisherman who bought one of those \$200,000 permits expecting the big payday found this year that his boat grossed about \$22,500. And his permit? Its value has sagged to \$26,400.

Similar trends can be found in Cook Inlet, at Kodiak, in Southeast, even at the Copper River.

Of course, some fishermen are just better or luckier than others, and with superior catches they fare well even with low prices.

Most can't brag of monster hauls, however.

A low Bristol Bay catch forecast for next summer of

only about 10 million fish — less than half the bay's 20-year average — only adds to their gloom. In the past a low run meant higher prices. You know, supply and demand. Now there's a big new supplier, the farmers, to fill in the gap.

Bristol Bay prices look to remain low next summer, and frustrated fishermen are expected to sit out the fishery by the hundreds.

The fact is, though Alaska wild salmon taste great, they just don't pay what they used to.

The industry — never a happy family, with fishermen distrusting packers and constantly grousing that other fishermen are stealing "their" salmon — has been holding crisis meetings since summer.

'EVERYTHING ON THE TABLE'

Doing nothing is not an option for the industry or the state, said Lt. Gov. Fran Ulmer, who led recent strategy sessions on saving the salmon business.

"The economy of coastal Alaska is very dependent on commercial fisheries," she said. "It's a big deal."

Ideas include:

- Buying out boats and permits to shrink the fleet.

- Boosting the budget of the Alaska Seafood Marketing Institute to win more consumers.

- Securing U.S. trade sanctions against Chilean farmed salmon to block cheap imports.

- Forcing salmon fishermen to take better care of their catches to raise quality.

- Reducing the fleet and expenses by allowing fishermen to pool their permits, with only some of them fishing on behalf of the whole group. The state Board of Fisheries is debating a proposal to test this idea at Chignik on the Alaska Peninsula.

- Bringing back fish traps in some areas to boost harvest efficiency.

The prevailing sentiment is that Alaska's salmon fisheries are too diverse and complex for one blanket solution, that each fishery will have to find its own way. Traps might be an answer in one place, better marketing in another, a fleet buyout in a third.

"Everything should be on the table," said state Rep. Drew Scalzi, R-Homer, who recently went to see salmon farms in Chile. Scalzi plans to introduce industry reform bills in the Legislature this year,

Alaska's commercial salmon fisheries

Alaska is the world's leading producer of wild salmon and operates some of the biggest hatcheries. Fishermen catch five species of Pacific salmon:

Red or sockeye — Most valuable species, accounts for 60 percent of total salmon value.

Silver or coho — Important in fresh markets, last species to return each summer.

Pink or humpy — Most abundant but least valued salmon, almost all canned.

Chum or dog, keta — Prized especially for their eggs or roe, some chums used for pet food.

■ **HOW CAUGHT:** By deploying gillnets and purse seines off boats, by stretching setnets from the beach, by trolling with hook and line or by placing fish wheels in rivers.

■ **REGULATIONS:** Extensive state regulations restrict fishing methods and ban some practices. For example, Bristol Bay boats may be no longer than 32 feet and gillnets no more than 900 feet. Highly efficient fish traps are outlawed statewide, as well as fish farming.

■ **OUTSIDE INTERESTS:** Alaska salmon industry has always been dominated by Outside companies. Today, the major packers are based in Seattle and Japan.

though none to allow farming.

"We're not throwing in the towel by any stretch," said Barbara Belknap, ASMI's executive director. "I have talked to fishermen who feel it's over. And it's not over."

"I'm totally ready to fight to win," said Jamie Ross, a Kodiak salmon fisherman.

Mayor Jacobsen remembers last summer's misery in his area when the fleet, angry over the low price offered, went on a prolonged strike against Japanese packer Peter Pan Seafoods Inc., which operates a big cannery at King Cove.

Jacobsen said he thinks he might have done his best fishing in the fall, when he went to Tokyo for an unusual summit with Peter Pan executives and then to Chile to see the salmon farms. He worries Peter Pan could simply stop buying salmon, which could ruin not only fishermen but towns that rely heavily on fish taxes.

"I'm from a community that doesn't exist anymore," he said. "We have to look for major changes."

Industry veterans say the most likely scenario is that people will always catch and sell Alaska salmon. Just fewer people.

That saddens many, who talk about the lifestyle of commercial fishing, how it's part of the fabric and mystique of the state.

"Take your fish and try to convince the folks in Japan or Europe or the housewives down in the Lower 48 to pay a buck more a pound to protect your lifestyle," said Giles, the Icicle Seafoods executive. "It doesn't play outside of Alaska."

■ Reporter Wesley Loy can be reached at wloy@adn.com or 257-4590.

VOICES



"
The current economic outlook for fish farming is bleak.

— Former state Sen. Dick Eliason of Sitka, in a 1990 Compass column in the Anchorage Daily News.

"
A person may not grow or cultivate finfish in captivity or under positive control for commercial purposes.

— Law passed by the Legislature in 1990



"
No matter how much better wild salmon tastes, we may not be able to overcome competitive disadvantages in many parts of the salmon market.

— Gunnar Knapp, economist, University of Alaska Anchorage

"
I'm totally ready to fight to win.

— Jamie Ross, Chignik salmon seiner



"
I am deeply concerned about the severe hardships currently inflicted upon the residents of Western Alaska villages that are dependent on the commercial salmon fishery and am writing for your assistance.

— Gov. Tony Knowles in a letter to President Bush

"
Most everyone says that wild salmon is better than farmed salmon, but I remain unconvinced.

— James Peterson, author of "Simply Salmon" cookbook

Is it too late for Alaska to try to cash in on fish farming?

By WESLEY LOY
Anchorage Daily News

Alaska, with its endless shoreline and empty fjords, would seem an ideal place to grow salmon in ocean net pens.

But has it squandered the chance? Maybe.

Countries like Chile, Norway and Scotland are pushing ahead with the young but explosive aquaculture industry. Unlike Alaska, which banned fish farming in 1990, several states also allow farming of salmon or other species.

Many Alaska fishermen, politicians, environmentalists and others remain hardened against the idea. They cite pollution from concentrated fish sewage, possible disease outbreaks and potential for escaped domesticated fish — usually non-Native, fast-growing Atlantic salmon — to mingle with and possibly scramble the genetics of wild Pacific salmon.

In short, say the critics, why should Alaska risk its healthy salmon runs?

But whether fish farms really cause any appreciable harm is a topic of great debate outside Alaska. Farmers defend their industry as clean, safe and constantly improving. And consumers are buying tons of their fish.

The value and market share of Alaska salmon have slipped badly over the last decade as the farmers pump out huge numbers of cheap, fresh salmon and trout year-round.

Alaska could still leap into farming, but it would find competition the size of a trophy Kenai River king salmon,

said John Forster, an aquaculture consultant who has worked for fish farms in Washington state, the United Kingdom and Europe.

"The farmed salmon industry is now quite well-established, quite industrialized with a number of quite large companies," he said. "It's difficult for a small company to get started and to capture the economies of scale quickly enough to be able to compete. That wasn't the case 20 years ago."

"Having said that, the water still laps Alaska's shores and the technical feasibility of doing it, of course, is there."

In 1999, Forster wrote an ominous report for the state concluding that, as with salmon, farmed halibut could eventually overtake the wild catch. Halibut is another important commercial fish in Alaska.

One possible advantage for Alaska is the large amount of discarded fish and fish offal generated by fleets working the Bering Sea and Gulf of Alaska, Forster said. If that material could be converted to fish feed, the biggest cost in salmon farming, it could change the economics for an Alaska foray into finfish aquaculture, he said.

But any move to legalize fish farming in Alaska would be sure to ignite environmental and other protests, such as where to site the unsightly pens. Such issues have stifled fish farming in other places.

A large, international aquaculture company, Pan Fish of Norway, owns all the salmon farms in Washington state, operating at three sites in Puget

Sound. The farms put out 12 million to 14 million pounds of Atlantic salmon a year, not much compared to Alaska's 765 million pounds of wild fish last year.

The Washington industry has remained bottled up by trouble getting state licenses for expansion and by shore dwellers who don't want salmon pens in their view, said Pete Granger, former spokesman for the Washington Fish Growers Association. And then there are the high labor and other costs in the United States compared to a country like Chile, whose rapid expansion is generally blamed for depressing salmon prices for all producers.

"There's a lot of bleeding going on in the farmed industry," said Granger, who has worked as a crewman on salmon boats in Bristol Bay. If low salmon prices persist, Pan Fish will be hard-pressed to keep the Washington farms going, he said.

In British Columbia, which harvests wild as well as farmed salmon, furious opposition has arisen recently over whether to lift the province's moratorium on new farm sites, in place since 1995.

A recent public inquiry headed by a retired British Columbia Supreme Court judge and funded by the David Suzuki environmental organization recommended eliminating all net-cage salmon farms by January 2005 because of pollution and other concerns.

Ultimately, the farming industry will solve its problems and just get

better at growing fish, Forster said.

He said he has long advocated a marketing alliance of farmed and wild salmon producers, who were never the ultimate target of the farmers anyway.

"Our competition is chicken and pigs, it's not each other," he said.

The Alaska Seafood Marketing Institute won't oblige, said executive director Barbara Belknap. ASMI prefers to push natural, wild salmon over farmed.

She adds that she doesn't see much logic in building farms in Alaska to pump more fish into already glutted markets.

"Why on earth would you add more salmon? That's not going to raise your price," she said.

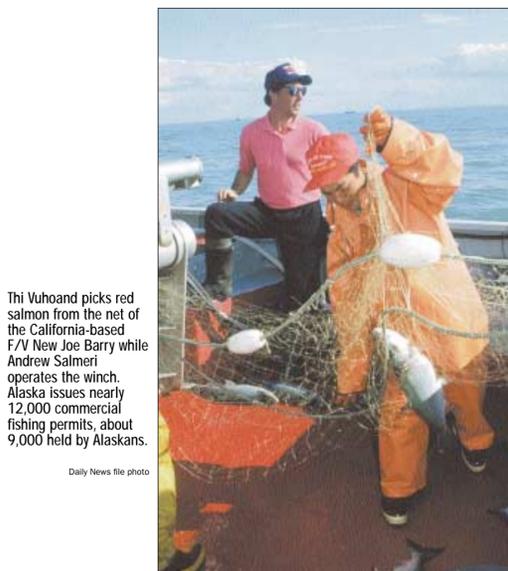
Though fish farms could create jobs, Alaska fishermen say tossing feed pellets to penned-up fish just ain't the same as chasing wild salmon in a boat.

They also figure that big Outside companies would end up controlling Alaska salmon farms, just as they did the fish traps of old.

But down the line, if salmon prices rise again, it could still make sense for Alaska to turn to aquaculture to boost the bounty it already receives from Mother Nature, said Clem Tillion, a former fisherman and state fisheries adviser.

"It's never too late to start farming," he said.

■ Reporter Wesley Loy can be reached at 257-4590 or wloy@adn.com.



Thi Vuhoand picks red salmon from the net of the California-based F/V New Joe Barry while Andrew Salmeri operates the winch. Alaska issues nearly 12,000 commercial fishing permits, about 9,000 held by Alaskans.

Daily News file photo

HARD TIMES:

Once a world leader, Alaska salmon industry drowning in farmed fish

are becoming conditioned to domesticated fish, the way many prefer beef fattened in feedlots instead of fields. Alaska fishermen fear their situation could only worsen next season, and the season after, to the point where many drown in debt, where canneries close and where more villages and towns fade away.

This gloom over the Alaska industry is happening at a time when global demand for salmon is exploding. In 2000, the world consumed 3.7 billion pounds of salmon, triple the amount of 20 years earlier. The salmon farms have won almost all of the new demand.

So Alaska has the farmers to blame for its demise.

And itself. Alaska is the clunky 8-track tape of the salmon world. A new hi-fi technology the state barred, salmon aquaculture, is making all the noise now, exposing harvest inefficiencies that negate Alaska's best competitive advantage — its millions of free fish returning yearly from the ocean to spawn.

Although no one is seriously talking about legalizing salmon farms, other big ideas are in play to reform the Alaska industry so that at least some can continue to make a living. They include lifting the ban on fish traps, buying out some fishermen and finding novel new ways to catch and market wild salmon at lower cost.

Regardless, Alaska's salmon heyday might be over.

"The wild industry is now a follower, and it will never be anything but a follower from now on," according to James Anderson, a University of Rhode Island natural resources economist.

A LOOMING AX

Jerry Liboff is a commercial fisherman in Bristol Bay, home to the world's largest red salmon run and the richest in a string of summer salmon fisheries around the state. He also does tax returns for people in the region, giving him unique insight into the extent of the industry's woes.

He sees calamity coming. "In the fishing community out here there's a real crisis," he said. "But a lot of people who are in the crisis don't realize it yet themselves. Basically, they've got debts and bills that have been put off. A lot of guys have yet to have the ax fall on their head, but it's going to happen unless something is done."

Gov. Tony Knowles declared an economic disaster for Bristol Bay and other Western Alaska salmon provinces last summer and recently sent a letter to President Bush asking for the same sort of federal aid an agricultural state might get in a drought.

If it's a bad time to be a salmon fisherman, it's a great time to be a salmon consumer.

Once available mainly as either a canned good or an expensive seasonal menu item, fresh salmon is now routinely stocked in grocery stores and

Who farms salmon?

The biggest producer is Norway, but Chile is growing rapidly.

Country	2001 production in metric tons	Percentage
Norway	430,000	39%
Chile	320,000	29%
United Kingdom	142,000	13%
Canada	94,000	8%
Japan	12,000	1%
Other	115,000	10%

Source: Gunnar Knapp, University of Alaska Anchorage

served at restaurants any time of year. And little of it is coming from Alaska.

Fish farmers now make more than three times as much salmon as Alaska catches, relegating Alaska to a niche player. And the farmers are expanding.

Seafood industry watchers say farmers who raise salmon in hundreds of ocean net pens along the coasts of Chile, Norway, Scotland, Canada and even of Washington and Maine have glutted markets with cheap fish, creating record low wholesale prices.

That's a big reason why Bristol Bay fishermen took home only 40 cents a pound for their catch last summer, the lowest price since 1975. In 1988, the fish paid up to \$2.40 a pound at the dock, making an average six-pound sockeye worth more than a barrel of Alaska crude oil.

Aquatic farms got going in the early 1980s and rapidly rose to salmon supremacy despite allegations that the farms pollute, that the fish are drugged to ward off diseases and induce growth and that they simply don't taste as good as wild salmon.

Alaska isn't the only wild salmon producer in trouble. British Columbia and West Coast fishermen also are struggling.

The farmers are making so much fish, in fact, that they are feuding with one another like OPEC oil countries — Norway accusing Chile of overproduction and Canada charging the Chileans with dumping fish into the U.S. market at below-cost prices.

The farmers have some powerful advantages.

Alaska's salmon all return in erratic droves during three or four summer months, forcing most of the catch to be frozen or canned and sometimes compromising quality. The salmon farms can churn out controlled supplies of fresh fish all year long. That has won favor from restaurants and grocers in the key markets of Japan, the United States and Europe.

The salmon snobs could be right. Maybe Alaska fish do taste better than farmed fish. But that won't save the salmon industry, which likely will sink deeper as the young farming business becomes even more proficient at feeding fish, said Gunnar Knapp, a University of Alaska economist and longtime salmon market watcher.

"I prefer French wines over Cali-

Alaska salmon industry milestones

- 1878** - First Alaska canneries open at Klawock and Old Sitka.
- 1892** - 22 canneries close because of glut of canned salmon, falling profits.
- 1893** - Surviving canners form powerful San Francisco-based cartel, the Alaska Packers Association.
- 1903** - Inventor E.A. Smith builds "Iron Chink" fish-cleaning machine, displacing scores of cannery workers.
- 1912** - Bristol Bay catch exceeds 20 million fish for the first time, but fishery remains virtually unregulated.
- 1916** - Alaska Packers Association, built on premium red salmon, begins to lose dominance as World War I stokes demand for cheap pinks, chums.
- 1919** - Salmon markets collapse as big military purchases end; Bristol Bay run falls as federal biologists warn: "Total exhaustion of the fisheries will occur..."
- 1942** - After Pearl Harbor, canners adopt new ad slogan: "Food fit for MacArthur's men." Fishing intensifies.
- 1951** - Power boats allowed in Bristol Bay, rapidly replace sailboats.
- 1953** - President Eisenhower declares Alaska disaster area due to lowest salmon pack in 32 years; overfishing blamed.
- 1955** - Rebuilt Japanese fleet takes staggering 50 million fish, many of them young Bristol Bay red salmon.
- 1973** - State law enacted to limit number of fishermen.
- 1974** - State begins hatchery program to supplement depleted salmon runs. Hatcheries produce 34% of 2000 commercial catch of 136 million fish.
- 1976** - Magnuson Fishery Conservation and Management Act leads to ouster of Japanese and other foreign fishing vessels within 200 miles of U.S. coast.
- 1990** - Legislature bans fish farming in Alaska as foreign fish farms begin dramatic rise.
- 1992** - Alaska wild salmon harvest eclipsed by farmed fish for first time.
- 2001** - Alaska salmon value dips to \$216 million; Gov. Knowles declares economic disaster for Western Alaska.



Bristol Bay sunset. Sources: Ernest Gruening's book "The State of Alaska" (Random House, 1954); "Sockeye and the Age of Sail" (video, John Sabella & Associates Inc., 2001); Richard Cooley's book, "Politics and Conservation: The Decline of the Alaska Salmon" (Harper & Row, 1963); and Bob King, spokesman for Alaska Gov. Tony Knowles.

fornia wines, and I prefer organic tomatoes over supermarket mega-agro-corporate industrial tomatoes. But that doesn't mean that I necessarily buy the French wines or the organic tomatoes," he said.

Some industry players in the 1980s argued that salmon farming would make a nice, off-season complement to Alaska's summer wild harvest. But fishermen fearful of environmental problems and competition fought the idea, and in 1990 the Legislature outlawed fish farming.

Now Alaska, once the world's salmon citadel, is paddling the backwater.

MODEL OF WASTE

Salmon farming really does come with a downside, said Clem Tillion, a former commercial fisherman, legislator and respected sage of the Alaska industry. Disease can spread from fish farms, and escapes can mingle with wild fish and possibly scramble their genetics.

But definitive proof of significant, lasting environmental harm from aquaculture is scarce. The farming industry notes that it has made strides

to keep its farms clean, to site them away from wild salmon runs and to prevent escapes.

In a way, Alaska's farming ban was like "people in England who burned the mechanical looms because they put the hand weavers out of business," Tillion said.

Even if Alaska had plunged into aquaculture, its wild salmon industry still needed radical surgery.

"The message that our industry has been sent loud and clear is that the consumer doesn't want to pay for our inefficiencies," said Don Giles, president of Icicle Seafoods Inc., one of the biggest Alaska salmon packers.

In fact, Alaska's salmon industry is a model of wasted effort.

At the height of the summer salmon runs, it's a giant job producer both on water and on land. Some 36,000 captains and crewmen drop nets while more than 14,000 workers toil in fish plants. At least 36 major canneries operate in communities along the Alaska coast, and these plants often are the economic heart of the community, the source not only of paychecks but credit, groceries and other needs.

The historic theme of Alaska salmon management has been to spread the considerable wealth of salmon fishing to as many Alaskans as possible and prevent concentration of the industry in the hands of a few, usually Outside, companies.

One of the biggest in a series of key decisions came when Alaska became a state in 1959. It immediately banned fish traps — massive corrals that netted migratory salmon with great efficiency. The traps dominated the catch in many areas, angering fishermen whose boats were idled and who saw the trap as a tool of the big San Francisco and Seattle canning companies.

The ban solidified the current structure of Alaska's salmon industry: Thousands of small boats racing around, each a small business with crewmen to pay, food, gear and insurance to buy and loans to pay off. The boats catch fish by stretching gillnets or purse seines or by trolling lures. Bigger boats called tenders sit anchored and act as transfer stations for the fishermen, taking aboard their fish for chilling and hauling to packing plants.

Thousands more Alaska fishermen

stretch their nets from beaches.

To ensure everybody gets salmon, intricate state regulations limit boat and net size and ban some equipment that would let fishermen catch more fish faster.

In effect, the industry is regulated to be inefficient — just the opposite of what most private businesses shoot for.

In the past, when Alaska was the kingfish in salmon, this didn't matter much. With plenty of fish and high prices, most boats did well.

When times are hard, like now, there's fewer dollars to go around.

In fact, there are way more boats than needed in most Alaska fisheries to harvest the available salmon. Fisheries often proceed in fits and starts. Boats race a few hours for the fish, sit for days while regulators make sure enough swim by to spawn new generations, then race again.

The state cemented the overcrowding in the early 1970s with limited entry, a program meant to prevent too many fishermen from exhausting the salmon runs.

Stretching their nets from beaches.

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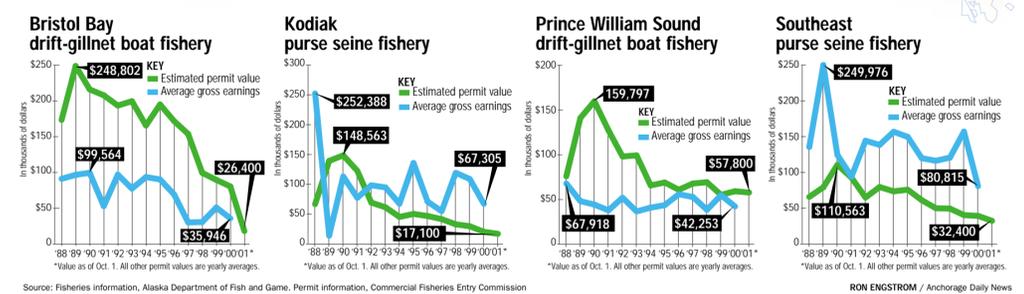
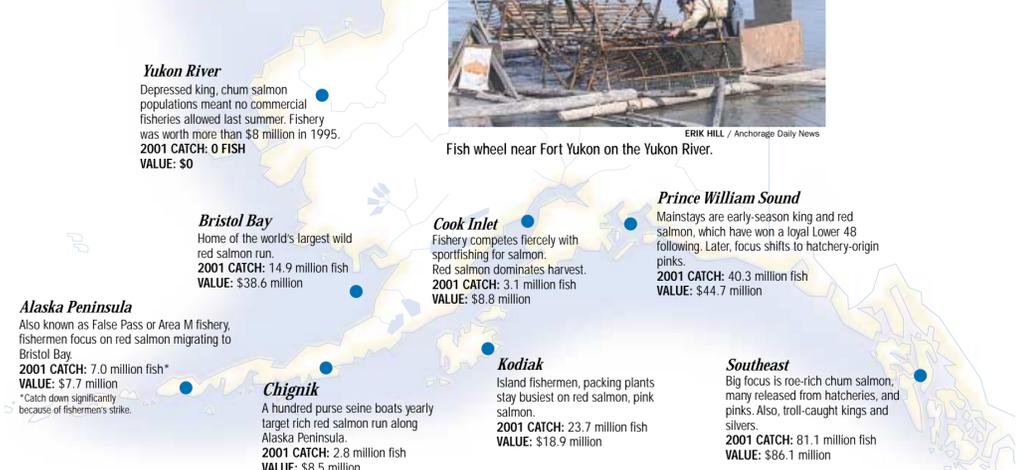
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The state cemented the overcrowding in the early 1970s with limited entry, a program meant to prevent too many fishermen from exhausting the salmon runs.

See Page A-8, HARD TIMES

An industry flounders

In salmon fisheries all over the state, low fish prices have torpedoed both the average gross earnings, before expenses, for fishermen and also the value of their fishing permits.



Sources: Fisheries information, Alaska Department of Fish and Game, Permit information, Commercial Fisheries Entry Commission



Floating pens hold salmon at a fish farm in Blue Hill Bay, Maine. Far larger numbers of salmon are grown in foreign operations, particularly in Chile and Norway.

Industry has survived many a crisis before

By WESLEY LOY
Anchorage Daily News

The Alaska commercial salmon industry has sailed into hot water before. And lived. Since the first canneries opened in Southeast in 1878, it's moved from golden to goner and back again.

"There's been millionaires made," said Don Giles, president of Seattle-based Icicle Seafoods Inc.

And fortunes lost, as evidenced by the rotting canneries that dot the coast. They're victims of the risky business of assembling small navies of boats, armies of plant workers and tons of packing supplies to process fickle fish runs for erratic markets.

As early as 1892, the Alaska salmon industry was plagued by glutted world salmon markets and falling profits. That year, nearly two dozen canneries closed and the remaining canners formed a powerful San Francisco-based cartel, the Alaska Packers Association, to control production. It would dominate the Alaska industry for decades, mashing all challengers.

The industry survived a staggering market crash after World War I, which had superheated demand with military purchases, and by the mid-1920s regulations appeared to stem the overfishing that threatened to wipe out runs.

As statehood approached in 1959, many blamed traps owned by Outside canneries for continuing to overfish the runs, as well as deny Alaskans fishing jobs. A fervent desire to rid the territory of the hated salmon traps was a big factor in the drive for statehood, and they were outlawed — in the consti-

"This so-called way of life where you put in six weeks on the fishing grounds and spend the winter in Arizona was never going to last"



— Clem Tillion, former legislator

By the mid-1970s some salmon runs were under stress again. In a landmark act, the state fixed the number fishing permits but strove to allow as many people as possible to continue to fish.

And to boost future runs of underdeveloped lower-value salmon species like chum and pink salmon, it funded construction of some of the world's biggest hatcheries, mainly in Southeast and in Prince William Sound. Today the hatcheries release millions of smolts into the ocean, and the fish returning two or three years later to spawn sustain hundreds of fishermen.

Overfishing is no longer a problem in Alaska, as state biologists carefully regulate the catch and monitor the strength and timing of runs to meet spawning goals.

Unexplained and unexpected run failures can

still play havoc, as happened during the disaster years of 1997 and 1998 in Bristol Bay.

In times past when Alaska dominated global salmon markets, a small run just meant higher prices at the dock. But with the onslaught of foreign salmon farms in the 1990s, prices now stay low regardless of how much Alaska salmon is available.

It hasn't been the most creative industry: much of the fish is still shovled skin, bones and all into tin cans. The industry made a big shift to freezing in the early 1980s but has failed to develop many convenient, value-added items, the way the poultry industry has.

Still, from sailing ships to supermarkets, the Alaska salmon trade has shown resiliency and an ability to solve its problems.

"We are a success story," said former state lawmaker and commercial fisherman Clem Tillion. There's no guarantee the story will continue. Fast-growing salmon farms have seized control of global markets, relegating Alaska's wild salmon to second-tier player. Now some of Alaska's past decisions, such as banning traps and encouraging lots of boats, are dragging down the industry with high operating costs.

"I personally believe that we need radical changes in the management of Alaska salmon fisheries," said Gunnar Knapp, a University of Alaska Anchorage fisheries economist. "If we don't make changes, we face a bleak future in many of our salmon fisheries."

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