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Bullish on Fish

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Alaska Seas and Coasts is especially pleased to present the following interview, in which Mark Hutton, Assistant Executive Director of the North Pacific Fishery Management Council, discusses Alaskan fisheries of today and the future with Elmer Rasmuson.

Mr. Rasmuson speaks from his perspective as past Chairman of the North Pacific Fishery Management Council and the International North Pacific Fisheries Convention, as well as from the perspective of an officer in one of the leading financial institutions in the state.

The overview he presents may be of considerable value to those whose future depends on the health of the fishing industry. In addition, the interrelationships between or industry and the national and international fisheries politics are particularly enlightening.

We would like to express our sincere thanks to both Mr. Rasmuson and Mr. Hutton for consenting to this interview for *Alaska Seas and Coasts*.

Hutton: Do you consider yourself bullish on fish?

Rasmuson: Very much so.

Hutton: Because of living in Alaska and your familiarity with the resource?

Rasmuson: Well, I suppose if I hadn't lived in Alaska I wouldn't be so close to it. I'm confident that currently in Alaska fishing is the industry that employs the most people (it always has). The demand for its product and its supply is such that it gives the greatest opportunity for more people to not only make a living from it, but make such an adequate living that they can build up the community and their homes, schools, and general living in our state.

Hutton: What role would you see fisheries taking in the Alaskan economy in the next 10 to 100 years?

Rasmuson: As I say, I think there have always been many people involved in fisheries. As I see it, there will continue to be more people directly and indirectly

involved in fisheries than any other industry. In contrast, the mineral industry, particularly oil and gas, is quite intensive during the construction stage with respect to utilization of people and labor. However, once the construction is completed, modern automation makes it unnecessary to have many people employed.

Fisheries, a renewable resource, is going to touch the lives of more and more people. It can, with proper management, (which I think we have the mechanism for) continue to be an industry of undiminished supply.

Hutton: Recently, I heard a radio announcement that the prime interest rate at the Chase Manhattan Bank was 11.75 percent. Do you think this and President Carter's open fight against inflation are going to hamper investments in Alaskan fisheries?

Rasmuson: Naturally as interest rates go up, there is an inhibiting influence on long-term investments. I don't think that these peak interest rates (and the peak may still be yet to come) are going to be permanent. In my judgment, part of the rise in interest rates has to do with people's reaction to inflation. They feel that they must have a higher rate of interest to compensate for the fact that the dollars will be diminishing in the future. On the other hand, that encourages those who are making investments in boats and processing plants to pay the necessary interest rates because the price of the product, as we've seen, has gone up and the retirement of the debt is usually in cheaper dollars.

Hutton: Would you consider financing to be the single limiting factor in fisheries expansion as we're looking towards the development of the North Pacific and Bering Sea resources?

Rasmuson: On the contrary, I see no problem in financing at all. I don't know of any proper deals that haven't been financed, and from the banking standpoint I am personally aware not only of what our bank is doing, but others as well. People have no real idea of the tremendous amount of investments and financing that is coming from both the state and private sources for boats and processing plants. In addition, you have heavy equity capabilities of many of the processors that are involved.

Hutton: Do you think the Jones Act has been a deterrent to the development of the fisheries off Alaska, or perhaps is the Jones Act in a broader context in the best interest of the overall U.S. economy?

Rasmuson: Well, I'll have to ask in what way you think the Jones Act is impeding the fishery industry? I'm familiar of course with the restriction of coastal transportation with foreign-built hulls.

Hutton: The Jones Act prohibits fishing with a foreign hull. It does not prohibit processing with a foreign hull, but it does prohibit fishing. It seemed that

with a lot of countries being phased out of the fisheries in Alaska there would be a surplus of large modern trawler vessels available at a much cheaper price than could be built at today's prices. This is currently prohibited by the Jones Act and I wondered if you had any comments.

Rasmuson: Well, I think that any restrictions on trade or investment are expensive to the economy, and generally I'm not in favor of them. However, once you've built up an economic social structure that is based on certain rules and laws (and I'll relate that specifically to fishing), the dislocations when you modify them become pretty strong.

There have been many fishermen and processors who in good faith have made their investments in Alaska, the North Pacific, and elsewhere in the United States. If they should now be subject to competitive factors of production, such as more boats and processing plants that are dumped on the market because of over-capacity elsewhere, I think that would be a dislocation that would probably be very costly to these individuals who made the investments.

I think that the problem of transportation is possibly a more serious problem than the impact of the Jones Act. I don't think there is any shortage of fishing boats.

Hutton: Clem Tillion, who is Chairman of the North Pacific Fishery Management Council, told the Japanese in Tokyo last month that they should become more deeply involved in financing and supporting onshore joint ventures with the United States. With all the criticism concerning onshore foreign controlled processing, do you agree?

Rasmuson: I don't have the figures in my mind, but it's well known that the investment by the Japanese in onshore plants is very, very substantial. I think they are getting into it wherever there is an opportunity for them to make the investment. I am sure that there are going to be other nations, or companies of other countries, that are going to be similarly make the investment. These expansions that we have been talking about in the fishing industry have to come step by step so that the production, the processing, and the marketing will more or less "lock-step." If one of them gets out of phase with the other there is an economic dislocation.

Hutton: Do you think then that the magnitude of foreign involvement we have in our shore based plants is hurting us in developing under-utilized fisheries?

Rasmuson: On the contrary, I think it has given a better price to the fishermen by having this additional competition. I think the capability of processing has been stimulated by having investment, whether it be national or international, and I think that we have gained by having an internationalization of our fishing industry.

Certainly there is no question but that the demand for our fishery products, as reflected in the higher prices, has been in great degree due to the foreign demand.

Hutton: Do you have any comments in general about high seas joint ventures?

Rasmuson: As with many controversial questions, it is dangerous to oversimplify. I certainly don't think that my opinions concerning North Pacific and Alaskan joint ventures are necessarily applicable everywhere in the coastal areas of the United States. So far, I have not seen any joint ventures proposed in the North Pacific (that affect our Alaskan products) that are advantageous to the Alaskan economy as a whole. The serious questions that I raised (as you know) in a letter that I wrote to Secretary of Commerce Juanita Kreps a year and a half ago are still valid, in my opinion.

Hutton: you've done a great many things in Alaska. You've been Mayor of Anchorage, a member of the University Board of Regents, Chairman of the North Pacific Council, Chairman of the International North Pacific Fisheries Convention, President and Chairman of the Board at National Bank of Alaska, and confidant of every Governor and major politician. With this background, do you feel that enough is being done at the University level, the Governor's office, with city planners and at the Federal level to encourage and assist the development of a major Alaskan fishing industry? Is there any place where you think progress is not being made that could help?

Rasmuson: Really, I give very high marks to the State, the Federal government, and to the University, in their support of the fishing industry. I don't have any earth-shaking recommendations, other than perfection of some of the apparatus and some of the concepts. For example, I feel that there should be a better coordination in the scientific research by both the Federal and the State agencies (and in this I mean a quite important role could be played by the University of Alaska). We have a great deal of information on applied research on fishery matters.

Salmon is a good example. We know a great deal about their migratory pattern. We know a great deal about the diseases. But we do not know enough about what happens to them on the high seas to adequately predict the run. And yet we have a great fund of scientific knowledge in the fields of marine biology and oceanography and meteorology that I think ought to be coordinated.

It is my hope (and I think I see signs that there is movement towards correlating all of these cross disciplines) to better improve our forecasting of the time and extent of the salmon runs. I don't think that our knowledge has progressed to the point where we can materially affect the survival in the sea. But if we more precisely forecast when, and to what degree those fish would be coming back to Alaska (and I don't mean just to Bristol Bay), I think it would be of immense value to

the fishermen, the processors, and in the market. I think that we can do more in utilizing our existing information.

I think that we have had good support from all of these agencies. The state of Alaska on the whole has done a very good job in the management of the fishery resources, and when I am urging that they do other things, I am just asking for improvements.

One of the projects which I had hoped to have some influence on (but I guess time has gone by) was to get more coordination between the State of Alaska and Canada in the development of salmon runs, particularly in Southeastern Alaska. With many of the streams originating in Canada it is difficult to get British Columbia and the Dominion to spend money when they do not get any benefit from harvesting the fish. It is equally difficult, if not politically impossible for the State and the Federal government to develop the fishery runs in those waters. We don't have any jurisdiction there and we can't enhance somebody else's streams.

I think combined effort, taking the Frasier River as a pattern, could be a great benefit to both Alaska (the United States), and Canada. I feel that it was a step backward last year when we seemed to lose the spirit of cooperation between Canada and the United States on developing the fishery stocks that both countries are interested in.

Hutton: If you were a crewman on a Bering Sea king crab boat and you had the money from two or three good seasons, how would you invest it, and would you invest it in fisheries?

Rasmuson: When you say a crewman do you mean an owner or someone who must work for a share? (Hutton: A share, with aspirations of having a boat.) Rasmuson: Of course, an individual who wants to become owner of a boat must have the desire and capabilities of running that boat. It's a business that just happens to be fishing. It also depends a lot upon the individual. I think that I have already answered the basic question of whether there is this opportunity.

As a crewman, I would look around and very carefully analyze the supply of competitive vessels, and the scientific data to find out the species I could best fish for, taking into account the fact that they fluctuate between years. Certainly if I was going to be in the fishing business I would sooner or later want to get into that ownership category, because I think time is on your side. Inflation is in favor of owning that vessel and I believe you now have a greater versatility to fish for different species, and in different times and areas.

Hutton: Do you miss your involvement with the North Pacific Council?

Rasmuson: Oh, I miss very much being on the Council. It was with great and mixed emotions that I retired from it, but I still keep aware of what is going on. I

always will, and I appreciate my friends keeping me apprised of what is being done.

Incidentally, I recommend to anyone who is seriously interested in the fishing business on the broader scale to subscribe to a publication that comes out from Washington, I believe on a monthly basis, having to do with worldwide fishery matters. It is *The Latest Developments in World Fisheries*. We read it very carefully in the bank because you have to know what is going on in Africa, South America, the South Pacific, and elsewhere in order to appreciate what is taking place with joint ventures, what is taking place under extended jurisdiction, and what the prices are going to be on the different products. It shows that fisheries has now become a matter of global concern and we're all tied together. As has been said, no man is an island, and I don't think any man (or country) has a specific fishing ground that they can harvest exclusively.

Hutton: I agree. Do you have any New Year's Resolutions that you'd care to share?

Rasmuson: Oh, I can say that I have projects that I am working on that I don't think are in the sage where I can identify them. I will always be interested in both business and in the development of Alaska – not just in the economic terms.

Some of my projects may be a little bit out of context here, but I consider the D-2 land problem an important phase in the general misunderstanding by the lower 48 states of the significance of Alaskan development to the whole nation. I'm going to do anything that I can to try to remove the polarization that I believe exists today and get a better consensus of opinion of the image of Alaska to the school children, environmentalist, the public and the Congress. They must appreciate that Alaska's development is in the interest of the whole United States, and everything that we do up here should be thought of in those terms.

Hutton: Thanks you for the interview and I'd like to say that you are a man who is admired by many and respected by all and we wish you continued good health, smooth sailing, and good fortune in 1979.