

*On the waterfront: Crabbers, draggers, a Soviet research ship, U.S. factory trawlers and a container ship are testimony to the diversity of Kodiak's seafood industry. Crab was once king, but in recent years the boom has been in bottomfish. No stranger to hard times, Kodiak has rebounded from adversity before.*

D.B. Pleschner



Marion Stirrup

## *Calamity in Kodiak* Fortunes Flounder in America's Top Port

**W**hen you step off the plane here and walk into the terminal, one of the first things you'll notice is a small woodcut sign: "Welcome to Kodiak, America's Seafood Processing Capital." For more than a century, fish has been the locomotive that drives the economy of both this town and the island archipelago after which it is named.

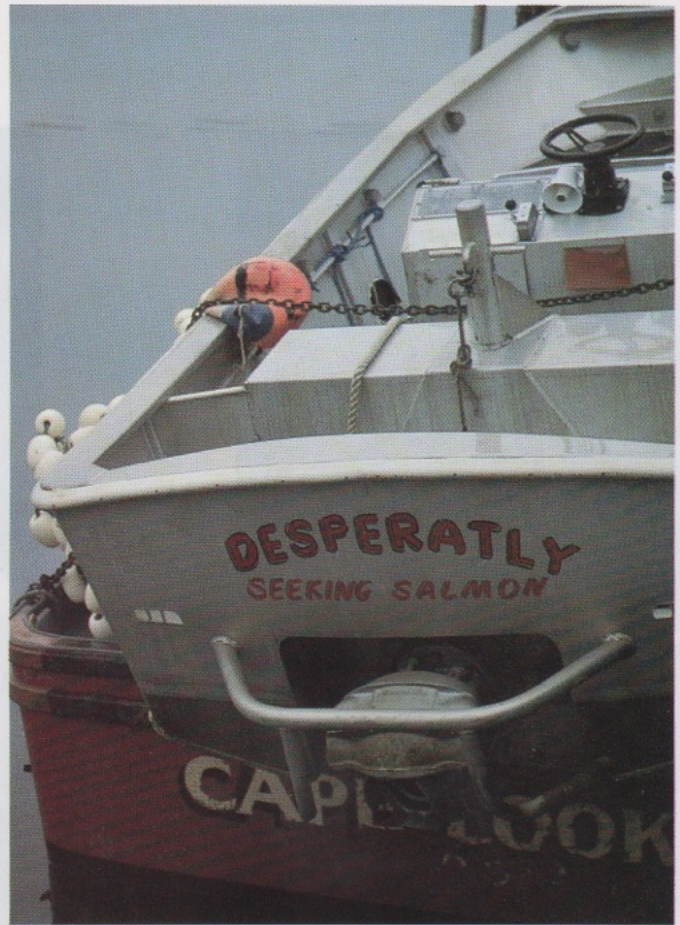
But it's been a rough ride. If a single port epitomizes the wild, unpredictable side of Alaska's multi-billion dollar seafood industry, it is Kodiak. Nowhere else, it seems, do fortunes soar so high, and sink so low, so fast.

Consider just this year. Kodiak started 1989 as the No. 1 fishing port in the U.S., with 1988 landings worth \$166 million at the dock. The last time Kodiak was the top port was in 1981, back when the town still billed itself as "The King

B Y D . B . P L E S C H N E R

Crab Capital of the World.” But king crab collapsed almost overnight (Kodiak hasn’t had a king crab season since 1982), just like the huge shrimp fishery did in the late 1970s.

It was a big run of that old standby, salmon, and the long-awaited development of a shore-based groundfish industry that propelled Kodiak back to its place as the country’s preeminent port. Early this spring, Kodiak’s future seemed brighter than ever. Instead of shutting down when there wasn’t snow crab, salmon or halibut to process, more and more plants in town were staying open and doing cod and pollock. And everyone in town was talking about the huge flatfish resource in the Gulf of Alaska that was just beginning to be fished by Kodiak fishermen. With a potential catch of more than 500,000 tons a year—more than three times as much as all the flatfish caught off the Atlan-



Marion Stirrup



*One of many winter storms rolls in from the Gulf of Alaska. Through all the years, salmon has been Kodiak's bread and butter. Processing flatfish: If the political battles can be settled, flatfish could be Kodiak's next big boom.*

Marion Stirrup

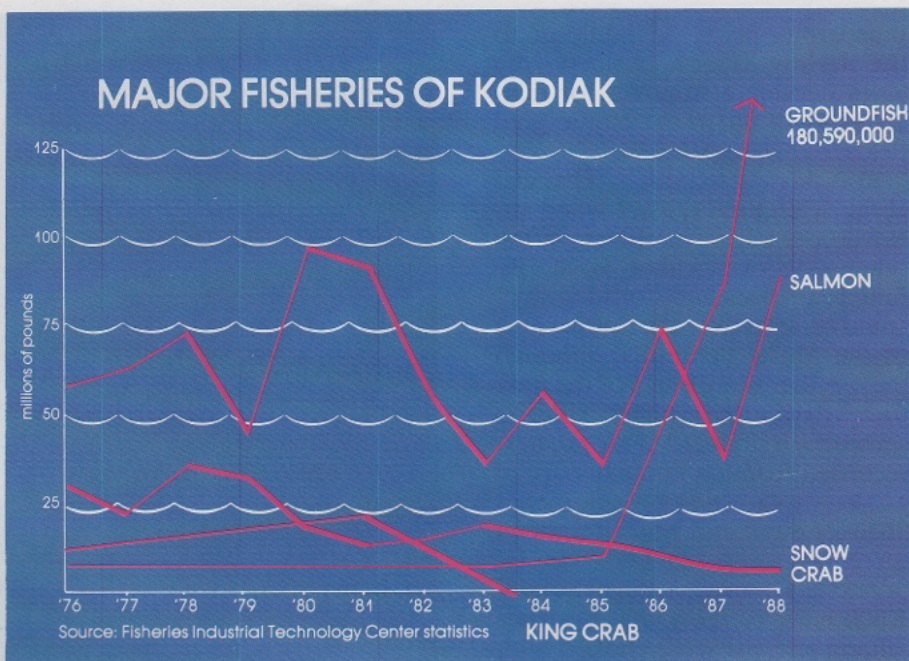
tic coasts of the U.S. and Canada—Kodiak's fish fortunes looked more golden than ever. But in March, once again, Kodiak's bubble began to burst.

U.S. factory trawlers, which swooped down from the Bering Sea, were the first clouds to darken Kodiak's bright horizon this spring. Faced with their own precarious economic survival, the burgeoning U.S. factory fleet scooped up the bulk of the Gulf of Alaska pollock quota in a few short weeks—much to the dismay of the Kodiak community, which was finally getting its bottomfish industry off the ground. Adding insult to injury, the factory trawlers were creaming the resource; after popping the roe from the female pollock, most of the factory ships tossed the males and female carcasses back over the side.

Then, at the end of March, the *Exxon Valdez* slammed into Bligh Reef at full speed, disgorging 11 million gallons of Prudhoe Bay crude into Prince William Sound. Although no one would have imagined it at the time, the spreading slick from the worst oil nightmare in U.S. history would all but shut down Kodiak's summer salmon fisheries, more than 600 miles to the south.

And what about the flatfish and cod? Here, too, some very serious problems surfaced—namely halibut. The target of a fishery that dates back to the 1920s, halibut belong to longliners who have long had the political savvy to keep draggers off their fish. But more draggers in the Gulf meant more halibut would be caught as a by-catch, so the halibut fishermen pushed through an annual limit on how much of their halibut they'd let the draggers catch. Once they reached the by-catch limit of 2,000 tons, in theory the Gulf could be shut down to bottom trawling for the rest of the year. In September, theory turned into reality when federal fishery managers in Juneau banned any more bottom trawling in the Gulf until 1990.

"The announcement set Kodiak's groundfish industry on its ear," reported the Alaska Fisheries Development Foundation, the federally funded agency which has spent millions of dollars helping



Kodiak's seafood industry diversify. Predicted AFDF: "Life in Kodiak could get pretty grim." It won't be the first time; in Kodiak, adversity is nothing new.

### The Otter Side of the Story

Although fishing has run the town for more than a century, Kodiak's *raison d'être* was once sea otters. A shrewd Siberian merchant named Gregori Shelikof established Three Saints, the first white settlement on Kodiak Island, in 1787. Shelikof, who started one of the companies that was later merged into the great monopoly known as the Russian American Company, was looking for a new source of sea otter pelts after the Russians had annihilated the sea otter populations along the Aleutian Islands. As they had in the Aleutians, the Russians virtually enslaved the local population of Koniag Eskimos.

In 1794, a more humane Alexander Baranof replaced Shelikof. Baranof, who later became Alaska's first Russian governor, moved the Russian settlement northeast to St. Paul Harbor, the site of the present town of Kodiak, following a succession of violent earthquakes and tsunamis which destroyed Three Saints in 1788, 1792 and 1793. For more than a decade, Kodiak was a commercial center of the North Pacific and the seat of Russian colonialism—until Baranof

moved the headquarters of the Russian American Company to Sitka in 1804.

Russian influence eventually stretched as far south as Fort Ross, Calif. But, as the otter trade dwindled, the Russians sold their California outpost for \$30,000 in 1841, and in 1867 the U.S. bought Alaska for \$7.2 million—"Seward's Folly." The three major towns at that time were Unalaska in the Aleutians (commonly known as Dutch Harbor), Sitka in Southeast Alaska and Kodiak. In addition to the fur trade, Kodiak became a whaling center in the 1830s when New England ships showed up in search of right whales. Whales and sea otters were the base of the Kodiak economy until the late 1800s, when both resources collapsed. By that time, though, the first salmon canneries were already in operation on the Karluk River, which was being called the greatest red salmon producer in the world.

By 1888, the 10 canneries in operation along the coast of Kodiak Island were reportedly handling some 65 percent of Alaska's entire salmon pack. It was a rough-and-tumble business. Along the Karluk, for example, gang competition was intense among beach seiners for prime fishing turf. Scrap metal was frequently dumped in the water to foul competitor's nets, and gang fights and flashing knives were not uncommon. At the turn of the century, Kodiak was a rowdy, but

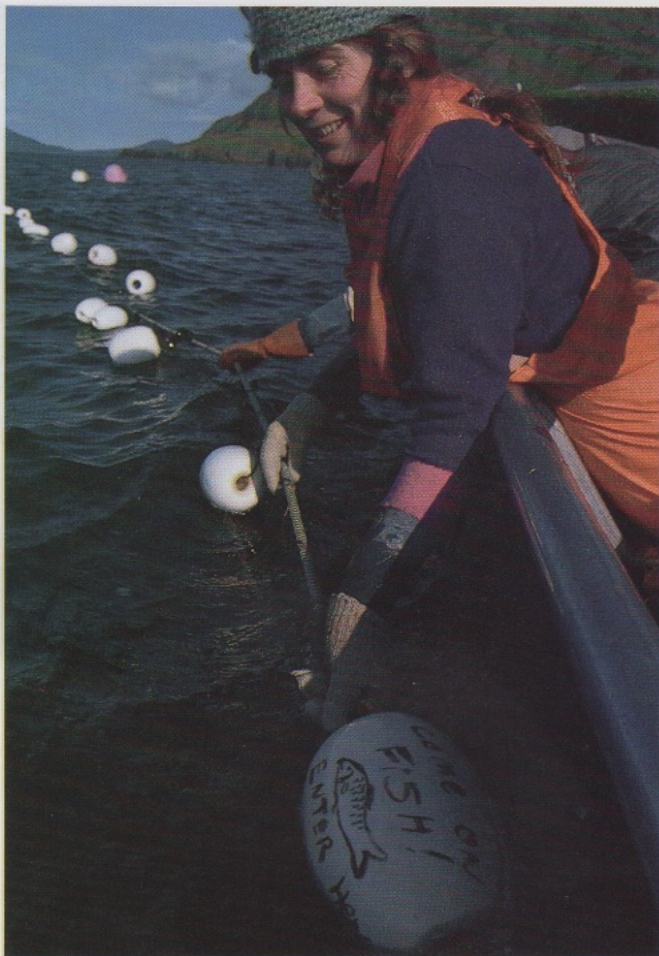
prosperous place. In addition to the healthy salmon business, the town became a stopover for miners heading up to the Nome gold fields.

Kodiak's tempo changed abruptly on June 1, 1912 when Mt. Novarupta began rumbling on the other side of Shelikof Strait. By June 5, a "black and storming sky" could be seen over the Katmai area of the Alaska Peninsula, although the weather was clear. For the next four days, the huge volcano spewed ash skyward in the greatest recorded eruption in the history of Alaska. Ash, which smothered Shelikof Strait and Kodiak under a three-foot deep blanket, was reported as far away as Puget Sound, 1,500 miles to the south. Kodiak's salmon streams were choked with ash and the island's canning industry was thrown into disarray.

But Kodiak bounced back. By 1920, the salmon runs had recovered and, together with new halibut and herring fisheries, formed the basis for a healthy seafood industry on the island. Kodiak's economy kicked into even higher gear after 1939, when the U.S. government woke up to the strategic importance of Kodiak and built a big Navy base several miles outside town in anticipation of a Japanese attack. During World War II, wrote author Yule Chaffin, "the town dug in, blacked out windows, built slit trenches, leveled hills to make runways for bombers and waited for the attack that never came." To thousands of lonely GIs, Kodiak was a place of "sprawling, unpainted shacks, narrow muddy streets, broken boardwalks and bars that never closed."

## When Crab Was King

In September 1940, Kodiak incorporated as a city. Among other issues, six councilmen and a new mayor voted to ban cows from roaming free inside city limits. The next year, Lowell Wakefield, son of a herring fisherman from Port Wakefield on Raspberry Island north of Kodiak, noticed a big "haystack" just offshore at low tide. The haystack was a pile of hundreds of huge crabs, and young Wakefield stopped to watch



Marion Stirrup

*Checking a set-net at one of Kodiak's many sites. Thanks to Exxon, this summer's salmon season was a bust.*

the local islanders gather up the crabs and roast them on the beach. Wakefield thought the crabs tasted better than lobster.

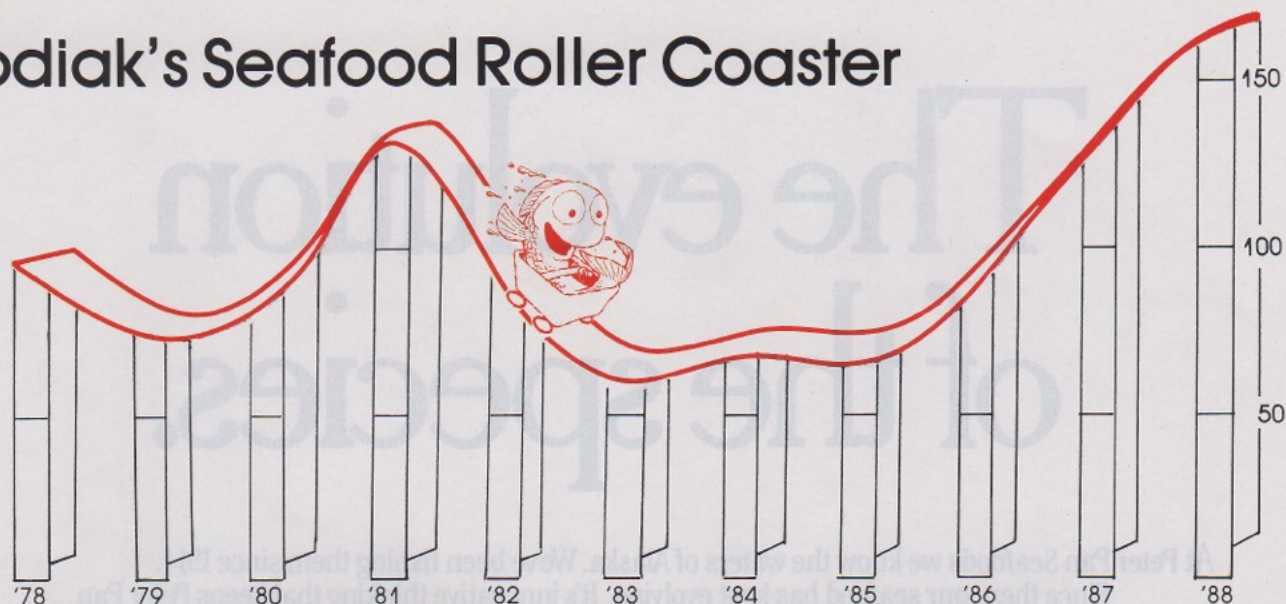
Other Alaskans (including salmon broker Jack Salmon) had tried their hands at canning king crab before, beginning in the 1920s. And the Japanese, who had been canning king crab almost as long as Alaskans had been canning salmon, were exporting close to 10 million pounds of canned king crab a year to the U.S. by the 1930s—most of it caught just off the Alaska coast. During the war, two Kodiak families, the Wakefields in the north and the Suryans at the south end of Kodiak Island, managed to put up a few hundred cases of crab between salmon seasons, but fishermen and boats were hard to come by because of the war. After the war, with the development of freezing technology and the return of fishermen to man the boats, the king crab industry took off. And Kodiak was in the middle of it.

By 1946, Wakefield had already

put some freezers on an East Coast dragger and sent it out into the Gulf of Alaska in search of crab. Three years later, he borrowed money to build the first king crab catcher/processor, the legendary *Deep Sea*, the boat that made Lowell Wakefield a rich man. By 1955, Wakefield's company was processing 85 percent of the state's king crab production. And what good fishing! In the early days, crabbers, who simply dragged nets across the bottom, could catch 10 tons of crab a day.

During the '50s and early '60s, the bulk of the booming king crab catch was caught by relatively small boats operating out of Kodiak harbor. It was a dangerous business, since king crab were fished mostly in the winter and the crab had to be delivered live to the plants. This meant live tanks, which, along with big deckloads of 500-pound pots, made the stability of these boats shaky at best. And when you throw in the ice and frequent storms that march across the Gulf, it's not surprising that

# Kodiak's Seafood Roller Coaster



Value of Ex-vessel Landings in Millions of Dollars

In 1981 and 1988 Kodiak was the top U.S. fishing port.

Source: Fishery Statistics of the U.S.

many lives were lost in the fishery.

Before 1959, when Alaska was a federal territory, fish companies owned the boats and, for all practical purposes, the town. But statehood and the king crab boom brought with it local control of resources, new independence for fishermen, and, for Kodiak, unprecedented prosperity.

## The Great Quake

Then came Good Friday—March 27, 1964—when the greatest earthquake ever recorded in North America struck. The entire Kodiak Archipelago sank anywhere from two to six feet in 2½ minutes of violent shaking caused by the 8.5-magnitude quake centered near Valdez in Prince William Sound. Tsunamis rolled over Kodiak in four waves, the last cresting at 30-35 feet. Every community on Kodiak Island except Akhiok and Karluk reported damage.

In its aftermath, 40 percent of Kodiak's downtown business area was destroyed, along with about half the fishing industry. Boats were strewn like toys five blocks into the heart of town: one bulletin reported 225 vessels lost or damaged, most involved with king crab. Onlookers on that Saturday about 1 a.m. watched boats, stores, warehouses and rooftops swirl by on their way out to sea; then, when the tide shifted, back in. True to its character, the town faced disaster stoically, even op-

timistically, and quickly picked up the pieces.

"There was tremendous growth in crab and shrimp right after the earthquake," Al Burch recalls. Having lost everything, including their boat, Al and his brother Oral moved to Kodiak in 1964 from Cook Inlet, to a new boom town of "plywood palaces and tar-paper shacks"—a Wild West town filled with promoters and carpetbaggers, where bodies occasionally floated up in the harbor—"...some from the earthquake and some fresh."

Just two years after the quake, Kodiak's king crab catch hit an all-time high of almost 50,000 tons. Eighteen plants were processing crab in town, along with eight more located around Kodiak Island, and king crab fishermen were paid the princely price of \$.09 a pound. (In 1982, the last king crab season in the Kodiak district, the average ex-vessel price was \$3.75 a pound.) The good times started to come to an end right after that, though, as the crab stocks suffered and catches started to tail off. In 1969, the Alaska Department of Fish & Game enacted the first seasonal king crab closure, but it was too little too late and Kodiak's crab catches plummeted to just 5,000 tons by 1971.

Fortunately for Kodiak, though, there were other things to do besides king crab. Anchored at the western rim of the Gulf of Alaska at the edge of a huge continental shelf, the waters around Kodiak

are among the most productive in the North Pacific. Washed by the warming, yet storm-roiling Japanese Current, the waters produce a rich broth of nutrients and plankton that support a huge variety of seafood from clams to cod. When king crab stumbled, Kodiak turned to tanner crab and shrimp. Using the moniker "snow crab," a market for the big 5-pound tanners (a nuisance by-catch in the heyday of the king crab fishery) was quickly established in the early 1970s. Tanner catches eclipsed Kodiak's king crab harvest by 1972. But crab catches paled beside the growing shrimp harvest from Kodiak's many bays. The shrimp fishery took off in the mid-'60s after the introduction of automatic peelers; by 1971, at the peak of the fishery, Kodiak's plants were processing more than 40,000 tons of small *Pandalus borealis* shrimp a year.

The same year shrimp landings peaked, Oscar Dyson delivered his first load of groundfish. A Rhode Island fisherman who came to Kodiak in 1952, Dyson had fished halibut, salmon, crab and shrimp on boats that grew in size along with the town's fortunes. Dyson's historic, one-day bottomfishing survey of Shelikof Strait was heralded in the local press as "...a milestone marking the real beginning of what could conceivably become Alaska's greatest fishery."

It was to become a prophetic  
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*continued from page 148*  
statement—in time. During the 1970s, the shrimp, halibut, tanner and Dungeness crab fisheries, along with the recovering king crab fishery, were the potatoes of Kodiak's economy, while salmon, always a summer affair, provided the gravy.

### Billion-Dollar Bonanza?

In 1978, two years after the Magnuson Fishery Conservation

and Management Act established a 200-mile U.S. fisheries zone, Kodiak was the top U.S. port, but the old standbys—salmon, crab and halibut—were the reason. Still, politicians in Juneau and their army of fisheries consultants were looking to the future, and what they saw was a vibrant Alaska seafood industry based in large part on a stable, year-round supply of groundfish that had been traditionally harvested by foreign

fleets. Kodiak would be the model seafood city with a fleet of medium and small-sized boats delivering top-quality fish to prosperous Alaska processors—but the vision has been a long time coming.

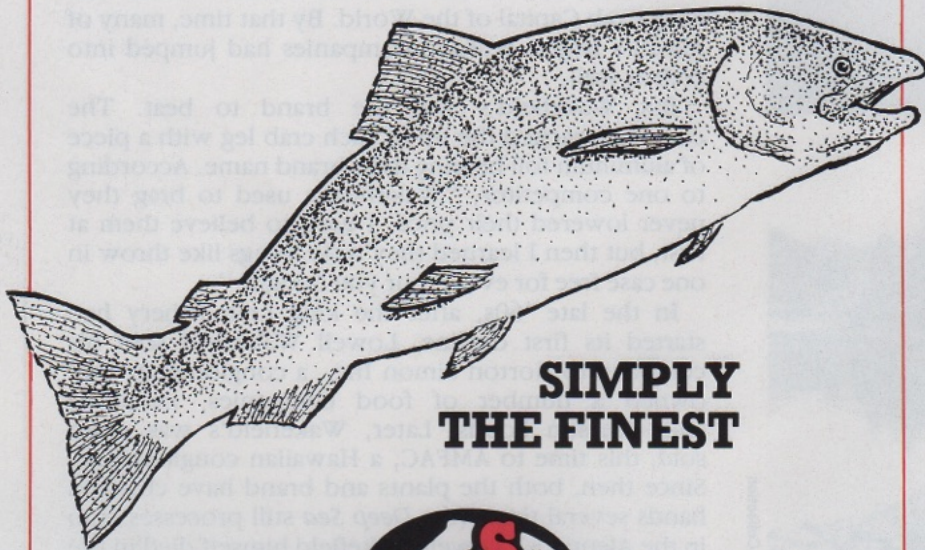
Dave Harville, the owner/manager of several trawlers, a joint-venture company and a gear store, is one of Kodiak's more vocal success stories. He moved from California to Kodiak in 1978, flush with Magnuson spirit. "[Governor] Jay Hammond said that 700 trawlers were needed in Alaska," Harville recounts, "so I moved my operation to do bottomfish—the great horizon, great future." He remembers the tough times of the early 1980s when "the Filipinos got the rock cod, a local cannery got the black cod, and the rest of the load went overboard in Chiniak Bay." The markets just weren't there, he recalls. The frozen market was glutted with Canadian groundfish, and Kodiak's notorious weather closed the airport too often to make the fresh market a reliable alternative.

Even though groundfish was going nowhere, big crab and salmon catches in 1981 pushed Kodiak back to its position as top port. But king crab crashed (again) and two years later the value of Kodiak seafood landings was less than half its 1981 level. Kodiak had again fallen on hard times, made harder because many of the town's fishermen had invested in big, new boats. But then the joint ventures came along and saved the day.

It took more than 10 years after the creation of the 200-mile limit to ease foreign fleets out of Alaska waters. One factor that greatly accelerated the process was the rapid increase in joint ventures, in which U.S. fishermen passed nets full of fish to foreign factory processors. Fortunately for Kodiak fishermen, "jv's" took off not long after king crab collapsed. While Kodiak's processing community didn't benefit from the jv's, many of the town's fishermen did.

Kodiak's groundfish industry finally got going in earnest after the 1986 cod crunch sent fillet prices soaring over \$2 a pound. At that price, groundfish was worth the risk, and local processors started ordering their Baaders to fillet fish.

# ALASKAN TROLL CAUGHT SALMON



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### Foreign Fears

Ever since the late 1800s, when the salmon fleets first sailed up from San Francisco and Seattle, Alaskans have always been highly sensitive to the fact that "outsiders" often make more money from Alaska's fish than do Alaskans. Until this year, as far as groundfish goes, this hasn't been a huge issue, since the perception has been that there's plenty of fish to go around for everyone—especially in the Bering Sea, where logistics dictate that much of the catch has to be caught and processed at sea. But the rapid proliferation of the Seat-

*'The state  
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away.'*

tle-based factory trawler fleet in the last three years has changed that perception, particularly in Kodiak, which saw its groundfish fleet tied up in September for the rest of the year.

Not only are the U.S. factory trawlers quickly eliminating the need for joint ventures (a relatively easy, low-risk source of money for many of Kodiak's fishermen)—their huge catching power is also threatening to torpedo Kodiak's fledgling groundfish industry. From the Alaskan point of view, the groundfish still pretty much belong to foreign fleets—only now the factory ships are from Seattle, instead of Wakkanai, Pusan or Nakhodka.

"The state of Alaska is letting the groundfish slip away," says Harville. "I want this town to survive and I want groundfish to survive in this town. And if factory trawlers must be kicked out of the Gulf, so be it!"

"We must protect the coastal industry. It's time to talk about how—that's the challenge of the

future. Alaska takes only about 15-20 percent of the gross revenue from its fisheries. The rest goes outside. That's poor division. We could raise that if the state would look at fisheries like they look at oil," adds Oscar Dyson, who with six other fishermen plunged into vertical integration in 1976 with the establishment of All-Alaskan Seafoods, a successful effort to keep more money from Alaska fish in Alaska. Now partially owned by a British conglomerate, All-Alaskan operates both shore-based and floating processing operations.

In addition to the traditional mix of salmon, crab and halibut, All-Alaskan has made a substantial investment in equipment to process large volumes of flatfish, cod and pollock. According to Melvan Morris Jr., the company's general manager and long-time Kodiak resident, groundfish has become "a necessity, frankly."

### A Matter of Survival

If Kodiak's future as "America's Seafood Processing Capital" depends on a shore-based groundfish industry, the future of a shore-based groundfish industry in Kodiak depends on politics. Two thorny issues—the halibut bycatch and shore-based vs. at-sea processing—will be settled only after a lengthy, bitter battle between a lot of people with a lot to lose. But many people are betting on Kodiak, people such as Dave Woodruff.

The vice president of Alaska Fresh Seafoods, Woodruff, 48, has lived in Kodiak all his life. This summer, like many other plants in Kodiak, Alaska Fresh ran at less than 50 percent of capacity, but Woodruff says "there's no use worrying about it." The town is not about to throw in the towel—its people have too much character for that. Kodiak has survived far worse things than the likes of Exxon and the Seattle factory trawler invasion.

"I wouldn't count us down and out. Kodiak has a way of springing back. There's a lot of ingenuity and hard work here. We have a tough battle ahead of us, but we always seem to muster the energy to survive." □





D. B. Pleschner

*Hard work: Flatfish is a tedious fishery, requiring considerable sorting at sea and icing to produce a top-quality product.*