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**GRAYS HARBOR AND PACIFIC COUNTY PROFILE**  
**APRIL 1998**

Labor Market and Economic Analysis Branch  
Employment Security Department

This report has been prepared in accordance with  
*RCW 50.38.050*.

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# INTRODUCTION

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This report profiles the labor market and economic characteristics of Grays Harbor and Pacific counties. It was prepared by the Labor Market and Economic Analysis (LMEA) Branch of the Washington State Employment Security Department and is one in a series that profiles labor market and economic conditions in each of Washington's 39 counties.

The profile is designed to assist state and local planners in developing local economic strategies. It is also an effective tool for answering labor market and economic questions frequently asked about the county. Readers with specific information needs should refer to the *Table of Contents* or to the *data appendix* to more quickly access those sections of particular interest to them.

Like the earlier *Grays Harbor and Pacific County Profile* of August 1994, the purpose of this report is to provide a comprehensive labor market and economic

analysis of Grays Harbor and Pacific counties. Characteristics profiled include the following:

- physical geography, economic history, and demographics
- labor force composition and trends
- industries, employment, and earnings
- skills and occupations
- economic development and job training

Much of the information in this report is regularly updated on the LMEA Internet homepage. The homepage contains current and historical labor market information which can be accessed by area or by type of information. The site address is:

**<http://www.wa.gov/esd/lmea>**

Any inquiries or comments about information in the profile should be directed to the Labor Market and Economic Analysis Branch.

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# GEOGRAPHY

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Grays Harbor and Pacific counties are situated along the Pacific coast of Western Washington. The area's coastline extends from the lower Olympic Peninsula to the mouth of the Columbia River. It is bounded by Jefferson County to the north, parts of Wahkiakum County and the Washington-Oregon border to the south, and parts of Mason County, Thurston County, and Lewis County to the east.

Extending inland from 30 to 50 miles, Grays Harbor and Pacific counties constitute geographic areas of 1,918 square miles and 908 square miles, respectively. As such,

they rank 15th and 30th in size amongst Washington counties. Together, the two counties represent just over 4 percent of the state's total landmass.

The topography of the region is only slightly varied. Two large bays—Grays Harbor and Willapa Bay—dominate the coastal characteristics of the region. As one moves inland, the topography shifts from the river lowlands and rolling hills which constitute most of Pacific County and the southern half of Grays Harbor County to the Olympic Mountains in northern Grays Harbor County. Over 90 percent of this region is classified as forest land.

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# ECONOMIC HISTORY

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Long before the first white settlers arrived, the region destined to become Grays Harbor and Pacific counties was inhabited by numerous coastal Indian tribes. In Grays Harbor County, the Chehalis Tribe was by far the largest and most powerful. Other tribes in the area were the Hoquiam, Humptulips, Satsop, Quinault, and Wynooche. Of the tribes in the Pacific County area, the largest was the Chinooks, who inhabited the mouth of the Columbia River in what is now southwest Pacific County. Smaller tribes were the Wilapah, Nickomen, Wharhoots, Querquelins, Palus, Nemah, and Nasal—all of whom lived near the coast. The Indian population, though, was decimated by the 1850s because of outbreaks of smallpox, measles, and other diseases introduced by white explorers and settlers.

The Indians were the first to embrace commerce in the region by means of fishing, hunting, and gathering. Foods such as fish and shellfish, meat, and roots and berries made up the Indians' varied diet. Through the use of nets and spears, they caught salmon and sturgeon—which were either consumed fresh or dried and stored for winter use. Also important were clams, oysters, crabs, mussels, and barnacles. The Indians included meat in their diet by hunting deer, elk, and assorted birds. Roots and bulbs, especially camas, and an assortment of wild berries—salmonberries, huckleberries, serviceberries, and strawberries—rounded out the Indian diet.

In July of 1775, non-Indians entered the area for the first time. Spanish explorers Bruno Heceta and Juan Francisco de Bodega y Quadras landed parties ashore at what is now Point Grenville. However, they stayed only briefly and did not claim the area as Spanish dominion. Heceta, after leaving Point Grenville, came upon the mouth of the Columbia River. Thinking that he was at the mouth of a bay, he named it Bahía de la Asunción. In late June of 1788, the English Captain Meares also came upon the mouth of the Columbia. Thinking it was part of the sea, he named the jetty Cape Disappointment and the water inside Deception Bay. A week later, Meares discovered and named Shoalwater Bay (now called Willapa Bay).

In the late 1780s, the Boston Fur Company was formed to engage the Pacific Northwest Indians in the trading of sea otter furs. The success of the first journey (around Nootka Sound) in 1788, led to the organization of another—this one off the Northwest coast. In May of 1792,

Captain Robert Gray sailed his brig, the *Columbia*, into Bullfinch Harbor (later renamed Grays Harbor). Searching for still more Indians with whom to trade, Gray sailed into the mouth of the Columbia River, advancing some 15 miles. It was May 10, 1792—just three days after he had sailed into Grays Harbor. To commemorate the event, the river was named Columbia in honor of the ship.

Through the turn of the century, the Americans continued to ply the coastline in the interest of fur trading. Still, they showed little other interest and did not venture inland. For example, in 1824, a party from the Hudson's Bay Company passed through the region on its way to Puget Sound. In 1841, an American surveying expedition similarly journeyed through the area. In both cases, their assessment of the area was not flattering; scraggly, stunted pines extending to water's edge, wet and foggy climate, windy exposure to the ocean, swamps, and frequently flooded (at high tide) marshes, etc.

Determined to find a commercial waterway from the Mississippi to the Pacific Ocean—the so-called Northwest Passage—President Thomas Jefferson directed his personal secretary, Meriwether Lewis, to form an expedition. Lewis chose William Clark as his second in command. Although the expedition found no such route, it did successfully navigate the Snake and Columbia rivers from Eastern Washington to the Pacific. On November 15, 1805, they made camp at what is now the town of Chinook in Pacific County. The party ventured north along the coast as far as Long Beach before turning around to head south along the Oregon coast.

At the turn of the century, John Jacob Astor formed the Pacific Fur Company. There were now a total of three principal trading companies—the Pacific Fur Company, Boston Fur Company, and the English Hudson's Bay Company—in the region. The fur trade was abandoned several years later as intense competition depleted the otter population.

The transformation of the geographical area into modern political units occurred in the 19th century as the Northwest became a magnet for immigration during the 1840s and 1850s. The U.S. government actively encouraged settlement of the region, whose ownership was disputed. More American citizens living in the area would give the U.S. a more valid claim than that of the other claimant, England. The Donation Land Act of 1850 be-

stowed U.S. recognition upon land claims of settlers—320 acres for a single person and 640 acres for a married couple.

Both counties, and most of what is now western Washington, were initially founded as the Oregon Territory's Lewis County in 1845. At that time, Lewis County extended from the Pacific to the Cascades and from the Columbia River up to the 54th parallel in Canada. In the early 1850s, the Washington Territory was founded with Lewis County a part of it rather than the Oregon Territory.

After the establishment of the Washington Territory, Lewis County was partitioned into a number of different counties. Present-day Grays Harbor and Pacific counties eventually resulted from this territorial legislative action. Grays Harbor County, of course, takes its name from the explorer, Captain Gray, and Pacific County is named after the ocean.

Most of the early settlers were drawn to the area by excellent fishing. Not surprisingly, they focused their efforts on plentiful salmon—mostly King, Chinook, Blueback, Steelhead, Silver, and Chum. Many fished the harbor in small boats with nets, gaffs, and hook and line. In the 1850s, the early white settlers, fishing alongside local Indians, set traps and nets at the mouth of the Columbia, Willapa, Chehalis, and other rivers during the spring and summer salmon runs. By the turn of the century, the Grays Harbor County fishing industry employed roughly 300 gillnetters and managed an annual payroll of approximately \$75,000.

In addition to eating fresh catch, the settlers used to salt and pack (or barrel) some for later consumption. From this practice a fish processing and canning industry eventually emerged. The growing East Coast demand for salmon gave rise in 1864 to the area's first cannery at Chinook. By the 1870s, several firms were engaged in this activity. And in the 1890s, processing and canning razor clams and cultivated oysters became equally important in the counties. Some crabs were harvested from deeper waters at the mouth of the Columbia River, Willapa Bay, and Grays Harbor. The industry continued to grow through the 19th century and into the 20th. By 1930, for example, there were approximately 800 persons employed in the Pacific County's canning industry.

Other settlers came to cultivate the land or raise cattle. The farmers distanced themselves from the coast and river valleys, opting instead to seek the open prairies. Although promising at first, the thin topsoil was quickly exhausted, forcing them to retreat to the more fertile valleys. The valleys also provided excellent pasture for cattle. The demand for both industries' products—par-

ticularly livestock—surged in the mid-1870s when gold prospectors flocked to areas near the Fraser River.

While dairying became the most successful agricultural pursuit, with its resultant milk, butter, cream, and cheese industries, it spawned others. Forage crops were grown—oats, rye, and vetches—and poultry became a significant industry. Sheep, beef cattle, and pigs were raised in small numbers, mainly for local use. Pacific County, particularly, developed berry production, especially cranberries, for which soil and moisture conditions were preeminently satisfactory.

No matter their pursuit, few of the early settlers found their journey into the two-county area easy. The shorelines and river valleys were densely forested. Fir, cedar, hemlock, spruce, and a variety of deciduous trees blanketed the area. These “obstacles” to settlement gave rise to a logging industry as clearings had to be cut. Initially, ox or bull teams were used to pull fallen trees from the forest on skidded (greased) roads. This method was later replaced by splash dams, river driving, steam-driven donkey engines, and tracks.

What started as a means of clearing land for settlement evolved into one designed to meet the demand for lumber as towns sprang up in the wake of homesteading and prospecting in Washington, Oregon, and especially California. By the 1880s, logging was firmly established in the region.

Naturally, the lumber industry evolved from logging. The second half of the 19th century saw numerous sawmills come into existence. In 1853, the area's first sawmill was erected at Cedarville in what is now the southeast part of Grays Harbor County. Sawmills proliferated during the next thirty to forty years: mills were built at Cosmopolis, Hoquiam, Aberdeen, Willapa, South Bend, Raymond, Ilwaco, and other sites. As more mills were built, lumber became the backbone of the regional economy and by the late 1880s, lumber and logging overtook fishing as the principal industries.

Both logging and lumber concerns enjoyed great prosperity through the turn of the century and World War I. The demand for logs and lumber surged when wooden steam ships were mass-produced in Grays Harbor during the course of World War I. This was perhaps the greatest period of economic growth in the area. The economic boom period during and immediately following the war was also a period of growing labor unrest—particularly in natural resource-oriented regions such as the two-county region. The onset of the Great Depression devastated the timber industry and contributed to the growing strength of the International Workers of the

World (IWW) or Wobblies, as they were more commonly known. The labor movement had a tremendous influence on those who lived and worked in the area and even today the counties retain a strong attachment to unionism.

As with the rest of the nation, it was World War II that actually brought the Great Depression to a halt in the two counties. And the aftermath of the war ushered in national economic prosperity during the 1950s and 1960s. The accompanying housing boom created a modest surge in the region's logging and lumber industries. During the 1970s, however, national economic recessions and rising interest rates took their toll on the county's natural resource-oriented economy.

Employment and population losses were exacerbated in the early 1980s when construction on one Washington Public Power Supply System plant at Satsop was terminated and the other plant was placed in "moth balls."

Construction work on the plants, located roughly 15 miles east of Aberdeen near Elma in Grays Harbor County, had employed a very large number of construction workers from the area. Termination of the project caused substantial unemployment and out-migration from the area—both of which had adverse effects on the service sector and other areas of the economy.

The 1980s also saw the national "double-dip" recessions take a toll on the timber industry. When the recessions ended, timber workers were not re-hired at the same rate they were in the past because the industry had taken that opportunity to restructure and modernize. The employment situation was exacerbated later in the 1980s when environmental concerns resulted in species protection efforts and timber set-asides that cost another large number of jobs. Even with that, timber remains the largest industry and employer in the area.



# POPULATION

Population is viewed, correctly, as a key economic indicator of an area's vitality. People follow jobs. However, it is a lagging, not a leading, indicator. It takes time for people to come to an area where jobs are prevalent,

and it takes time for them to leave once the demand for workers lessens. Nevertheless, population changes provide a good insight into how the economy has performed, and for indicating trends.

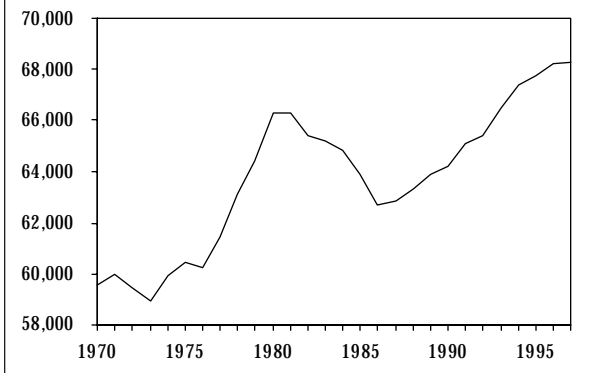
## Trends

As can be seen in the three charts, the trend for both Grays Harbor and Pacific counties has been similar even though there is a large difference in the actual size of their populations. For both counties, the early 1970s saw sputtering changes in the population with no real growth. However, strong and rapid growth started in the mid-1970s and lasted until 1981. Then, the combination of the national recessions of the early 1980s and the cessation of work on the Satsop nuclear power plant caused a decline in Grays Harbor County every bit as sharp as the preceding rise. The change in Pacific County was not so pronounced—the initial growth was not as steep and neither was the ensuing decline. Both counties, however, saw the declines halt in 1986, and both counties have experienced growth since then.

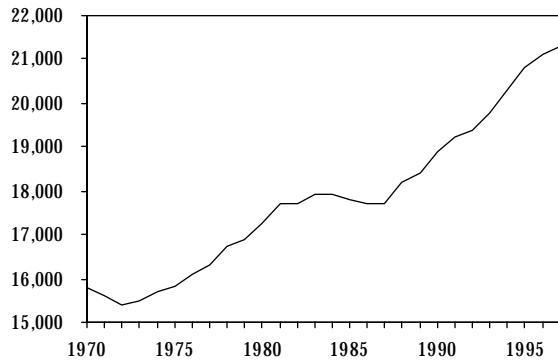
Grays Harbor County had a population of 59,553 in 1970, the 1990 Census put it at 64,175, and the 1997 estimate by the Office of Financial Management was 68,300. For the period 1970-97, the total increase was

15 percent. From the trough in 1986 until 1997, the population grew 9 percent.

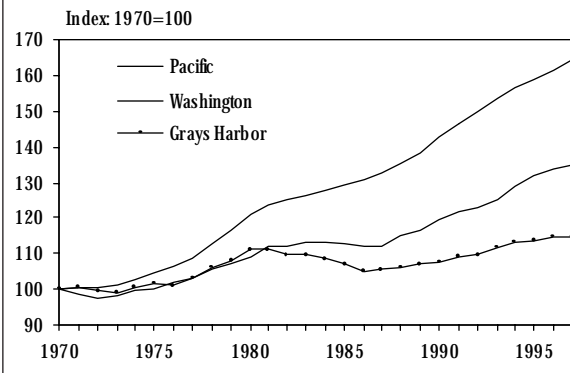
**Figure 1**  
**Population Trend**  
**Grays Harbor County, 1970-1997**  
*Source: Office of Financial Management*



**Figure 2**  
**Population Trend**  
**Pacific County, 1970-1997**  
*Source: Office of Financial Management*



**Figure 3**  
**Population Trend**  
**Grays Harbor, Pacific, Washington, 1970-97**  
*Source: Office of Financial Management*





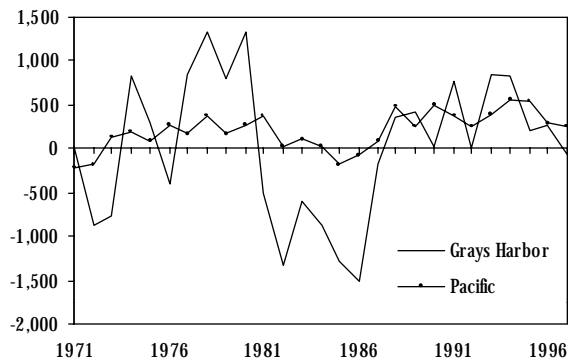
In Pacific County, overall growth was greater. The population went from 15,796 in 1970 to 21,300 in 1997 (the 1990 Census counted 18,882). This represented a 35 percent increase. From 1986 to 1997, the population grew 20 percent.

The growth in these two counties, though, lagged behind growth of the state as a whole. Washington's population grew 64 percent from 1970-97. The state's population was not affected as much by the recessionary early 1980s and its overall growth rate has been somewhat stronger.

Two distinct elements can constitute changes in population: the natural change and the migratory change. The natural change stems from the difference in the number of births and deaths. Generally, the natural change rate is subject only to major socio-economic upheavals. During the Great Depression, for example, the birth rate fell to its lowest point in the century. The migratory element is the one that responds quickly to economic changes. Net migration is the difference between those entering and those leaving an area.

Figure 4 shows net migration for both counties from 1971 to 1997. The migration figures for Grays Harbor County are quite volatile, but they must be viewed in context: the population had soared until 1980 because of construction at the Satsop nuclear power plant. The sharp decline beginning in 1981 reflects the aftermath, when workers were exiting the area because of termination of work on the project. The national "double-dip" recessions of that period contributed further to out-migration.

**Figure 4**  
**Population Change**  
**Grays Harbor & Pacific Counties, 1970-1997**  
**Source: Office of Financial Management**



From 1990 to 1996, Grays Harbor County had a net increase of 4,025 with net migration accounting for 2,933 and the natural change adding another 1,092. Pacific County, during the same time, experienced a total increase of 2,218. Net migration, surprisingly was greater than that at 2,408. The natural change was a negative 190 with deaths outstripping births. Significant numbers of young adults, those in their prime child bearing years, emigrate from the county regularly in search of employment opportunities. This leaves, on average, an older population than in other areas, for instance, neighboring Grays Harbor County. In 1996, the median age in Pacific County was 42; in Grays Harbor County, 36.

## Towns and Cities

Population growth in Grays Harbor County has been greatest in the unincorporated areas—from 1990 through 1997, those numbers grew by 7.7 percent whereas the incorporated areas grew by only 5.6 percent. But the bulk of the population—61 percent—lives in incorporated areas.

Within the incorporated areas, Ocean Shores had both the highest growth rate (38 percent) and the largest numerical increase (879). The two largest cities, Aberdeen and Hoquiam, had growth rates of less than 1 percent over the period.

Pacific County has most of its population residing in unincorporated areas. In 1997, two-thirds lived outside the cities and towns. And, from 1990 to 1997, the number of people living in incorporated areas increased 6 percent while those in unincorporated areas grew by 16 percent.

The largest city in the county, Raymond, saw its population increase by only 2.4 percent during that period. Long Beach was the fastest growing community; it increased its numbers by 14 percent.

**Figure 5**  
**Population of Cities, Towns, and Counties**  
**April 1, 1990 to April 1, 1997**  
**Source: Office of Financial Management**

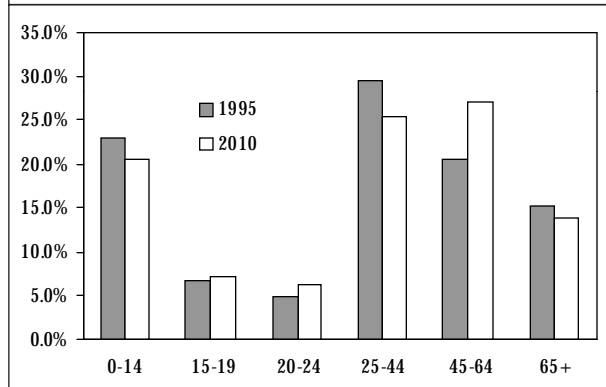
	1990	1991	1992	1993	1994	1995	1996	1997	% Chg 1990-97
<b>Grays Harbor County</b>	64,175	65,100	65,400	66,500	67,400	67,700	68,200	68,300	6.4%
Unincorporated	25,000	25,673	25,815	26,246	26,923	26,930	27,050	26,925	7.7%
Incorporated	39,175	39,427	39,585	40,254	40,477	40,770	41,150	41,375	5.6%
Aberdeen	16,565	16,660	16,630	16,665	16,750	16,700	16,700	16,690	0.8%
Cosmopolis	1,372	1,370	1,372	1,375	1,377	1,495	1,515	1,535	11.9%
Elma	3,011	3,000	3,005	3,011	2,840	2,855	2,945	3,015	0.1%
Hoquiam	8,972	8,970	8,970	8,970	8,940	9,015	9,020	9,035	0.7%
McCleary	1,473	1,473	1,498	1,501	1,510	1,525	1,540	1,555	5.6%
Montesano	3,060	3,056	3,081	3,510	3,520	3,530	3,640	3,610	18.0%
Oakville	529	608	616	632	655	665	665	665	25.7%
Ocean Shores	2,301	2,400	2,493	2,620	2,830	2,930	3,055	3,180	38.2%
Westport	1,892	1,890	1,920	1,970	2,055	2,055	2,070	2,090	10.5%
<b>Pacific County</b>	18,882	19,200	19,400	19,800	20,300	20,800	21,100	21,300	12.8%
Unincorporated	12,356	12,679	12,875	13,180	13,600	14,035	14,216	14,375	16.3%
Incorporated	6,526	6,521	6,525	6,620	6,700	6,765	6,884	6,925	6.1%
Ilwaco	838	856	880	890	870	875	864	874	4.3%
Long Beach	1,236	1,230	1,250	1,290	1,360	1,365	1,400	1,410	14.1%
Raymond	2,901	2,890	2,850	2,870	2,885	2,905	2,960	2,971	2.4%
South Bend	1,551	1,545	1,545	1,570	1,585	1,620	1,660	1,670	7.7%

## Age Groups

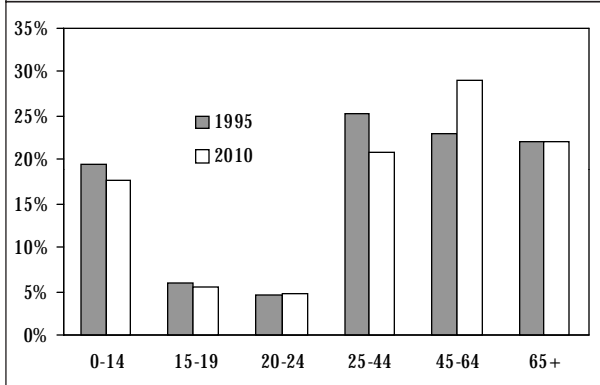
The distribution of the population among various age groups as well as changes in that distribution over time can show aspects of the population that aren't revealed by just the overall numbers. *Figures 6 and 7* subsume the populations of Grays Harbor and Pacific counties into percentages by age groups for 1995 and 2010. These groupings have significance if we make the following assumptions about them:

- 0-14 - Infants or adolescents a decade or two removed from the labor force.
- 15-19 - Prospective new entrants into the labor force, except college students.
- 20-24 - New entrants into the labor force.
- 25-44 - Workers in their prime years of work productivity.
- 45-64 - Mature workers with years of accumulated skills and experience.
- 65+ - Retirees.

**Figure 6**  
**Population by Age Groups**  
**Grays Harbor County, 1995 and 2010**  
**Source: Office of Financial Management**



**Figure 7**  
**Population by Age Groups**  
**Pacific County, 1995 and 2010**  
*Source: Office of Financial Management*



Over the 1995-2010 period, the biggest change in the population will be the aging of the work force. Many baby boomers, those born from 1946 to 1964, will be pushing into retirement age; those still working will make up a large portion of the work force. There are not projected to be any major changes in the share size of the younger groups (0-24) and the over-65 cohort will decline, but only slightly.

On the other hand, the size of the 25-44 group will fall significantly while the 45-64 group will grow significantly, reaching about 28 percent of the total. This changes the composition of the labor force significantly and raises questions: Is an older labor force a more effective one because of its accumulated skills and experiences; or is it one more resistant to change and unwilling or unable to adapt to new technologies? These issues will be played out and resolved over the next few years.

## Demographics

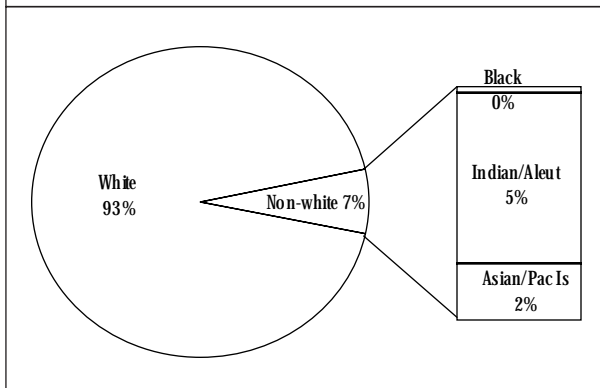
There is no appreciable difference between the number of males and females in either county, according to the 1990 Census. The split was just about even, with the number of females a bit higher. Pacific County had 50.6 percent females and 49.4 percent males while Grays Harbor County had 50.2 percent females and 49.8 percent males. These share sizes were very similar to the statewide figures of 50.4 percent female and 49.6 percent male.

Looking at the population by race and Hispanic origin, though, one can readily see a divergence in the counties from the statewide mix (see Figures 8 and 9). Estimates for 1996 show both Grays Harbor and

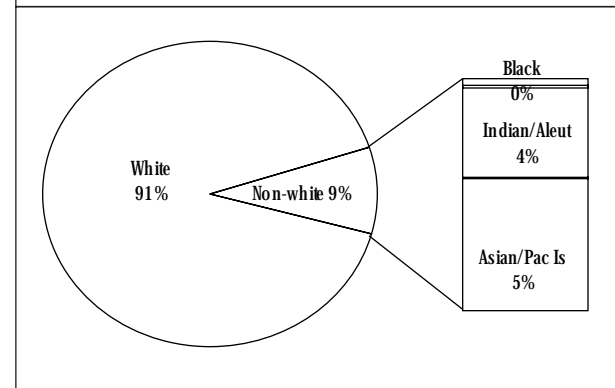
Pacific counties to be more homogeneous than the state as a whole. Racially, both counties are predominantly white: Grays Harbor at 93.3 percent white and Pacific at 91.0 percent. The state as a whole was 88.5 percent white in 1996.

Native Americans constituted 4.9 percent of the Grays Harbor population and 3.5 percent of Pacific's. For both counties, blacks had less than one percent of the total. Asians and Pacific Islanders were 1.6 percent of the total in Grays Harbor County and 5.2 percent in Pacific County. Those of Hispanic origin, who can be of any race, were 2.4 percent of Grays Harbor's population and 3.9 percent of Pacific's population.

**Figure 8**  
**Population by Race**  
**Grays Harbor County, 1996**  
*Source: Office of Financial Management*



**Figure 9**  
**Population by Race**  
**Pacific County, 1996**  
*Source: Office of Financial Management*



# CIVILIAN LABOR FORCE

The resident civilian labor force is defined as all persons 16 years of age and older within a specified geographic area who are either working or actively looking for work. This excludes those serving in the armed forces and those in institutions such as schools or correction

facilities. In 1996, the labor force in Grays Harbor County was estimated at 28,330. In Pacific County, it was estimated to be 8,610. Like the general population, the labor force and its expansions and contractions are seen as indicators of an area's economic vitality.

## Trends

*Grays Harbor County.* The most salient feature of the county's labor force size over the last twenty-three years was the balloon-like expansion in the mid-1970s and the similar contraction in the mid-1980s (see *Figure 10*). The balloon, of course, represented the tremendous build-up of construction workers who came into the county to build the Satsop nuclear power plant.

In 1970, the labor force stood at 24,370. A national recession had just ended that year and the county, along with the nation, was beginning its recovery. Growth in the work force was strong for several years; by 1973 it reached 26,150. A very severe recession, the oil embargo of 1973-1975, reversed the upward trend, and the numbers declined in 1974 and 1975.

But, 1976 marked the beginning of an unparalleled spike in labor force growth. Construction began at Satsop, and over the next six years, 9,710 people joined the labor force. The county averaged a 5.5 percent annual increase from 1975 through 1981. Cessation of work at

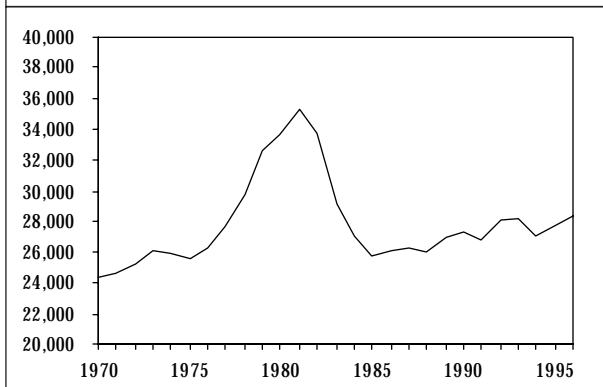
Satsop and the "double-dip" recessions of the early 1980s coincided. The resultant decline was every bit as steep as the increases. From 1981 to 1986, the numbers decreased by 9,480, putting the labor force size almost exactly where it was when the expansion had begun a decade earlier.

Since then, growth has been moderate; a slight dip in 1988 and a larger one coinciding with the most recent recession of 1990-91 failed to offset the pattern of increase. Gains in 1992 and 1993 were followed by a slump in 1994. However, increases occurred in 1995-96.

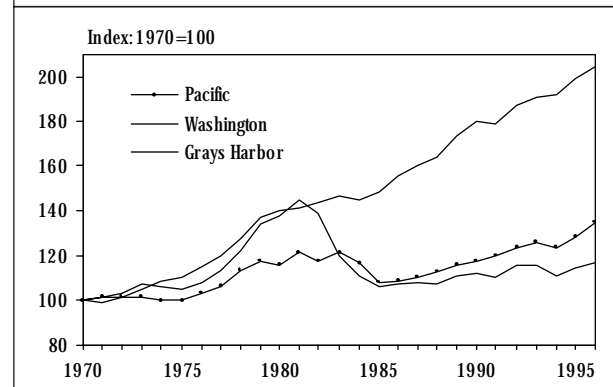
The overall increase from 1970 (24,370) to 1996 (28,330) was only 3,960, a 16 percent increase, which closely parallels population growth. By comparison, Washington's statewide labor force grew by 104 percent during the same period. (*Figure 11* shows the growth rates for both counties and the state.)

*Pacific County.* The changes in Pacific County's labor force are represented in *Figure 12*. And, it is readily

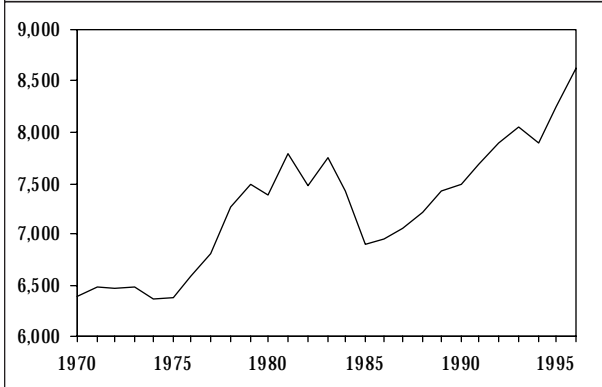
**Figure 10**  
**Civilian Labor Force**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



**Figure 11**  
**Civilian Labor Force**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 12**  
**Civilian Labor Force**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



apparent that the pattern is quite different than that of neighboring Grays Harbor County. First of all, the growth has been greater. The labor force grew from 6,400 in

1970 to 8,610 in 1996, a 35 percent increase—substantially higher than in Grays Harbor County (but still much less than the statewide increase).

Coming out of the 1970 recession, Pacific County's labor force added 90 people in 1971; however, that put it on a plateau where it remained for the next few years. The recession of 1973-75 caused a drop for two years, but that was just a prelude for the upcoming boom. The strong growth beginning in 1975 was affected by the Satsop project, but not to the extent it was in Grays Harbor County—growth was not limited to construction.

So, when work halted on Satsop, the decline in Pacific County was not as severe as in Grays Harbor. The labor force fell from its 1983 peak of 7,770 to 6,900 in 1985. The rebound was strong through 1992—the 1990-91 recession didn't seem to affect it. A new high of 8,050 was reached in 1993 but that was followed by a decline in 1994 when the labor force size dropped back to 7,890. Good growth occurred in 1995 and 1996, more than two percent each year.

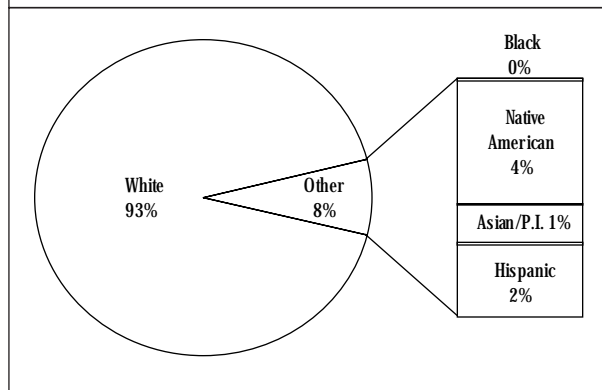
## Demographics

Like the general population, the labor forces in Grays Harbor and Pacific counties are not as racially diverse as the statewide labor force. The Employment Security Department estimated that in Grays Harbor County in 1996 there were 26,170 whites in a total labor force of 28,330. There were 1,120 Native Americans, 370 Asians and Pacific Islanders, 20 blacks, and 650 of Hispanic origin. In Pacific County, the labor force was 7,870. This included 7,000 whites, 280 Native Americans, 130 Asian/Pacific Islanders, 10 blacks, and 260 persons of

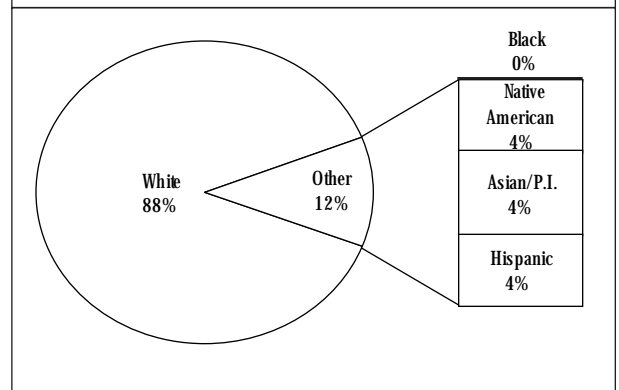
Hispanic origin. (In these figures, all races exclude those of Hispanic origin, as Hispanic is indicated as a separate group.) The numbers work out to whites making up 92 percent of the labor force in Grays Harbor and 88 percent in Pacific. Statewide, the share for whites is 85 percent.

Males continue to outnumber females in the labor force, but not by much. In Washington, women make up 45 percent of the total; in Grays Harbor County, 42 percent; and in Pacific County, 43 percent.

**Figure 13**  
**Labor Force by Race & Hispanic Origin**  
**Grays Harbor County, 1996**  
*Source: Employment Security Department*



**Figure 14**  
**Labor Force by Race & Hispanic Origin**  
**Pacific County, 1996**  
*Source: Employment Security Department*





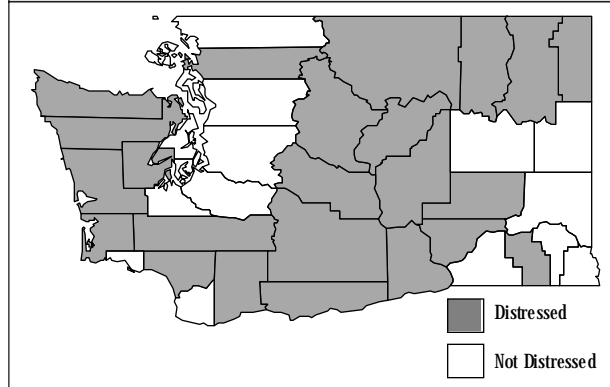
# UNEMPLOYMENT

As mentioned earlier, the civilian labor force consists of those who are working and those who are not working but are looking for work. The unemployment rate is the percentage of the total labor force who are not working but who are actively looking for work. The unemployed do not include retirees, persons in institutions, or those who have come to be known as “discouraged workers,” i.e., persons who would like to work but who are not actively searching for a job. None of these groups of people are included in the unemployment figures because they are not looking for work.

At the national level, the unemployment rate is determined by a regularly recurring survey of households. At the local level, the state’s portion of this household survey is integrated and merged with other information (e.g., unemployment insurance claims and surveys of business establishments) to produce unemployment rates for the state and the counties.

Figure 15 shows the counties in Washington that are considered to be *distressed*, that is, they have unemployment rates 20 percent higher than the statewide average for three consecutive years. Grays Harbor and

**Figure 15**  
**Distressed Counties**  
**Washington State, 1997**  
*Source: Employment Security Department*



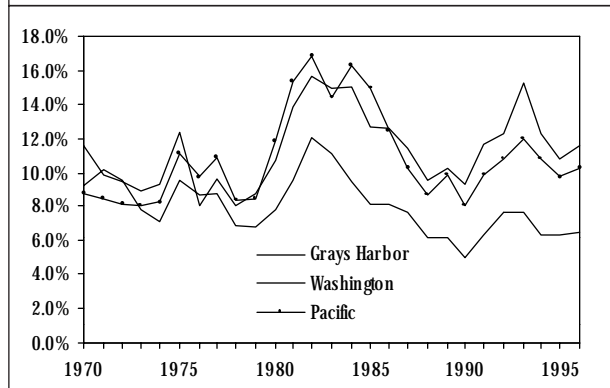
Pacific counties are included among the distressed counties, making them eligible for some preference in bidding for government contracts. In 1996, Grays Harbor County had 11.5 percent of its labor force idle and Pacific County had 10.2 percent unable to find work.

## Trend

In 1970, 1971, and 1972 the unemployment rate in Pacific County was lower than Washington’s. In 1971, 1972, and 1976 this was also the case with Grays Harbor County. Those were the last times that unemployment in the two counties was at a lesser rate than the statewide average.

The mid-1970s saw the county’s rates surpass the state, and while they track in tandem with the pattern of the state, the track is at a significantly higher level. Even the construction boom of the late 1970s associated with the Satsop plant had no significant influence on the percentage of the unemployed. However, its aftermath did—by driving unemployment up. Unemployment in both counties was at or near the 16 percent mark during the early to mid-1980s. Cutbacks at Satsop coupled with the national “double-dip” recessions of those years was disastrous for employment in the area.

**Figure 16**  
**Unemployment Rates**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



In 1984, a decline in the very high rates became apparent and the rates continued to fall, gradually, for the next several years. In 1990, the Grays Harbor rate reached 9.3 percent and Pacific County's was at 8.0 percent. (That year, the state's unemployment rate was 4.9 percent.) Since then, though, the percentage of unemployed in both counties has risen considerably. The 1990-91 recession was an influence, as was the continuing decline in employment in the timber industry. From 1990 to 1993, Grays Harbor's manufacturing sec-

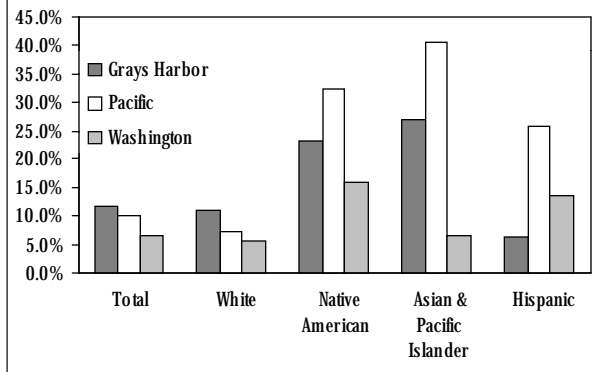
tor lost about 1,500 jobs, producing an unemployment rate of 15.2 percent in 1993. Pacific County's was better, but came in that year at a still high 12.0 percent. Since then, unemployment has fallen considerably, but in 1996 there was still double-digit unemployment in both counties (Grays Harbor, 11.5 percent and Pacific, 10.2 percent). Preliminary figures suggest that the 1997 annual average rates will be considerably lower—Grays Harbor's should be around 9.3 percent and Pacific's at about 9.0 percent.

## Demographics

Unemployment differs by race in the two counties (and in Washington, but to a lesser degree). In general, the unemployment rate for whites is less than the overall rate; the rate for non-whites is substantially greater (see *Figure 17*). In 1996, the rate for Grays Harbor County was 11.5 percent: for whites it was 11.0 percent and for non-whites it was 18.5 percent. Pacific County had 10.2 percent of its labor force without jobs: whites had a rate of 7.4 percent and non-whites had a shocking 31.7 percent unemployment rate.

Unemployment among women was less than among men. In Grays Harbor County, 11.4 percent of women and 11.7 percent of men were jobless on average in 1996 while in Pacific County the rates were 7.3 and 12.4 percent for women and men, respectively.

**Figure 17**  
**Unemployment by Race**  
**Grays Harbor, Pacific, Washington, 1996**  
*Source: Employment Security Department*

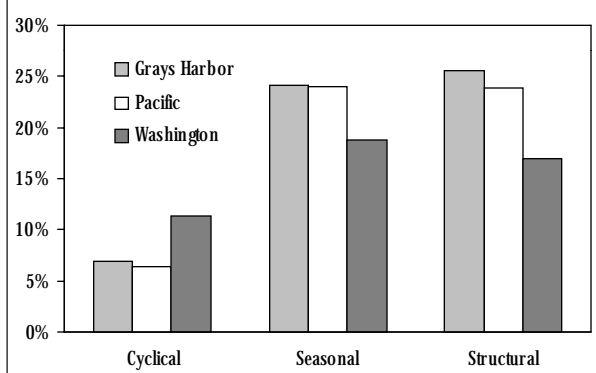


## Industrial Typology

A number of specific industries within Washington state have been defined as being seasonal, cyclical, or structurally mature. These designations relate to the level of variation in employment or to a decrease in employment over specific time periods. Because all three categories are reflective of employment instability or decline, the degree to which a county's economic base depends upon these industries reveals a tendency toward or away from unemployment.

The number of workers employed in these type industries in Grays Harbor and Pacific counties has been tabulated (see *Figure 18*). In Grays Harbor County in 1996, 24 percent of all employment was concentrated in seasonal industries, 26 percent in structurally mature industries, and only 7 percent in cyclical industries. Pa-

**Figure 18**  
**Industrial Typology**  
**Grays Harbor, Pacific, Washington, 1996**  
*Source: Employment Security Department*





cific County had about the same figures: 24 percent seasonal, 24 percent structurally mature, and 6 percent cyclical. In comparison, the statewide typology was as follows: 19 percent seasonal, 17 percent structurally mature, and 11 percent cyclical. *Note: An industry can be recognized in more than one typology. Construction, for example, is very dependent upon weather and is also highly sensitive to fluctuations in overall economic activity, i.e., the business cycle. It has been categorized as both seasonal and cyclical.*

Industries with *seasonal* employment patterns are characterized by large employment increases and decreases in particular months of the year. These variations occur during the same months each year and are caused by factors that repeat each year. Poor weather conditions, holiday seasons, and weather related activities such as harvesting are examples of such factors. A seasonal industry is one in which the maximum variation between the highest and lowest monthly employment is about 19 percent or more of the industry's annual average employment.

Industries with *cyclical* employment patterns are characterized by sharp increases and decreases in employment during periods of general economic growth and contraction. The employment patterns are generally re-

lated to upswings and downturns in overall economic activity. Industries such as ship building and aerospace and automobile manufacturing are examples. A cyclical industry is one in which the total employment variation over a seven-year period is very high when compared to a straight-line trend projection for the same period.

*Structurally mature* industries are characterized by long-term declines in total annual average employment. These declines may be the result of increased productivity, automation, technological change, exhaustion of natural resources, or other factors. The structurally mature designation is determined by comparing two consecutive years of annual average employment against the two consecutive years that occurred seven years earlier.

All told, both counties have a larger concentration of workers in industries which fall into one of these categories. This is a contributing factor in the higher unemployment levels found in the county. Because much of Washington's economy is distributed amongst cyclical, seasonal, and structurally maturing industries—but not overly concentrated in any of the three—the state typically experiences unemployment rates more representative of those nationwide, and less comparable to those in areas such as Grays Harbor and Pacific counties.

## Unemployment Insurance Claims

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When deriving unemployment figures, one of the key factors in the computation is the number of people who file claims for unemployment insurance benefits. The accompanying table (*see Figure 19 on the next page*) lists, by occupation rather than industry, the number of people who filed claims between July 1, 1996 and June 30, 1997, in Grays Harbor and Pacific counties and Washington State.

Sorting the professions, rather loosely, into blue-collar and white-collar groupings, and comparing the counties to the state, a difference between their employment bases is readily discerned. White-collar subsumes professional and related, clerical, sales, and services pro-

fessions; blue-collar subsumes the rest. The miscellaneous category is excluded.

Grays Harbor County had 39 percent of its claims originate from white-collar professions and 61 percent from blue-collar professions. Pacific County had 33 percent white-collar and 67 percent blue-collar. The state as a whole had 46 percent white-collar and 54 percent blue-collar. The percentage of claims coming from professional, clerical, and sales occupations were significantly less in the counties than in the state. Pacific County had its highest share of claims come from processing occupations. Grays Harbor had the most coming from services jobs.

**Figure 19**  
**Unemployment Insurance Claimants**  
**Grays Harbor, Pacific, and Washington, July 1, 1996 - June 30, 1997**  
**Source: Employment Security Department**

	Pacific		Grays Harbor		Washington State	
	Claimants	Percentage	Claimants	Percentage	Claimants	Percentage
Agriculture, forestry and fishing	252	12.7%	655	10.3%	25,950	8.0%
Benchwork	11	0.6%	137	2.2%	9,434	2.9%
Clerical	131	6.6%	655	10.3%	38,118	11.8%
Machine trades	125	6.3%	506	8.0%	16,753	5.2%
Motor freight and transportation	125	6.3%	550	8.7%	16,798	5.2%
Packaging and material handling	237	12.0%	824	13.0%	28,263	8.8%
Processing	311	15.7%	231	3.6%	16,134	5.0%
Professional/technical/managerial	153	7.7%	588	9.3%	54,030	16.7%
Sales	48	2.4%	272	4.3%	17,598	5.5%
Service	271	13.7%	946	14.9%	35,927	11.1%
Structural work	159	8.0%	919	14.5%	58,241	18.0%
Misc., not elsewhere classified	157	7.9%	65	1.0%	5,503	1.7%
<b>Total</b>	<b>1,980</b>	<b>100.0%</b>	<b>6,348</b>	<b>100.0%</b>	<b>322,749</b>	<b>100.0%</b>
White-Collar*	603	33.1%	2,461	39.2%	145,673	45.9%
Blue-Collar*	1,220	66.9%	3,822	60.8%	171,573	54.1%
<i>*Miscellaneous/NEC occupations excluded</i>						

# INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived from two different Bureau of Labor Statistics programs which are conducted in Washington State by the Employment Security Department. The first, called CES (Current Employment Statistics), generates monthly nonagricultural employment figures; the second, the quarterly Employment and Wages program (ES-202), includes data on both nonagricul-

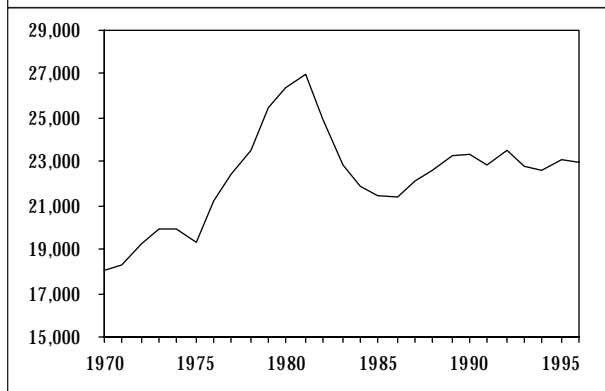
tural and agricultural employment covered under the state unemployment insurance program. All wage data, specific industry data, and agricultural employment data in this section stem from the Employment and Wages program; other employment information comes from the CES program.

## Employment Trend

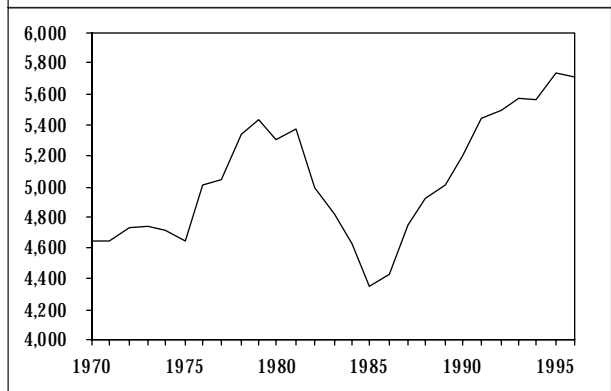
Figures 20 and 21 show nonagricultural wage and salary workers in Grays Harbor and Pacific counties from 1970 to 1996. The third chart, which includes Washington, indexes employment to 1970=100 and compares the growth rates of the counties and the state. (The same type of charts will be used below in the sections that discuss the various sectors of the economy.) The data differ from the labor force data presented earlier: nonagricultural employment numbers are derived from surveys of establishments located within the counties; the labor force data are based on individual residence in the county, regardless of where the employing establishment is located.

The various sectors and industries contributing to this will be discussed later in this section. But overall from 1970 through 1996, nonagricultural employment in Grays Harbor County increased by 27 percent from 18,070 to 22,970 workers. In Pacific County the increase was 23 percent, going from 4,650 to 5,710. Cessation of work at Satsop and the effects of the national recessions of the early 1980s caused severe job losses in both counties: about 5,500 in Grays Harbor and about 1,000 in Pacific. Since then, job growth in Pacific County has been relatively healthy; in Grays Harbor County it has been almost stagnant.

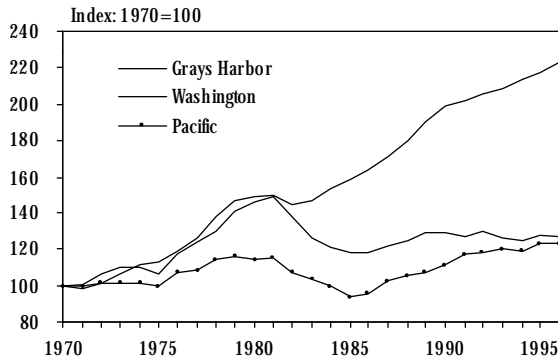
**Figure 20**  
Nonagricultural Wage & Salary Employment  
Grays Harbor County, 1970-1996  
*Source: Employment Security Department*



**Figure 21**  
Nonagricultural Wage & Salary Employment  
Pacific County, 1970-1996  
*Source: Employment Security Department*



**Figure 22**  
**Nonagricultural Wage & Salary Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
**Source: Employment Security Department**



## Location Quotients

One way to determine how an area's economy is shaped is to compare it to another area. The following section shows how Grays Harbor and Pacific counties' employment patterns both differ from and coincide with Washington State's. When comparing an industry's share of all employment at the county level to the same industry's share at the statewide level, it becomes apparent that some county employment is distributed differently than statewide employment. The *location quotient* compares the share of total employment in a particular industry division in the county with the share it represents in Washington State.

The quotient is determined by dividing the statewide industry employment share into the county industry share. A quotient of 1.0 denotes an industry in which the county is typical to the state as a whole; a value above 1.0 shows an industry with a higher concentration of employment; and a value below 1.0 marks a county industry with a lesser concentration of employment than in the same industry statewide.

A quotient above 1.0 suggests that the good or service produced by an industry is exported from the area; a quotient below 1.0 is a sign that, hypothetically, goods or services must be imported into an area to provide the same consumption patterns found at the state level. The greater the value above or below 1.0, the stronger the suggestion of exporting or importing becomes.

**Figure 23**  
**Location Quotients**  
**Grays Harbor & Pacific Counties, 1996**  
**Source: Employment Security Department**

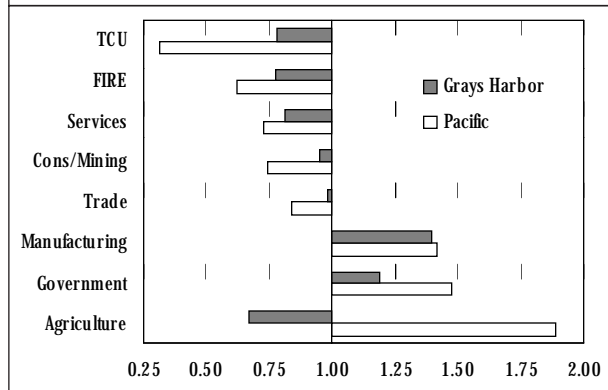


Figure 23 shows the 1996 location quotients of the major industry sectors in the two counties. While there are similarities, there are also striking differences between the counties and the state.

The highest quotient shown is for agriculture, forestry, and fishing in Pacific County: the main factor behind it is the shellfish industry there, which employs extraordinary numbers of workers compared to the industry statewide. Both government and manufacturing are very strong, with quotas well over 1.0. Most manufacturing employment comes from the timber industry which, al-

though diminished, remains good-sized and is a heavy exporter. In Grays Harbor County all the remaining sectors, though below 1.0, are fairly close to the statewide

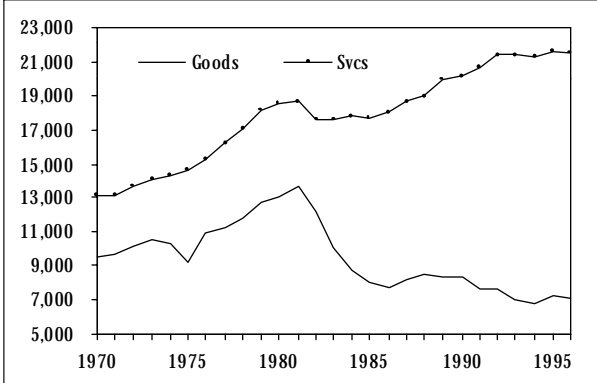
mark. Those sectors in Pacific County, however, have an even lower quotient and indicate that a relatively high level of importation must occur, mainly in the form of residents going outside the county to purchase them.

## Goods and Services

There has been considerable concern in recent years of the U.S. becoming a services-producing economy rather than a goods-producing economy. In Washington State, the overall trend is moving in that direction—in 1970, 27 percent of all employment was in goods-producing industries; in 1996, the percentage was 20 percent. In both Grays Harbor and Pacific counties, the trend is the same, but intensified. Employment in the two counties are combined in *Figure 24*, which shows the number of goods-producing and services-producing jobs since 1970. Goods-producing jobs fell from 42 percent to 25 percent of the total, representing a loss of 2,440 jobs. Services-producing jobs increased by 8,400 jobs. (The goods-producing industries are manufacturing, construction, and mining; the services-producing industries are all others.)

In and of itself, this is not necessarily a harmful change. The services industries include many “good” jobs: doctors, lawyers, business consultants, etc., are all part of that grouping. However, there still is a strong link, on average, between goods-producing jobs and higher levels of pay. In the next section, which discusses the

**Figure 24**  
**Goods and Services**  
**Grays Harbor & Pacific Counties, 1970-1996**  
*Source: Employment Security Department*



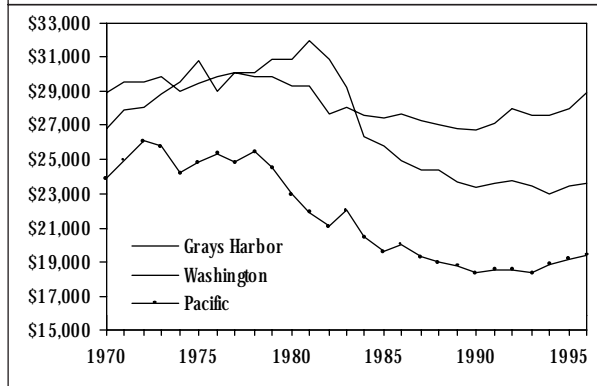
average wage, it will be seen that the declines in the average wage, occurring in both counties, started at about the same time that the number of goods-producing jobs started to decline.

## Average Annual Wage

The annual average wage is derived by dividing the total wages paid in an area by the annual average employment in that area. Employment not covered by the unemployment insurance program is excluded; however, approximately 90 percent of all employment in the state is covered under the program. (Note—all amounts here have been inflation adjusted to 1996 dollars.)

*Pacific County.* The average wage (see *Figure 25*) started declining in Pacific County as far back as 1979. The wage then was \$25,431, about 85 percent of the statewide wage; that level hasn't been surpassed since. Overall, from 1970 to 1996, it fell by 21 percent, to where it was at only 67 percent of the statewide average. The low point for the average was reached in 1993: since then it has been increasing each year. In 1996, the wage was \$19,377.

**Figure 25**  
**Average Annual Wage**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



*Grays Harbor County.* The average wage in Grays Harbor County showed considerable gains through 1982, even while the state average wage was declining. Until 1984, it was often higher than the statewide average. Much of this is attributable to the high wages paid to construction workers when the Satsop project was under way. In 1981, the county's average wage reached its high point of \$31,928, about \$2,600 more than the state's. However, as the construction work ended and the higher paying jobs were eliminated, the average wage plummeted. After 1981, it declined quite consistently until 1994. During that period, it lost \$9,000. Slight increases in 1995 and 1996 brought it up to \$23,586.

Despite Grays Harbor's growth during the Satsop construction (a localized event), there was an overall decline in the average wage at the county and state level which was part of a nationwide trend. The downward spiral now seems to have halted and it is not unreasonable to expect continued advances in the average wage.

*Figure 26* on the next page shows the average wage by broad industry sector and some major industries in Grays Harbor and Pacific counties and in Washington State. There are significant differences between wages in the various sectors, particularly, for example, in the relatively lower wages paid in retail trade and agriculture. It is important to note that these figures do not take full-time or part-time work status into account. The averages are derived from the total wages paid divided by the average annual employment. If an establishment employs ten people, all working half-days, the average wage for that establishment will appear to be quite low. The average wage does not necessarily reflect the wages of full-time year-round workers. And, some industries, notably in the retail trade and agricultural sectors, rely heavily upon part-time workers. Even so, the table gives a good indication of wage differentials among sectors and industries.

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## Agriculture, Forestry, and Fishing

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Though the industries making up this sector were dominant ones in the counties' early days, their size in relation to the rest of the economy has decreased. In Grays Harbor County, the sector accounts for about 2 percent of all covered employment, which is even less than the statewide share of 4 percent. In Pacific County, though, the sector is larger: agriculture and fishing make up more than 7 percent of employment.

In Grays Harbor County, the larger industries are berry farming (especially cranberries—the climate and soil conditions are conducive to bogs), dairy farming, veterinary services, forestry services, and commercial fishing. The bulk of commercial fishing is involved in crabbing and oyster harvesting. Commercial fin fishing also employs a fairly large number of people.

Employment in Pacific County's agriculture, forestry, and fishing sector is more heavily concentrated in fishing than is Grays Harbor County. Over 70 percent of the sector's employment stems from fishing and most of the fishing is for shellfish. The average wage for the entire sector in 1996 was \$18,449, almost \$4,000 more than the statewide wage for the same sector. The relatively high wages and high employment in the fishing industry combined to increase the entire sector's wage.

Agricultural employment in Pacific County is pretty much limited to berries and tree fruits. There is little employment in dairy farming, unlike Grays Harbor County, and consequently not nearly the employment in veterinary services.



**Figure 26**  
**Annual Average Covered Wages, 1996**  
**Grays Harbor and Pacific Counties, and Washington State**  
**Source: Employment Security Department**

	<b>Grays Harbor</b>	<b>Pacific</b>	<b>State</b>		<b>Grays Harbor</b>	<b>Pacific</b>	<b>State</b>
<i>Total</i>	\$23,586	\$19,377	\$28,883	<i>Retail Trade</i>	\$13,171	\$12,011	\$16,081
<i>Ag, Forestry, Fish</i>	*	\$18,449	\$14,510	Bdg Mater & Gdn Suppl	\$17,325	\$15,214	\$21,993
Ag Prod - Crops	*	\$10,555	\$11,381	General Merch Stores	\$12,977	\$13,605	\$18,103
Ag Prod - Lvstck	*	\$13,954	\$18,451	Food Stores	\$16,402	\$12,927	\$18,117
Fish, hunt, & trappng	*	\$21,262	\$50,403	Auto Deal & Svc Stat	\$24,289	*	\$26,113
Other industries	*	\$10,310		Apparel & Access Stores	\$9,266	*	\$18,313
<i>Mining</i>	*	\$25,388	\$40,793	Furn & Homefurn Strs	\$15,812	*	\$21,826
Nonmet Min, ex Fuels	*	\$25,388	\$33,782	Eating & Drink Places	\$8,314	\$8,581	\$9,991
<i>Construction</i>	\$27,600	\$16,112	\$30,696	Miscellaneous Retail	\$11,657	\$12,054	\$16,149
General Bldng Contract	\$25,852	\$14,399	\$29,435	<i>Finance, Ins &amp; Real Est</i>	\$21,248	\$23,063	\$34,428
Heavy Constr ex Bldg	\$33,738	\$16,569	\$38,589	Depository Institutions	\$25,049	\$23,876	\$31,530
Special Trade Contractrs	\$24,181	\$17,569	\$29,267	Insurance Carriers	\$32,863	*	\$39,666
<i>Manufacturing</i>	\$34,568	\$23,718	\$39,089	Insur Agents, Brkr, Svc	\$17,579	\$20,290	\$36,070
Food & Kindred Prods	\$23,351	\$13,634	\$28,399	Real Estate	\$13,478	\$12,561	\$21,138
Lumber & Wood Prods	\$35,351	\$34,614	\$32,797	<i>Services</i>	\$18,874	\$12,989	\$28,074
Paper & Allied Products	\$41,983	*	\$47,029	Hotels & Other Lodging	\$11,058	\$10,032	\$15,187
Printing & Publishing	\$20,457	\$11,961	\$28,524	Personal Services	\$12,029	\$13,742	\$14,888
Chems & Allied Prods	\$40,222	*	\$46,555	Business Services	\$17,285	\$11,986	\$41,857
Industrial Mach & Eq	\$44,013	*	\$37,024	Auto Repair, Svcs, Park	\$19,662	\$13,947	\$21,924
Transportation Equip	\$22,325	\$21,403	\$52,014	Misc Repair Services	\$19,461	\$13,507	\$26,338
Misc Mfg Industries	\$21,517	*	\$27,184	Motion Pictures	\$7,254	*	\$13,559
<i>Trans, Com, &amp; Pub Util</i>	\$29,627	\$23,484	\$35,880	Amuse & Recreat Svcs	\$10,166	\$11,874	\$17,403
Locl, Intrurb Psngr Trns	\$6,276	*	\$17,490	Health Services	\$26,018	\$15,017	\$28,198
Trucking & Warehsng	\$25,960	\$20,976	\$27,321	Legal Services	\$29,410	\$18,350	\$37,336
Transportation Services	\$19,381	*	\$26,701	Social Services	\$13,731	\$13,528	\$14,915
Communication	\$30,123	\$31,973	\$46,836	Membership Orgs	\$16,932	\$15,660	\$19,181
Elec, Gas, & Sanit Svcs	\$32,023	*	\$46,106	Engineer & Mgmt Svcs	\$28,423	\$18,821	\$41,061
<i>Trade</i>	\$14,596	\$12,114	\$20,643	Private Households	\$8,823	\$8,460	\$8,835
<i>Wholesale Trade</i>	\$26,146	\$17,852	\$34,883	<i>Government</i>	\$26,585	\$25,945	\$31,957
Wholesale - Durable	\$27,873	\$17,852	\$37,404	Federal Government	\$34,611	\$29,648	\$39,649
Wholesale - Nondurable	\$22,746	*	\$31,731	State Government	\$29,236	\$29,011	\$32,276
				Local Government	\$25,610	\$25,034	\$29,696

\* Suppressed because of confidentiality requirements



# Construction

(The data presented here include mining employment: because mining is quite small, the discussion will concern only construction.)

*Grays Harbor County.* Figure 27 shows construction employment in Grays Harbor County from 1970 to 1996. Figure 28 indexes construction employment for both counties and the state to 1970=100. What is immediately apparent is the huge spike occurring in the late 1970s through the mid-1980s. Work on the Satsop nuclear power plant took employment from an annual average of about 800 workers up to its peak of 5,270 in 1981. Cessation of work and the “double-dip” national recessions of the early 1980s drove construction employment down as rapidly as it had gone up.

The level of employment, however, did not fall as far as its pre-Satsop level. The average annual number of construction workers from 1984 through 1996 has been slightly over 1,000, a couple of hundred more than pre-Satsop. After the national recession of 1990-91, construction employment has held quite steady at a little over 1,100. In 1996, the number was 1,150.

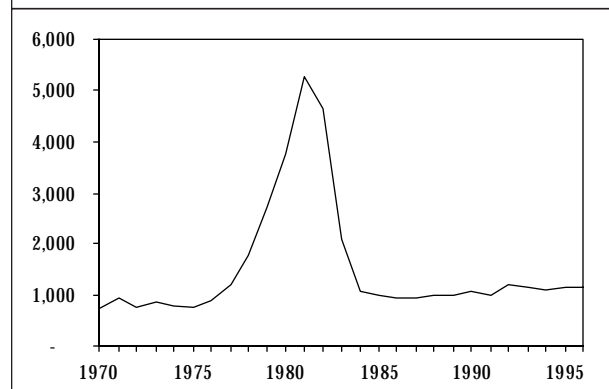
Overall, construction employment increased from 730 in 1970 to 1,150 in 1996, a 58 percent increase. Of the major industry sectors, only services, government, and finance, insurance, and real estate grew at a faster rate.

The annual average wage for construction in 1996 was \$27,600—90 percent of the statewide average in construction. Within construction, heavy construction paid the highest average wage of \$33,738. Special trade contractors had an average wage of \$24,181, and gen-

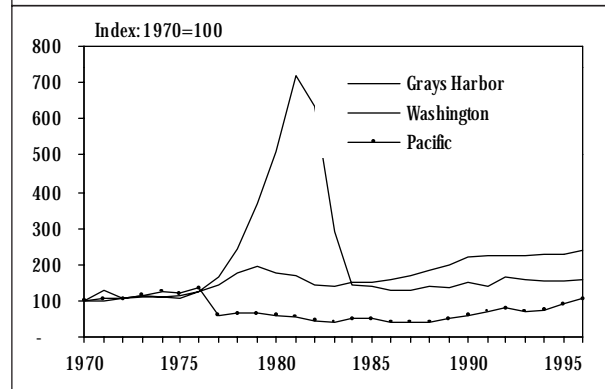
eral building contractors had an average of \$25,852. Employment in these three subsets was fairly evenly split, each with about a third of the total.

*Pacific County.* Construction employment in Pacific County followed a much different course than in Grays Harbor County. As Figure 29 shows, when Grays Harbor was booming in the 1970s and 1980s, Pacific hit a sharp decline. This is probably attributable to a “bleed-over” of construction employers and employees to Grays Harbor County to work on Satsop. (The CES data presented here are based on place of employment rather than employee residence.) Note that the sharp decline coincided with the beginning of the build-up in Grays Harbor County.

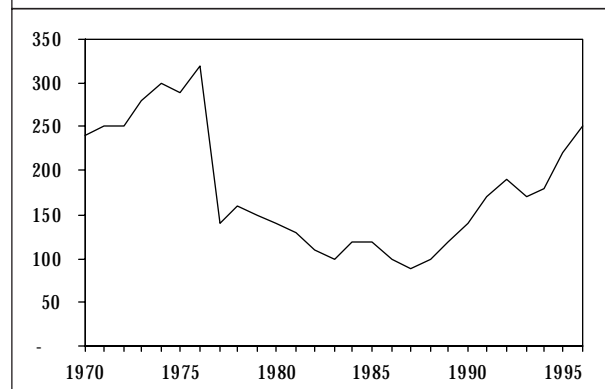
**Figure 27**  
**Construction Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



**Figure 28**  
**Construction Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 29**  
**Construction Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



Beginning in 1970 with 240 workers, construction expanded steadily, reaching its peak in 1976 at a 320 level. The following year, though, the number decreased by more than half, to 140, as there was an exodus to neighboring Grays Harbor County. From 1977 through 1987, employment steadily decreased by small amounts and reached its nadir in 1987 (90 workers). Increases since then brought the number of construction workers up to 250 in 1996. While this has been an improvement,

it remains less than the levels of the early 1970s. Overall, construction employment grew by only 4 percent since 1970.

The average wage paid in Pacific County construction in 1996 was \$16,112. Construction employment is divided into general building (42 percent), heavy construction (13 percent), and special trade contractors (45 percent). General building paid an average of \$14,399; heavy construction, \$16,569; and special trades, \$17,569.

## Manufacturing

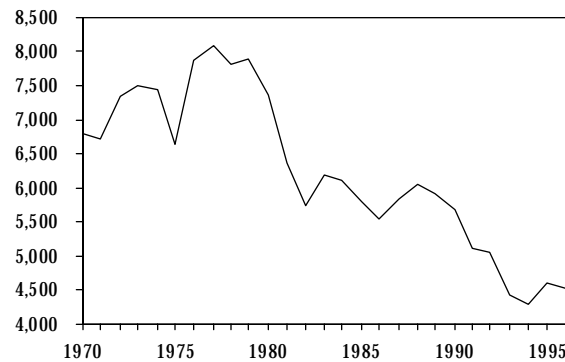
Manufacturing in both counties is declining. And the decline is made even more visible by the increase in nonmanufacturing. In Grays Harbor County, for example, 2,270 manufacturing jobs were disappearing (1970-96) while 7,170 nonmanufacturing jobs were being created. In Pacific County, the decline, given the smaller base, has been about the same; 60 jobs disappeared. For both counties, this was a loss of more than one-third of their manufacturing employment.

*Grays Harbor County.* Figure 30 shows employment in the county's manufacturing sector from 1970-1996. The actual decline began with the "double-dip" national recessions of the early-1980s and has, for the most part, continued ever since. The severe declines from the 1980s into the 1990s brought employment to its nadir—4,300 jobs—in 1994, a far cry from its high-point of over 8,000 in 1977.

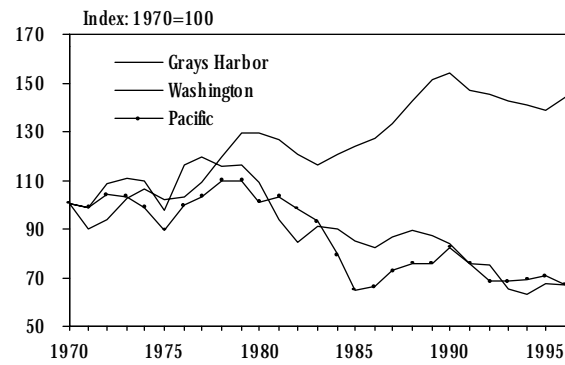
The manufacturing base in Grays Harbor is dominated by lumber and wood processing. Even though there have been serious declines because of timber set-asides and restricted harvesting on public lands, in 1996, this industry still accounted for half of all manufacturing employment and 10 percent of total employment. Within the industry, logging itself is the largest employer. Its 981 workers in 1996 accounted for almost 45 percent of employment in lumber and wood processing. Mill workers made up the bulk of the rest. The average annual wage for lumber and wood processing is relatively high and contributes considerably to the economic health of the county. The wage was \$35,351 in 1996, about \$2,500 more than the statewide average for the same sector. It was also more than \$7,000 higher than the overall county average wage.

Paper and allied products, employing about 556 workers in 1996, is closely related to lumber and wood

**Figure 30**  
**Manufacturing Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



**Figure 31**  
**Manufacturing Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



processing and is also one of the major manufacturing industries in the county. Pulp and paper mills are the major employers in this industry and their continued prosperity, of course, depends upon a healthy supply of timber. The manufacture of industrial machinery is a significant industry, employing over 500 workers. Machinery unique to paper mills is a large element of this group and employs a fairly large number of highly paid workers.

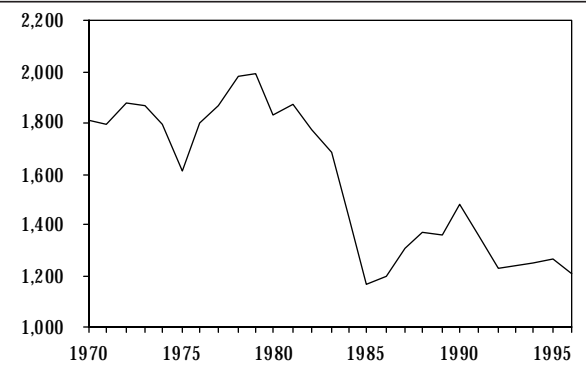
Food processing, both canned fruits and canned and/or cured seafood, is another major manufacturing industry in Grays Harbor County. It employed an average of 559 workers in 1996.

And, harking back to the county's shipbuilding days, firms in Westport and Hoquiam are constructing yachts ranging in size from 50 up to 130 feet in length.

Even though lumber and wood processing dominate the manufacturing arena, there is diversity; food processing and other industries employ a good number of people. Most manufacturing in this area, though, is either directly related to or very closely tied to the natural resources base of the economy; the forests, the land, and the sea. Most every industry is in close proximity to its base. And recent years have shown what the effects of reliance on natural resources can be. Resources can be depleted, natural forces can greatly affect agricultural produce, and political forces can restrict or curtail use of these natural resources to obtain other ends.

*Pacific County.* The manufacturing sector consists almost entirely of logging, sawmills, and food processing. These industries account for about 92 percent of all manufacturing in Pacific County. And they are, of course, closely tied to their natural resource base.

**Figure 32**  
**Manufacturing Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



Lumber and wood processing (which includes logging and sawmills) employed 557 workers in 1996 and paid an average wage of \$34,614, significantly higher than the manufacturing sector's statewide average of \$23,718. Further, it is almost double the county's overall average wage of \$19,377.

Food processing in Pacific County is almost exclusively concerned with seafood; canned or cured finfish and shellfish and fresh or frozen fish. Employment in this industry is almost as large as in the timber industry. In 1996, employment stood at 535. Unlike the timber industry, though, the wages are relatively low. The average was \$13,634.

## Transportation, Communications, and Utilities (TCU)

The TCU sector, in terms of employment, is normally a relatively small sector. But, the various industries which compose it are vital ones to any community. It includes transportation by land, sea, and air (trucking and warehousing are in this sector); communications systems (radio, television, telephone, etc.); and public utilities such as electric, gas, and sanitary.

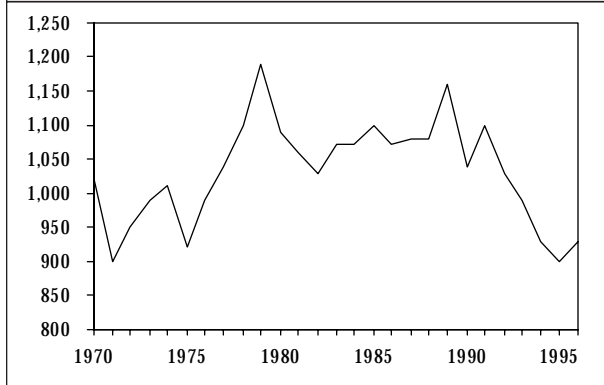
*Grays Harbor County.* Overall, the sector saw a large employment increase in the late 1970s (see Figure 33 on the next page) and during the 1980s employment stayed fairly high. The 1990s, however, have been characterized by declines, with about 200 jobs being lost from 1991 to 1995. An uptick occurred in 1996, bringing the

TCU sector employment to 930 workers in 1996, up from 900 in 1995. The average wage in 1996 for the sector was \$29,627—less than the same sector statewide but higher than the county's overall average wage.

By far, the largest industry in the sector is trucking and warehousing. In 1996, it accounted for 53 percent of all jobs in the sector (462 jobs). The industry had been losing jobs since 1990; however, there were modest gains in 1995 and 1996. The average wage in trucking and warehousing was \$25,960 in 1996.

The other industry with a substantial amount of employment is communications. Workers totaled 169 in 1996, about equally divided between radio, television,

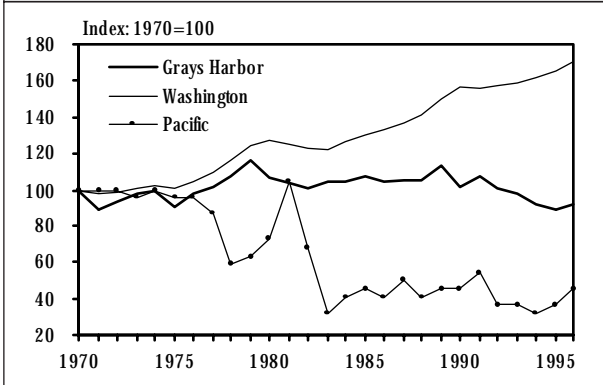
**Figure 33**  
**TCU Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



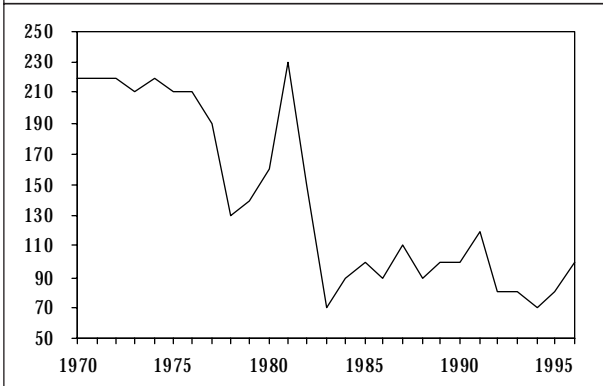
and telephone systems. Other transportation types (water and air) and transportation services employ close to 200 workers.

*Pacific County.* As *Figure 35* shows, there are only about 100 people working in this sector in Pacific County. And that number has fallen by more than half since the 1970s. The largest industry, as in Grays Harbor County, is trucking and warehousing, followed by communications. Together, these two industries accounted for two-thirds of the sector's total jobs.

**Figure 34**  
**TCU Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 35**  
**TCU Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



## Trade

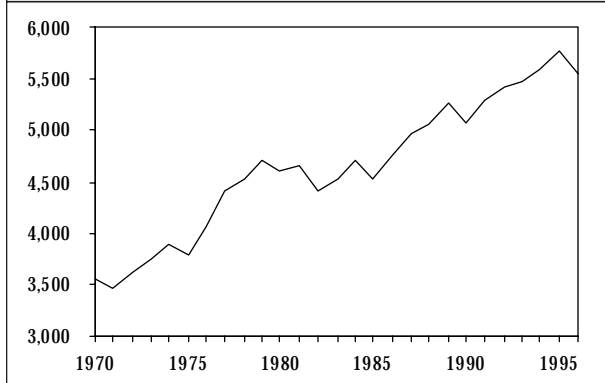
The trade sector is normally divided into wholesale and retail trade (the charts below depicting trade combine the two). In general, retail trade is a much larger sector while wholesale trade pays higher wages. In both counties, the trend has been relatively good growth.

*Grays Harbor County.* With wholesale and retail combined, trade is the largest employment sector in Grays Harbor County. In 1996, trade jobs were estimated at 5,560 (see *Figure 36 on the next page*), almost one-fourth of the county's total employment. In 1970, the share was less than 20 percent. From 1970 to 1996, trade increased by 57 percent for a total of 2,010 new jobs.

All of trade paid an average wage of \$14,596 in 1996. This is a bit misleading, though, for retail trade paid an average of \$13,171 while wholesale trade averaged \$26,146. Trade's overall average wage is strongly driven by the retail sector, which accounts for 89 percent of trade employment.

Easily, the largest industry in retail trade was eating and drinking places. Employing 1,789 workers in 1996, restaurants, bars, and taverns paid an average wage of only \$8,314. However, it must be noted that much of this work is part time. The system for enumerating workers does not distinguish between part-time and full-time

**Figure 36**  
**Trade Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*

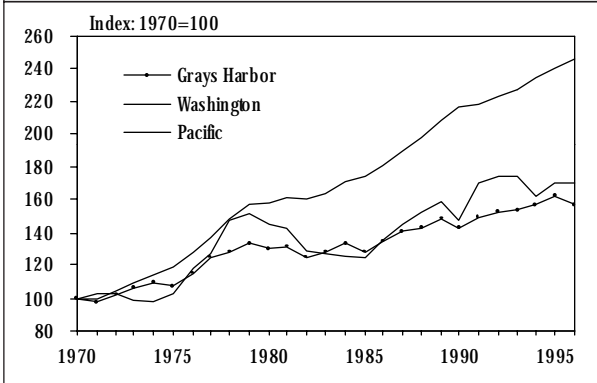


employment. Nor does it take tips or other remuneration into account.

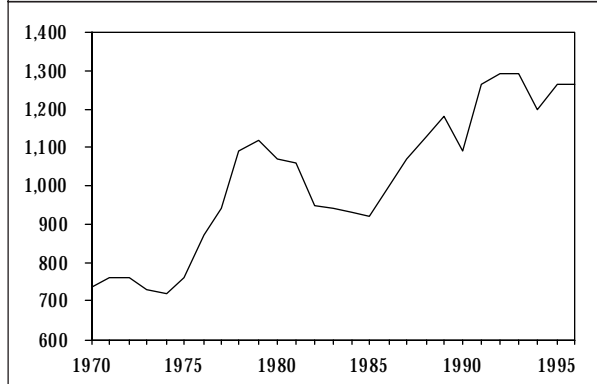
Food stores were the second largest retailer in the county in terms of employment. They employed 911 workers in 1996 with an average wage of \$16,402. The third largest industry in retail trade is auto dealers and service stations. With an average wage of \$24,289 (1996) and average employment of 567, the industry is a sizeable part of the trade sector. Department stores also play a strong part in the trade sector. The industry got a significant boost in 1994 with the opening of a large WalMart retail trade center in Aberdeen. Employing well over 200 workers, it has also affected consumer shopping patterns, drawing consumers who previously traveled to the Olympia area to spend their money. Overall, department stores employed about 500 workers in 1996.

*Pacific County.* Trade in Pacific County has increased 70 percent since 1970 (see Figure 38), creating 520 new jobs. Although slumping the first few years of the 1970s, it grew rapidly in the second half of that decade, probably influenced by the large Satsop construction project in neighboring Grays Harbor County. After several years of decline, employment growth resumed in 1986 and, in general, has continued to expand. In 1996,

**Figure 37**  
**Trade Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 38**  
**Trade Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



the sector employed 1,210 workers who were paid an average wage of \$12,114.

The two largest industries in the trade sector in 1996 were eating and drinking places and food stores. Together they employed about 800 workers, about two-thirds of all trade employment.

## Finance, Insurance, and Real Estate (FIRE)

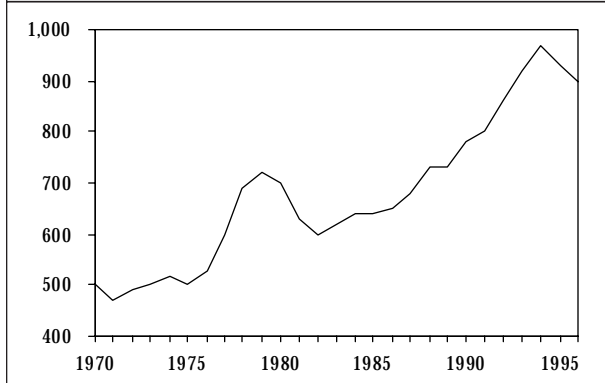
This sector consists of banks, savings and loans, credit unions, insurance agents and brokers, real estate agents, etc. Although the sector is small in relation to its number of employees, it has exhibited moderate growth in Grays Harbor and high growth in Pacific over the last

quarter-century. The three charts depict employment changes since 1970.

Grays Harbor County experienced 80 percent growth (a 400 job increase) while Pacific County grew 171 percent (120 new jobs). Statewide, the sector grew by 112



**Figure 39**  
**Finance, Insurance, Real Estate Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*

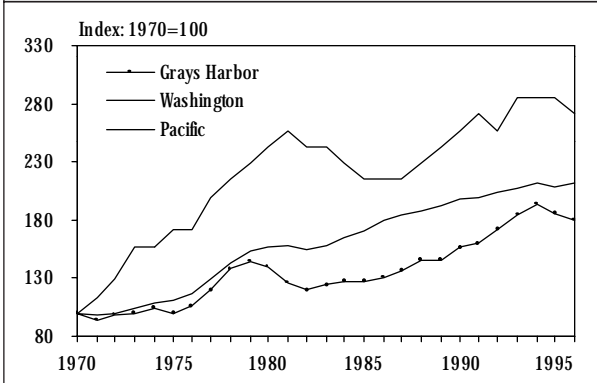


percent. Even though growth has been significantly higher in Pacific County, the growth has essentially been of a catch-up nature: the sector only accounted for 1.5 percent of all employment in 1970, and its rapid growth brought its share size up to 3.3 percent in 1996. Even with slower growth, the sector in Grays Harbor County constituted a larger 3.9 percent of all jobs.

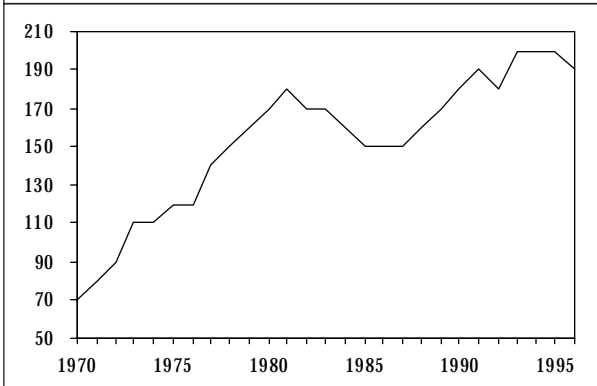
In Grays Harbor County, the largest industry in the group in terms of employment was depository institutions followed by real estate and then insurance agents and brokers. Pacific County also had depository institutions as the largest, but it was followed in size by insurance and then real estate.

The average wage for the sector was higher in Pacific County than in Grays Harbor County (\$23,063 versus \$21,248) in 1996. Both counties fell considerably short of the statewide same-sector wage of \$34,428.

**Figure 40**  
**Finance, Insurance, Real Estate Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 41**  
**Finance, Insurance, Real Estate Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



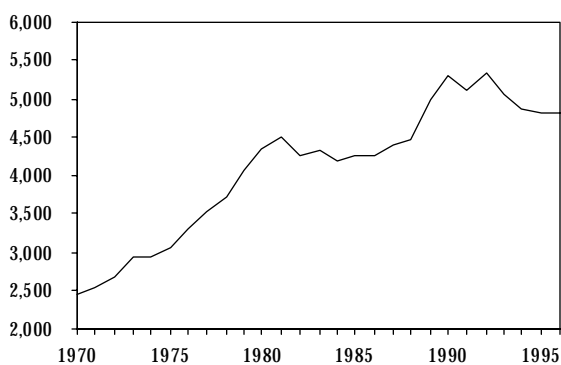
## Services

The services sector encompasses a wide gamut of industries, including hotels and motels, business services, auto repair, motion pictures, health and legal services, accounting and engineering, etc. This has been, for the last twenty-five years, the fastest growing sector (with substantial employment) in both counties and in the state. While county growth has not matched the state's whopping 283 percent increase since 1970, the services sector has done quite well in the Grays Harbor/Pacific area. In many other counties, and in the state as a whole, services has become the largest industry sector in terms of

employment. This has not been the case in either Grays Harbor or Pacific counties where both the trade and government sectors are larger (in Pacific County, manufacturing is also larger). A primary factor accounting for the difference has been the lack of growth in business services and engineering and management services in the two counties.

*Grays Harbor County.* Services sector growth was strong through the 1970s but essentially moribund from 1981 until 1988. Growth picked up in the late 1980s but the 1990-91 recession dealt it a blow and the sector has

**Figure 42**  
**Services Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



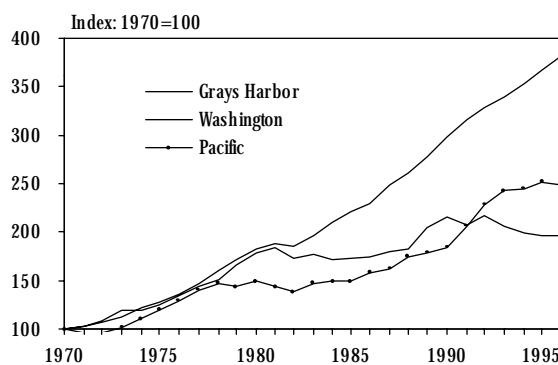
been in decline since 1993. The most recent downturn was not caused by any particular industry but, rather, weakness in many. Personal services, engineering and accounting services, and hotels and lodging places had significant declines while smaller losses were noted in business services and health services. Overall, the increase from 1970 (2,450) to 1996 (4,830) was 97 percent; 2,380 jobs. The annual average wage for the sector in 1996 was \$18,874, quite a bit less than the same-sector statewide average of \$28,074.

Within services, easily the largest industry was health services. Accounting for 36 percent of all services employment in 1996, it employed 1,676 workers who were paid an average of \$26,018 that year. The largest group of health care workers—about a third—were employed in the local hospital, and the next largest group worked in nursing care facilities.

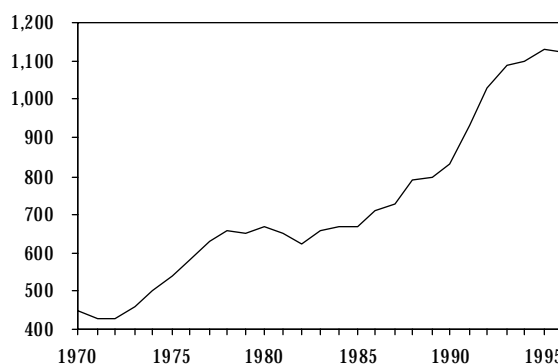
The second largest industry in services, surprisingly, is membership organizations. Within this category, the bulk of employment is in the grouping called civic and social organizations. Normally this would include paid workers for organizations like the Elks, Lions, Rotary, etc. However, also included in this grouping is Native American tribal administration; and employment in the Quinault Indian Reservation is what drives the unusually large employment level in membership organizations. In 1996, membership organizations employed 655 workers and paid an average wage of \$16,932.

The third largest industry in services was hotels and other lodging places. Proportionally, Grays Harbor County has a much higher level of employment in this industry than there is statewide. The location quotient is a very high 2.03, which is no surprise when one considers the

**Figure 43**  
**Services Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*



**Figure 44**  
**Services Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



attractions of the county's scenic coastline. Large numbers of visitors are drawn to the area, and in cities such as Ocean Shores, numerous accommodations are available. The industry employed 530 workers in 1996.

Other large employing industries in the services sector are business services, social services, and private households (primarily, in-home care). Each of these industries employed more than 300 workers.

*Pacific County.* Since the "double-dip" recessions of the early 1980s, services sector employment in Pacific County had an uninterrupted period of growth until 1995: the next year saw a minor decrease (10 jobs). Overall, the number of jobs increased by 149 percent since 1970, rising from 450 to 1,120 in 1996. The average wage for the sector in 1996 was \$12,989, only 46 percent of the statewide average for the same sector.



The largest industry in the sector is hotels and other lodging places. As in Grays Harbor County, tourism generates many jobs, most of them in the lodging industry. In 1996, 290 workers were employed in the industry, most in the coastal area of the county around Long Beach. The average wage in this quite seasonal industry was \$10,032 in 1996.

Health services is also a major employer in the services sector. The bulk of the industry's 229 workers were

primarily employed by nursing care facilities with the remainder scattered among the offices of physicians, dentists, chiropractors, optometrists, etc. They were paid an annual average wage of \$15,017 in 1996, considerably less than in neighboring Grays Harbor County where the hospital is a major employer that pays higher wages.

Social services and membership organizations were also relatively large employers, each with about 150 employees.

## Government

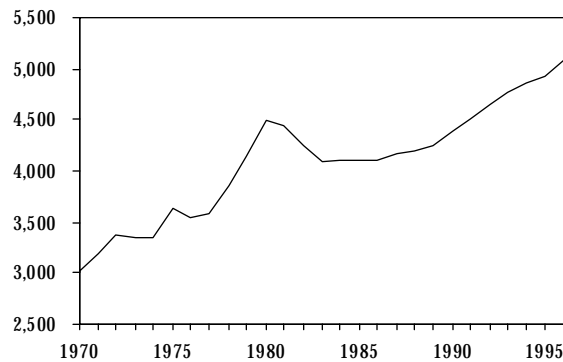
Government employment is an important aspect of the economies of both counties. Washington State has 19 percent of its workers in government; Grays Harbor County has 22 percent and Pacific County has 28 percent (1996). In addition to the services provided by government, it is valuable because it generates a large payroll, injecting many dollars in the economy.

*Grays Harbor County.* Government employment in Grays Harbor County has followed the pattern set by most of the major industry sectors; ballooning employment during the period of construction at Satsop followed by decline and stagnation and then resumed growth. In fact, growth has been continuous since 1986. For the entire period shown in *Figure 45*, employment grew by 68 percent, going from 3,030 in 1970 to 5,080 in 1996.

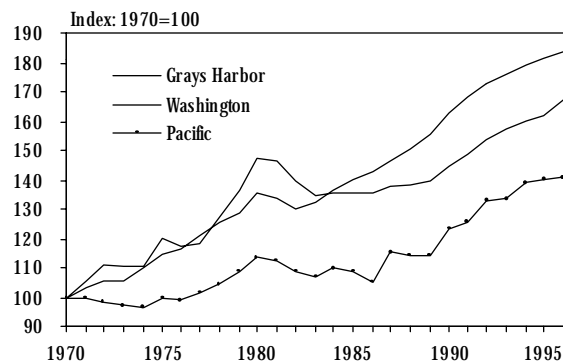
Within government the biggest share of employment is garnered by local government. In 1996, there were 3,854 local government jobs—81 percent of all government employment in the county. And the bulk of local government—close to 60 percent—is taken up with K-12 education. The state constituted 14 percent of government employment in Grays Harbor County and about two-fifths of that was given over to education at the community college. The size of state government should increase handsomely this year (1998) when construction of a new state correctional institution is completed. The 1,900 bed facility should employ 600-700 workers.

The average wage for all government employment in the county in 1996 was \$26,585, less than the statewide average for government of \$31,957 but larger than the all-sector county average wage of \$23,586. State government paid a wage of \$29,236 and local government's average was \$25,610. Although there was very little federal government employment, those workers, primarily postal service employees, were paid a fairly high average—\$34,611.

**Figure 45**  
**Government Employment**  
**Grays Harbor County, 1970-1996**  
*Source: Employment Security Department*



**Figure 46**  
**Government Employment**  
**Grays Harbor, Pacific, Washington, 1970-96**  
*Source: Employment Security Department*

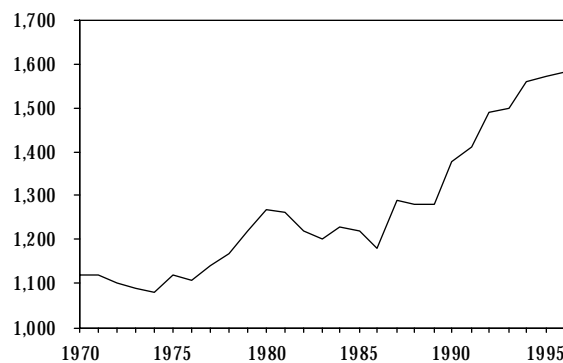


*Pacific County.* Employment in the public sector in Pacific County grew by only 41 percent since 1970, quite a bit lower than the increase in Grays Harbor County or the statewide increase. From a level of 1,120 it reached 1,580 in 1996. Although the growth rate was relatively low, Pacific County has a very large share (28 percent) of its total employment in government.

Local government in Pacific County makes up 78 percent of the government presence, state government forms 19 percent, and the federal government is at 4 percent. As in most areas, education is the largest entity in local government; in Pacific County, it represents 54 percent of all local government employment. The largest state government employer is the Naselle Youth Camp, which accounts for about half of state public employment.

In Pacific County, the average government wage in 1996 was \$25,945, over \$6,000 more than the county's overall average wage. Federal employment averaged \$29,648; state government, \$29,011; and local government, \$25,034.

**Figure 47**  
**Government Employment**  
**Pacific County, 1970-1996**  
*Source: Employment Security Department*



## Tourism

Tourism is not an industry sector, per se, but is often viewed as such and is frequently touted as an area into which an economy can diversify. One problem associated with tourism is isolating those economic activities from the standard industry sector classifications. Certainly restaurants can be associated with tourism, for example, but to what extent? Not all patrons are tourists but some are; and many are in some areas. To that end, Dean Runyan Associates prepared a report in 1996 for Washington State Tourism entitled *Travel Industry Employment in Washington* that tried to capture the impact of the travel industry on the state. The model they developed made estimates, based on surveys, of the amount of employment within a specific industry that was directly attributable to travel (for example, surveys showed that about 19 percent of employment in eating and drinking places directly results from travel). They further converted employment to what it would be if it were full time and thus were able to compute an average hourly wage for those industries associated with tourism. Estimates of tip income for some occupations were also plugged into the model.

Figure 48 shows the results of applying this model to Grays Harbor and Pacific counties (combined) using 1996 covered employment and wage data. Tourism, or the travel industry, was directly responsible in

**Figure 48**  
**Tourism Employment and Wages**  
**Grays Harbor & Pacific Counties, 1996**  
*Source: Employment Security Department*

	Employment	Hourly Wage
Total	1,836	\$7.24
Hotels & Motels	964	\$6.85
Eating & Drinking Establish.	428	\$7.22
Amusement & Recr Services	86	\$8.96
General Merchandise Stores	72	\$9.44
Miscellaneous Retail	63	\$7.89
Gasoline Service Stations	56	\$11.41
Food Stores	55	\$10.17
Camps & Recr. Vehicle Parks	51	\$10.18

this analysis for generating 1,836 jobs, primarily in the sectors of trade and services. They include employment in restaurants, hotels, retail sales, amusement and recreation services, transportation, etc. The total payroll stemming from these jobs amounts to \$20.6 million, which, when adjusted to a 40-hour workweek, averages out to \$7.24 an hour.

The largest number of jobs, about half the total, was in hotels and restaurants and the next largest group was in eating and drinking places. Combined, these two groups constitute about three-fourths of all tourism jobs: the former has an average hourly wage of \$6.85 and the latter, \$7.22. Some of the higher jobs are at gasoline service stations (\$11.41 per hour), food stores (\$10.71), and camps and RV parks (\$10.18).

For the two counties, tourism provides a relatively large number of jobs. The great majority of the jobs, though, are at the \$6.00 to \$7.00 an hour pay scale. The annual average wage for this industry, not adjusted to a 40-hour workweek, was \$11,241 in 1996. The overall average wage (all sectors) for Grays Harbor County was \$23,586, for Pacific County, \$19,377. The total number of tourism jobs amounted to 6.4 percent of the counties' total jobs; the total payroll amounted to 3.2 percent of the county's total payroll.

## Industry Employment Projections

Employment Security Department analysts have made the employment projections, based on industry divisions, shown in *Figure 49*. The table shows employment estimates for 1996 and projections for 2001,

the percentage change, numeric change, and annualized average growth.

In the two counties job growth will be slower, but not markedly so, than statewide. The bigger differences come

**Figure 49**  
**Industry Projections, 1996 and 2001**  
**Grays Harbor, Pacific, and Washington**  
*Source: Employment Security Department*

	1996	2001	% Change	# Change	Ann Avg
<b>Grays Harbor</b>					
Total Nonfarm Employment	23,430	26,180	11.7%	2,750	2.2%
Manufacturing	4,590	4,730	3.1%	140	0.6%
Construction & Mining	1,120	1,220	8.9%	100	1.7%
Transportation & Utilities	910	980	7.7%	70	1.5%
Wholesale & Retail Trade	5,930	6,720	13.3%	790	2.5%
Finance, Ins. & Real Estate	940	1,010	7.4%	70	1.4%
Services	5,040	6,030	19.6%	990	3.7%
Government	4,900	5,490	12.0%	590	2.3%
<b>Pacific County</b>					
Total Nonfarm Employment	5,900	6,600	11.9%	700	2.3%
Manufacturing	1,290	1,350	4.7%	60	0.9%
Construction & Mining	210	230	9.5%	20	1.8%
Transportation & Utilities	90	100	11.1%	10	2.1%
Wholesale & Retail Trade	1,290	1,470	14.0%	180	2.6%
Finance, Ins. & Real Estate	200	200	0.0%	0	0.0%
Services	1,160	1,390	19.8%	230	3.7%
Government	1,660	1,860	12.0%	200	2.3%
<b>Washington</b>					
Total Nonfarm Employment	2,430,000	2,751,600	13.2%	321,600	2.5%
Manufacturing	338,300	363,100	7.3%	24,800	1.4%
Construction & Mining	128,800	139,300	8.2%	10,500	1.6%
Transportation & Utilities	123,800	134,000	8.2%	10,200	1.6%
Wholesale & Retail Trade	604,400	682,200	12.9%	77,800	2.5%
Finance, Ins. & Real Estate	123,200	134,400	9.1%	11,200	1.8%
Services	657,500	801,500	21.9%	144,000	4.0%
Government	454,000	497,100	9.5%	43,100	1.8%

from where in the economy the growth is materializing. Manufacturing growth will be substantially less in the counties and government growth will be substantially greater. Services will be the fastest growing sector in both counties and the state, although it will be marginally less in the counties. Employment in trade will increase more, relatively, in the counties than statewide.

In general, the trend established over the last fifteen years in Grays Harbor and Pacific counties will continue: resource-based manufacturing activities giving way to trade and services. This will probably keep wages in the area relatively depressed. The stagnation in manufacturing, of course, is a contributor, but the growth in trade and services does not contain those elements that are currently pushing wages up. Statewide, almost one-fourth of trade is wholesale, which pays significantly higher wages, on average, than retail. In Grays Harbor County, wholesale is about 11 percent of the total and in Pacific County it is almost non-existent. Also, services in the two

counties lack the high tech and professional industries (i.e. computer software and programming industries, accounting, managerial, and engineering services, etc.) that shore up wages statewide. On the brighter side, construction, although a relatively small sector, is projected to grow faster in both counties than statewide. Further, government employment tends to be stable and relatively well-paying, and it should grow at a strong clip. All in all, there will probably be no sharp changes, either for the better or for the worse, over the next five years.

The above projections are for the nonagricultural sector, which excludes the fishing industry. While the effects of El Niño may be having a deleterious influence on fishing this year (1998), the overall future of the industry is uncertain because of salmon recovery issues. Depending upon how those play out, commercial fishing and food processing industries could be seriously affected.

# OCCUPATIONAL PROFILE

Looking at the work force in terms of occupational divisions rather than industrial divisions gives a different perspective on how county employment differs from state employment. *Figure 50* shows 1995 and 2005 (projected) employment in the major occupational divisions as well as the share size of each grouping for the two counties combined. It also shows the percent and numeric change between 1995 and 2005. Share sizes are also shown for Washington.

Of significance here are the smaller shares in the counties in “white-collar” type occupations and the much large shares in “blue-collar” occupations. About 35 percent of the counties’ workers were blue-collar in 1995 whereas the share at the state level was only 28 percent. The type occupations referred to here as “blue-collar” are not growing as fast as white-collar so are expected to lose share size in the future. Close to 4,900 new white-

collar jobs will be created over the next ten years (about 29 percent of these in the services occupations) while only about 1,500 new blue-collar jobs will materialize. This slow shift from blue- to white-collar is important because, as mentioned earlier in the section on unemployment, white-collar occupations generate far fewer claims for unemployment insurance.

*Figure 51* on the next page is based on Occupational Employment Surveys conducted by the Employment Security Department in 1996. The surveys are an aggregate of Grays Harbor and Pacific counties; because employment levels are greater in Grays Harbor County, the occupations and wages in Pacific County may be skewed. But even with that qualification, the occupations and wages shown here give a fairly good idea of what the various jobs are in the area, and what the levels of pay are. The hourly wages shown are the mean average.

**Figure 50**  
**Occupational Employment and Projections**  
**Grays Harbor, Pacific, and Washington, 1995 and 2005**  
*Source: Employment Security Department*

	Grays Harbor & Pacific Counties						Washington	
	1995	Share	2005	Share	% Chg	# Jobs	1995	2005
Total	36,345	100%	42,741	100%	18%	6,396	100%	100%
Managerial & Administrative	2,789	8%	3,244	8%	16%	455	7%	7%
Professional, Paraprof., & Tech	6,071	17%	7,426	17%	22%	1,355	22%	23%
Marketing & Sales	3,651	10%	4,380	10%	20%	729	11%	11%
Clerical & Admin. Support	4,427	12%	4,920	12%	11%	493	16%	15%
Services	6,863	19%	8,706	20%	27%	1,843	16%	17%
Ag., Forestry, Fishing & Related	3,058	8%	3,030	7%	-1%	-28	4%	4%
Prec. Production, Craft, & Repair	4,131	11%	5,152	12%	25%	1,021	12%	11%
Operators, Fabricators, & Laborers	5,355	15%	5,883	14%	10%	528	12%	12%
White-Collar	23,801	65%	28,676	67%	20%	4,875	72%	74%
Blue-Collar	12,544	35%	14,065	33%	12%	1,521	28%	26%



**Figure 51**  
**Occupational Wages**  
**Rural Northwestern Washington, 1996**  
*Source: Employment Security Department*

<b>TITLE</b>	<b>MEAN WAGE</b>	<b>TITLE</b>	<b>MEAN WAGE</b>
Accountant & Auditor	\$18.45	Education Administrator	\$27.77
Administrative Service Manager	\$19.13	Electrician	\$20.29
Amusement & Recreation Attendant	\$7.36	Emergency Medical Technician	\$17.17
Animal Caretaker, except Farm	\$7.76	Employment Interviewer, Private, Public	\$14.78
Assemble, Fabricate, ex Mach, Elec, Prec	\$10.35	Engineering, Math, Natrl Science Mgr	\$29.26
Automotive Body, Related Repairer	\$15.48	Excavating & Loading Machine Operator	\$15.51
Automotive Mechanic	\$16.06	Extrude, Form, Press Mach Op/Tender	\$10.02
Baker, Bread & Pastry	\$10.10	Faller & Bucker	\$20.40
Bank Teller	\$8.58	Farm Equipment Operator	\$10.65
Bartender	\$7.42	File Clerk	\$9.19
Billing, Cost & Rate Clerk	\$10.44	Financial Manager	\$18.63
Biological Scientist	\$21.41	Fire Fighter	\$17.92
Bookkeeping, Accounting & Auditing Clerk	\$9.80	First Line Supervisor, Agr, Forest, Fish	\$20.87
Bus & Truck Mechanic & Diesel Specialist	\$15.53	First Line Supervisor, Clerical	\$13.68
Bus Driver, except School	\$14.15	First Line Supervisor, Constr & Extract	\$19.86
Bus Driver, School	\$12.08	First Line Supervisor, Mechanic & Repair	\$16.00
Butcher & Meat Cutter	\$12.19	First Line Supervisor, Production	\$20.84
Cabinetmaker & Bench Carpenter	\$10.24	First Line Supervisor, Sales & Related	\$12.86
Cannery Worker	\$7.36	First Line Supervisor, Transportation	\$25.84
Carpenter	\$17.70	Food Preparation Worker	\$6.99
Carpet Installer	\$16.61	Food Service & Lodging Manager	\$10.12
Cashier	\$7.56	Forest & Conservation Worker	\$11.22
Child Care Worker	\$7.21	Forester, Conservation Scientist	\$18.29
Choke Setter	\$14.35	General Manager & Top Executive	\$20.74
Civil Engineer, including Traffic	\$24.16	General Office Clerk	\$8.98
Combined Food Preparation & Service	\$6.06	Grader & Sorter, Agricultural Product	\$7.08
Communication, Transport, Utilities Mgr	\$18.16	Grader, Bulldozer & Scraper Operator	\$17.23
Construction Manager	\$24.94	Guard & Watch Guard	\$8.43
Cook, Fast Food	\$6.06	Hairdresser & Cosmetologist	\$8.39
Cook, Institution or Cafeteria	\$9.70	Hand Packer & Packager	\$6.43
Cook, Restaurant	\$8.07	Heat, A/C, Refrigeration Mech & Install	\$15.32
Cook, Short Order	\$7.90	Helper, Carpenter & Related Worker	\$12.45
Correction Officer & Jailer	\$16.66	Helper, Mechanic & Repairer	\$10.60
Cost Estimator	\$19.46	Highway Maintenance Worker	\$16.20
Counter & Rental Clerk	\$7.02	Hoist & Winch Operator	\$12.76
Counter Attendant, Lunchroom, Cafeteria	\$6.52	Home Health Aide	\$8.30
Crush, Grind, Mix Machine Op/Tender	\$12.38	Host & Hostess, Restaurant, Lounge	\$6.27
Dental Assistant	\$11.27	Hotel Desk Clerk	\$7.15
Designer, except Interior Design	\$16.76	Housekeeping Supervisor, Institutional	\$8.64
Dining Room, Cafeteria & Bartender Help	\$5.56	Human Service Worker	\$11.68
Dispatcher, exc Police, Fire & Ambulance	\$14.83	Industrial Machinery Mechanics	\$13.55
Drafter	\$15.66	Industrial Production Manager	\$21.15
Driver/Sales Worker	\$13.89	Industrial Truck & Tractor Operator	\$12.36
Drywall Installer	\$21.56	Instructor & Coach, Sport	\$11.85

**Figure 51 (Continued)**  
**Occupational Wages**  
**Rural Northwestern Washington, 1996**

<b>TITLE</b>	<b>MEAN WAGE</b>	<b>TITLE</b>	<b>MEAN WAGE</b>
Instructor, Nonvocational Education	\$16.27	Public Admin, Chief Exec & Legislator	\$12.42
Insurance Policy Processing Clerk	\$13.34	Purchasing Manager	\$19.41
Insurance Sales Worker	\$18.69	Receptionist, Information Clerk	\$8.84
Janitor & Cleaner, except Maid	\$8.76	Recreation Worker	\$11.13
Laund, Dry-clean Mach Op/Tend, exc Pres	\$7.59	Refuse & Recyclable Collector	\$12.68
Lawyer	\$34.53	Registered Nurse	\$21.81
Legal Secretary	\$14.92	Residential Counselor	\$9.60
Librarian, Professional	\$19.73	Sales Agent, Advertising	\$15.11
Licensed Practical Nurse	\$12.50	Sales Agent, Real Estate	\$13.54
Loan Officer & Counselor	\$17.51	Sales Rep, exc Retail, Sci, Related	\$13.53
Logging Tractor Operator	\$14.79	Sales Rep, Science & Related, exc Retail	\$22.69
Log-Handling Equipment Operator	\$15.47	Salesperson, Parts	\$12.17
Longshore Equipment Operator	\$23.07	Salesperson, Retail	\$7.79
Machine Feeder & Offbearer	\$8.98	Sawing Machine Operator/Tender	\$10.59
Machinist	\$15.62	Secretary, except Legal & Medical	\$10.54
Maid & Housekeeping Cleaner	\$7.11	Service Station Attendant	\$6.61
Maintenance Repairer, General Utility	\$11.98	Sheriff & Deputy Sheriff	\$23.63
Marketing, Advertising, Public Rel Mgr	\$17.13	Social Work, exc Medical & Psychiatric	\$15.44
Meat, Poultry, Fish Cut, Trim, Hand	\$8.27	Social Work, Medical & Psychiatric	\$14.23
Mechanical Engineer	\$24.56	Stevodore, except Equipment Operator	\$29.75
Medical Assistant	\$10.28	Stock Clerk, Sales Floor	\$8.55
Medical Secretary	\$10.16	Stock Clerk, Stockroom or Warehouse	\$9.09
Medicine & Health Service Manager	\$24.95	Surveying & Mapping Technician	\$16.92
Millwright	\$16.66	Teacher Aide, Paraprofessional	\$9.30
Mobile Heavy Eq Mechanic, exc Engine	\$15.58	Teacher, Elementary	\$23.27
New Account Clerk	\$9.88	Teacher, Secondary School	\$24.57
Nursing Aide, Orderly & Attendant	\$8.71	Teacher, Special Education	\$23.48
Operating Engineer	\$15.69	Teacher, Vocational Education	\$20.08
Optician, Dispensing & Measuring	\$10.91	Teachers, Kindergarten	\$20.39
Painter & Paperhanger, Constr & Maint	\$15.05	Tire Repairer & Changer	\$6.46
Personal Home Care Aide	\$8.37	Traffic, Shipping & Receiving Clerk	\$11.03
Personnel, Train & Labor Relation Mgr	\$16.33	Truck Driver, Heavy or Tractor-Trailer	\$14.33
Personnel, Train & Labor Relation Spec	\$14.65	Truck Driver, Light, incl Delivery & Rel	\$8.34
Pharmacist	\$28.04	Typist, including Word Processing	\$9.69
Physical, Corrective Therapy Asst, Aide	\$12.52	Urban & Regional Planner	\$19.36
Physician & Surgeon	\$46.46	Vehicle Washer & Equipment Cleaner	\$5.78
Plumber, Pipefitter, Steamfitter	\$20.37	Vocational & Educational, Counselor	\$19.07
Police & Detective Supervisor	\$20.84	Waiter & Waitress	\$5.58
Police Patrol Officer	\$20.42	Water, Liquid Waste Treat Plant, Sys Op	\$15.19
Postal Mail Carrier	\$13.19	Welder & Cutter	\$13.98
Power Distributor & Dispatcher	\$22.15	Welfare Eligibility Worker, Interviewer	\$16.70
Production Inspector, Grade, Sort, Test	\$11.75	Woodworking Mach Op/Tender, exc Sawing	\$9.84
Property & Real Estate Manager	\$14.95	Writer & Editor	\$21.35
Psychologist	\$22.49		



# INCOME

This section deals with income rather than wages only, which were discussed earlier and which are only one aspect of income. Data in this section are derived

from the U.S. Department of Commerce, Bureau of Economic Analysis. *All income data have been adjusted to 1995 dollars.*

## Personal Income

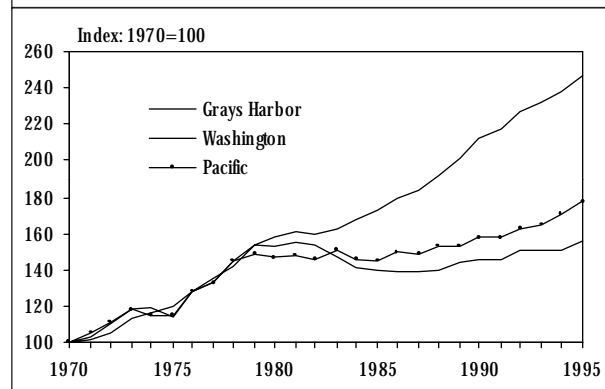
Personal income is generally seen as an important indicator of a region's economic vitality. Conceptually, personal income captures all types of income. Wages, salaries, government transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent are all included in this measure. Because business and corporate incomes are not included, it is considered personal income.

Dividing the total personal income of an area by the population yields personal per capita income. Per capita income is a useful measurement; it gives a common denominator between income (growth or decline) and population (growth or decline) so that comparisons can be made between different areas or time periods with unlike populations and incomes.

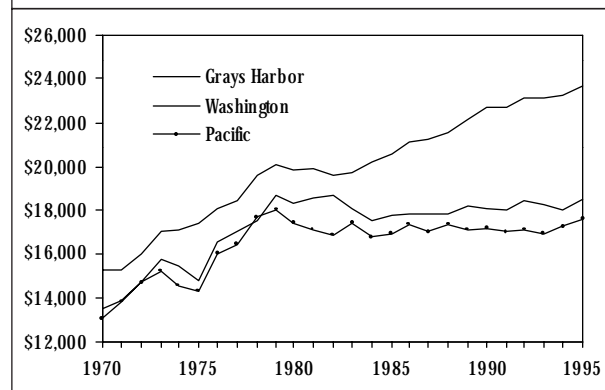
*Grays Harbor County.* Personal income in Grays Harbor County grew from a little over \$800 million in 1970 to over \$1.2 billion in 1995, an increase of 56 percent. Until 1979, the rate of growth kept pace with statewide growth. (*Figure 52* shows income indexed to 1970=100 for the state and the two counties). Three years of stagnation were followed by sharp declines and further stagnation lasting until 1988. Since then there has been growth, albeit relatively weak, but it was not until 1995 that the level of personal income in the county reached its previous high point of 1981. During this period, statewide personal income increased consistently.

*Figure 53* shows that per capita income in Grays Harbor County has always trailed that of Washington State. For the last decade, income for the U.S. and Washington has been on the upswing while in Grays Harbor County it has been flat. Consequently, the gap between them has widened considerably. In 1982, per capita income was about \$900 less in the county than in the state; in 1995, the difference was almost \$5,200 (in real dollars). The collapse following Satsop is a partial factor, but more ominous was the lengthy decline of well-paying goods-producing jobs. While there was also a decline state-

**Figure 52**  
**Personal Income**  
**Grays Harbor, Pacific, Washington, 1970-95**  
*Source: Bureau of Economic Analysis*



**Figure 53**  
**Per Capita Income**  
**Grays Harbor, Pacific, Washington, 1970-95**  
*Source: Bureau of Economic Analysis*



wide, it was not as severe and it was offset by strong growth of well-paying services-producing jobs (i.e., computer software, engineering, accounting, etc.) Services-producing jobs did grow in Grays Harbor County, but

they were not the type to command relatively high wages and could not offset losses in the timber industry.

*Pacific County.* Personal income in Pacific County grew from \$206.3 million in 1970 to \$366.7 million in 1995, an increase of 78 percent. The period of fastest growth was from 1975 through 1978 when it increased by 26 percent. Flattening after that until 1987, it has since been moderately and steadily increasing.

Looking at it on a per capita basis, though, the income was essentially flat from 1980 until 1993. Per capita

income increased from \$13,101 in 1970 to \$18,052 in 1979 (its high point). With only minor fluctuations since, it came to \$17,601 in 1995, up from the last two years but still less than its peak year. The gap between Pacific County's income and that of the state has been widening since 1979. Although the growth of total personal income has been fairly steady for the last ten years, the population growth has been sufficiently high to level out gains in per capita income.

## Components of Personal Income

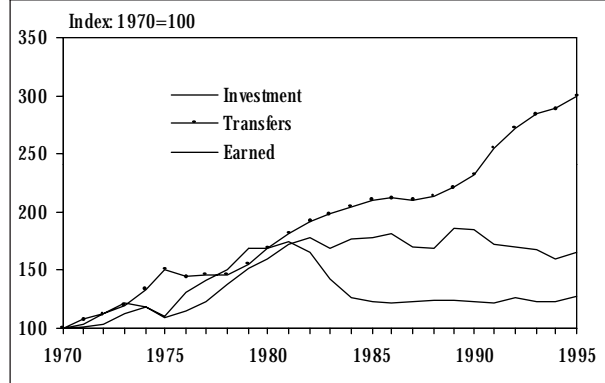
As mentioned earlier, personal income encompasses many different types of income. All the various types, however, can be subsumed under the three broad categories of earnings, transfer payments, and investment income. Earnings include wages, salaries, and proprietors' income; transfer payments include income maintenance, unemployment insurance, and retirement payments; investment income consists of interest, dividends, and rent. *Figures 54 and 55* show how these major components of personal income have changed over time.

The changes of the various components are similar between Grays Harbor and Pacific counties. There have been large gains in the share size of transfer payments and a decrease in the share size of earned income. In Grays Harbor County, investment income is about the same in 1995 as it was in 1970; Pacific County's investment income, though, has grown appreciably over the same time period.

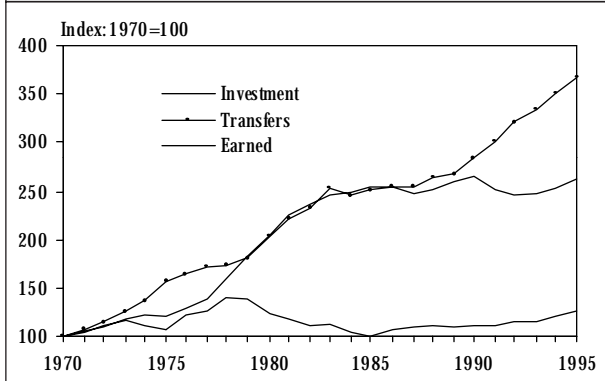
More specifically, Grays Harbor income was divided as follows in 1970 and 1995: net earnings, 72 versus 59 percent; transfer payments, 14 versus 26 percent; and investment income, 14 versus 15 percent. In Pacific County, the division was: net earnings, 70 versus 48 percent; transfer payments, 15 versus 31 percent; and investment income, 15 versus 21 percent.

A significant shift has occurred, and perhaps is still occurring, in the sources of income in Grays Harbor and Pacific counties. More and more income is being derived from sources that are not earnings. As noted above, less than half of Pacific County's personal income now derives from earnings and almost one-third comes from transfer payments.

**Figure 54**  
Changes in Personal Income Components  
Grays Harbor County, 1970-1995  
Source: Bureau of Economic Analysis



**Figure 55**  
Changes in Personal Income Components  
Pacific County, 1970-1995  
Source: Bureau of Economic Analysis



# Earned Income

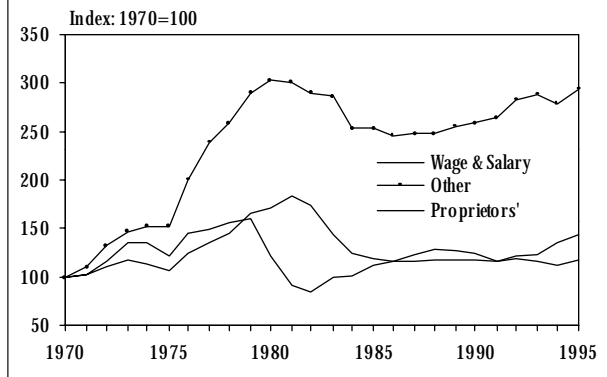
The largest portion of personal income is earned income. Although its percentage of the total has diminished over the last two decades, it, nevertheless, retains the lion's share of all income. This component of personal income is an important reflection of an area's economy because it shows how much income people derive directly from their jobs. (These data are based on place of work rather than residence—earnings derived from sources outside the county are not included here.)

Earnings include wages and salaries, proprietors' income, and what is called "other labor income." (Other labor income subsumes an assortment of incomes but primarily consists of employer payments into employee pension and health care plans.)

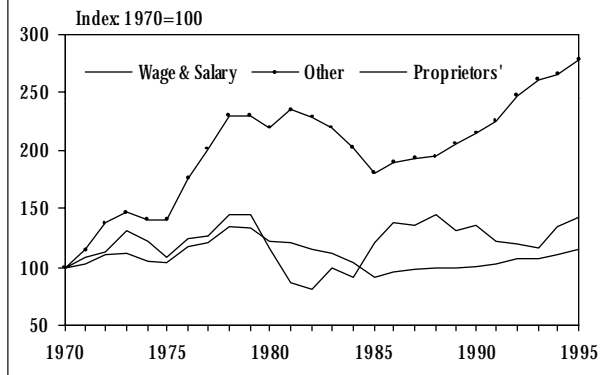
Earnings in Grays Harbor County, after increasing tremendously during the Satsop construction period, decreased just as sharply when work at Satsop ceased, and have been essentially stagnant since then. For the period 1970-95, Grays Harbor only had an increase of 28 percent in earnings. Pacific County had a lesser 26 percent gain in overall earnings over the same period but has shown growth almost every year since 1985.

Over the period shown in *Figures 56 and 57*, the fastest growing component of earnings in both counties was "other" labor income; it grew by almost 200 percent. However, this is a fairly small component of earned income: 9 percent in Grays Harbor County and 7 percent in Pacific County. Wages and salaries, which account for 76 percent of Grays Harbor and 70 percent of Pacific earned income, grew by only 18 and 15 percent, respectively. Proprietors' income, the third component of earnings, grew by about 42 or 43 percent in both counties.

**Figure 56**  
**Changes in Earned Income Components**  
**Grays Harbor County, 1970-1995**  
*Source: Bureau of Economic Analysis*



**Figure 57**  
**Changes in Earned Income Components**  
**Pacific County, 1970-1995**  
*Source: Bureau of Economic Analysis*



# Transfer Payments

The next source of personal income, second in size after earnings, is transfer payments. A transfer payment is generally seen as a payment by the government to someone from whom no service is rendered.

From 1970 to 1995, transfer payments increased tremendously in both counties: 199 percent in Grays Harbor (from \$116 million to \$345 million) and 266 percent in Pacific (from \$31 to \$115 million). And, as mentioned earlier, its share of all personal income has

also greatly expanded. In 1995 in Grays Harbor County, transfer payments accounted for 26 percent of all personal income; in Pacific County, the share is 31 percent. Except for several brief periods of flatness or slight decline, growth has been constant in both counties throughout the two decades.

Transfer payments are split into three categories: retirement and related; income maintenance; and unemployment insurance. By far the largest component of

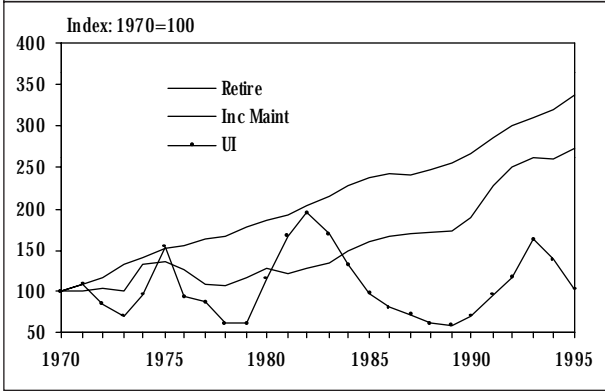
transfer payments is retirement related. This includes social security payments, federal civilian and military retirement pay, state and local government retirement pay, and medical payments, primarily Medicare. *Figures 58 and 59* show the various components of transfer payments and their growth since 1970. In Grays Harbor County, retirement and related payments increased by 237 percent from 1970-95, giving this component an 85 percent share of all transfer payments in 1995. Pacific County's retirement payments grew by 295 percent, giving them an 89 percent share of the county's transfer payments.

Income maintenance includes Aid to Families with Dependent Children (AFDC), general assistance, food stamps, and other transfers generally thought of as welfare. In Grays Harbor, this category comprised 11 percent of all transfer payments in 1995, with a growth in dollar value since 1970 of 172 percent. Pacific County has seen higher growth; income maintenance has increased by 245 percent since 1970 and currently (1995) has an 8 percent share of all transfer payments.

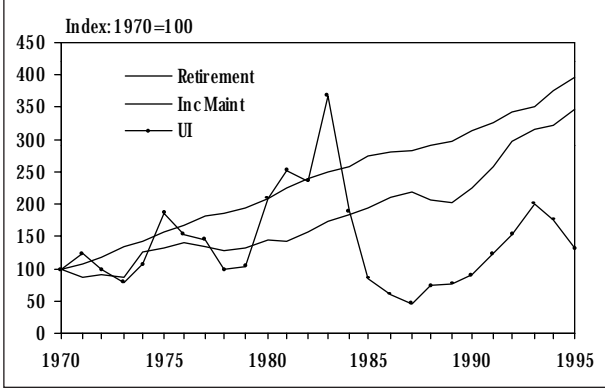
Looking at income maintenance as a measure of economic difficulty indicates that both counties are experiencing problems. In Grays Harbor County, until 1985, this type transfer payment, when taken as a share of total personal income, surpassed 2 percent only one time (2.1 percent in 1975—the year of a very hard recession). However, it has been above 2 percent every year since 1985, and was at 3.0 percent in 1993 through 1995. Pacific County, where it had stayed below 2 percent through 1990, saw it climb to 2.5 percent in 1995. By way of comparison, the statewide figure was 1.4 percent in 1995.

The third component of transfer payments, unemployment insurance, is the smallest element in both counties. In 1992, UI income was \$3.9 million in Pacific County and \$15.0 million in Grays Harbor County. These numbers represent a 32 percent increase since 1970 in Pacific County and only a 2 percent increase in Grays Harbor County. UI income, however, varies directly and

**Figure 58**  
**Changes in Transfer Payments Components**  
**Grays Harbor County, 1970-1995**  
*Source: Bureau of Economic Analysis*



**Figure 59**  
**Changes in Transfer Payments Components**  
**Pacific County, 1970-1995**  
*Source: Bureau of Economic Analysis*



dramatically with the economic conditions; as the charts show, the amount grew significantly during the high-unemployment, recessionary periods of the mid-1970s, the early 1980s, and 1990-91. In both counties, the level of UI income has been decreasing since 1993.

## Dividends, Interest, and Rent

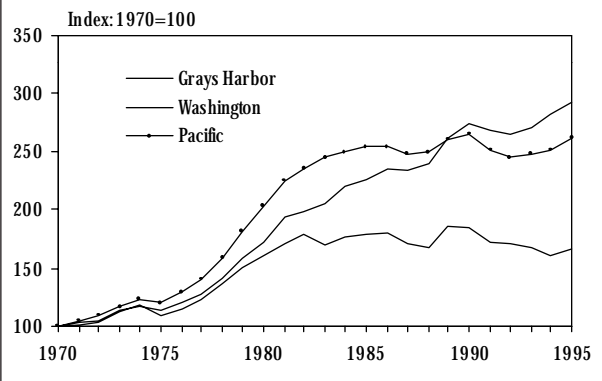
These types of income (collectively called investment income), are the prime examples of making money with money. Money which has been used to purchase stocks, bonds, or which resides in bank accounts, or has been loaned, or which was used to purchase rental properties, can return a profit. No service or work is performed,

yet income is derived from the invested money. There are, naturally, risks.

Investment income increased substantially in both counties since 1970, but much more so, in relative terms, in Pacific County than in Grays Harbor County. In 1995, total investment income in Grays Harbor was \$195 mil-

lion; in Pacific it was \$79 million. Since 1970, however, the dollar amount grew by 66 percent in Grays Harbor and 162 percent in Pacific. In both of the counties, there was very rapid growth from the mid-1970s through 1982. Since then it leveled off in Grays Harbor County and had actually declined (in real dollars) from 1989 to 1994. There was an uptick in 1995. Growth rates in Pacific County have generally followed the statewide pattern, although at a slightly lesser level. In 1995, investment income represented 15 percent of total personal income in Grays Harbor County and 21 percent in Pacific County.

**Figure 60**  
**Investment Income**  
**Grays Harbor, Pacific, Washington, 1970-95**  
**Source: Bureau of Economic Analysis**





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# JOB TRAINING AND ECONOMIC DEVELOPMENT

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## Job Training

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The *Job Training Partnership Act (JTPA)* of 1982 established programs to prepare youth and unskilled adults for entry into the labor force. Of note is the emphasis placed on economically disadvantaged individuals and others who face serious barriers to employment. It is upon this legislation that the Employment Security Department and other providers base their job service programs.

**Private Industry Council.** Washington is divided into areas that provide services related to employment. These regions, called Service Delivery Areas, are often administered by Private Industry Councils. For Grays Harbor and Pacific counties, the administrator for job services is the Pacific Mountain Consortium. Comprised of representatives from government and business, this Private Industry Council has jurisdiction over Service Delivery Area II, which also includes Mason, Lewis, and Thurston counties. The Pacific Mountain Consortium operates all Title III programs for Grays Harbor and Pacific counties. The programs include the Formula Title III as well as National Reserve Grants for timber and timber related dislocations. The programs are operated out of the Grays Harbor Career Transition Center. The Pacific Mountain Consortium contracts out the Title IIA disadvantaged adult programs to the Aberdeen Job Service Center and the Title IIC programs for disadvantaged youth to Educational Services District Number 113.

**Job Service Center.** Operated by the Employment Security Department, the Aberdeen Job Service Center (JSC) provides job services to residents of Grays Harbor and Pacific counties. The main office of the JSC is located in Aberdeen at the Coastal Career Center. Satellite offices are located in Raymond and Long Beach. Each JSC is a full-service office; that is, they provide the full range of services offered by any JSC in the state.

*Unemployment Insurance* provides temporary financial assistance to eligible unemployed individuals who are able, available, and actively seeking work, or who are in approved training programs. Because both

counties have been designated as natural resource impact areas, extended benefits are available for those workers who are unlikely to return to work and are in approved training.

*Wagner Peyser* activities include work registration and job referral of clients and placement of employer job orders. The JSC has established a resource area for clients which includes computer programs for resume writing, access to the Internet, and access to statewide job openings.

*WorkFirst* is administered in cooperation with the Department of Social and Health Services and seeks to make those on public assistance self-sufficient through employment. Services include career planning and counseling, intensive job search training, job placement, work experience, and on-the-job training positions.

*JTPA Title II* is a program to help economically disadvantaged adults and people with significant barriers to return to the labor force. It includes employment counseling, job development, career planning, support services, job retention training, work experience, and on-the-job training positions.

The *Claimant Placement Program/Worker Profiling* targets recent unemployment insurance applicants for job placement services to speed their return to work. This shortens the duration of unemployment for the individual and saves costs to the unemployment insurance trust fund.

The *Trade Adjustment Act* is another JSC administered program designed to meet the needs of those who have been displaced by the impact of foreign imports. While the amount of benefits and compensation periods may vary, the program offers services only after the U.S. Department of Labor certifies the company as impacted.

*Veteran Employment Programs* are also operated out of the JSC. The *Local Veterans Employment Representative* and the *Disabled Veterans Outreach Program*



provide counseling, career search skills, and job placement assistance to veterans.

The Coastal Career Center also houses the Twin Harbors Coalition Re-employment Center, the Department of Corrections, and staff from the Career Transition Center (JTPA Title III program). There are weekly visits made from representatives of the Department of Veteran Affairs and Consumer Credit Counseling.

**Educational Facilities.** Although there are no four-year institutions of higher education in either county,

Grays Harbor and Pacific counties do have a two-year institution—Grays Harbor College. Established in 1930, the Aberdeen-based campus is part of the state community college system. As such, the college offers a number of academic and vocational programs, as well as basic adult education. Almost all of its students are residents of either Grays Harbor or Pacific counties. The Evergreen State College, a four-year institution located in Olympia, is within commuting distance, especially from Grays Harbor County.

## Economic Development

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*Grays Harbor County.* The **Grays Harbor Economic Development Council (EDC)**, located in Aberdeen, is a non-profit corporation with both public and private sector members. The public sector members include Grays Harbor County, nine incorporated cities in the county, the Port of Grays Harbor, and Grays Harbor Public Utility District #1. A thirty-two member board of directors establishes overall policy and budget. The council has a staff of four people. The work program is divided into four basic parts; infrastructure development, business and job retention and expansion, small business development, and business recruitment.

Other economic development organizations in Grays Harbor County include the Port of Grays Harbor, Tourism Grays Harbor, and the Grays Harbor Chamber of Commerce.

*Pacific County.* Organized in 1983, the Raymond-based **Pacific County Economic Development Council (EDC)** is responsible for a portion of the county's economic development efforts. Like most such organizations, it is a private, nonprofit firm whose purpose is to work with existing businesses with an emphasis on business retention. The EDC also works on value added processing of natural resources as well as some recruitment of diversified, relatively small industries. Some of its other activities include providing information to local businesses, helping to improve infrastructure, assisting start-up businesses develop business plans, providing training workshops and counseling, distributing tax assistance information, etc.

There are a number of economic development organizations in Pacific County, including six merchant or chamber organizations. There are four Port Districts, as well as Shorebank Enterprise Pacific, a private nonprofit

that loans money to business and emphasizes conservation-based economic development.

**Infrastructure.** The infrastructure of an area is an integral part of economic development. The following paragraphs make note of some of the primary infrastructure elements already in place in Pacific and Grays Harbor counties.

*Roads and Highways.* The most important arterials for the area are the east-west routes which connect with Interstate 5, the west coast's primary north-south route. These include US Routes 12, 6, and 4. Route 12, from Aberdeen, intersects I-5 north of Chehalis. It also branches into State Route 8 to Olympia and the Puget Sound area. From Raymond, travelers can take State Route 6 east through central Pacific County and into Lewis County and I-5. From the southern end of Pacific County, State Route 4 heads east along the Columbia River, meeting with I-5 in Kelso.

The principal north-south transportation route is US Route 101 which runs the entire length of the counties. It passes through, from south to north, Ilwaco, South Bend, Raymond, Aberdeen, and Hoquiam before exiting Grays Harbor County at Queets. From Aberdeen, travelers can exit US 101 and hook up to either State Route 109 or State Route 105 to venture north or south along the coast. State Route 103, in Pacific County, runs virtually the entire length of the peninsula forming Willapa Bay.

*Air Transportation.* There are four public airports in Grays Harbor County and two in Pacific County. The longest, Bowerman Field (5,000-foot runway), is located in Hoquiam and was recently upgraded to a full-service instrument airport by the F.A.A. Others include: Ocean Shores Municipal (2,700-foot runway), Elma Municipal Airport (2,280-foot runway), Westport Municipal

(2,000-foot runway), Willapa Harbor Airport (3,000-foot runway), and Port of Ilwaco Airport (2,000-foot runway). The airports accommodate private and charter aircraft only. None are served by air carriers.

*Ports and Railroad Service.* Deep water marine terminals in Grays Harbor County are owned by the Port of Grays Harbor (three berths and one barge slip), ITT Rayonier (one berth), Weyerhaeuser (two berths) and Roderick (one berth). While logs and lumber are typical cargoes handled by these ports, they have been expanding into other areas (e.g., aluminum, granite, steel coils).

The two ports in Pacific County—Willapa Harbor and Ilwaco—are smaller than those in Grays Harbor County and, as a result, cannot accommodate large ships. Rather, both provide only barge slips. The cargoes they handle include wood products, bulk cargo, fresh and frozen fish and general cargo.

Grays Harbor County is served by the Union Pacific and Burlington Northern Railroads who operate numerous active spurs in the county. Although both companies can handle all commodities, their principal cargo is lumber.

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# SUMMARY

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Economic conditions in both Grays Harbor and Pacific counties have been difficult in recent years. The crux of the matter is that the area has been long reliant upon a natural resource base for its industrial strength, that base has been dwindling, and the area's economy is attempting to diversify into other areas.

Restructuring and modernization of the timber industry coupled with environmental concerns and mandated protection of endangered species have caused serious cutbacks in employment. The manufacturing sector, which is essentially composed of lumber and wood products industries, lost about 4,160 jobs from 1979 through the present. The greatest losses occurred during the early 1980s as a result of industry restructuring but a substantial loss also occurred in the late 1980s and 1990s because of a shift in public policy regarding public land usage, primarily driven by environmental concerns.

There has been good growth in the trade and services sectors in both counties which has more than offset the declines in manufacturing. While this growth, on a job-for-job basis, has kept the labor force size up, the trade-off has resulted in lower wages. A retail clerk just does not earn as much as a logger. Most of the growth in trade has been on the retail side while the wholesale sector, which pays relatively higher wages, remains quite small. Services growth has not been in high-paying industries such as computer software development or professional services in the engineering and management fields.

After adjustment for inflation, wages and income have suffered. While personal per capita income, which takes all types of income into account, has been flat over the last fifteen years, the average *wage* is down significantly. In 1981, the wage in Grays Harbor was \$31,928 (admittedly, a peak year); in 1996 it was \$23,586. In Pacific, the wage started declining earlier: it decreased from \$25,431 in 1978 to \$19,377 in 1996. Statewide, the wage also decreased, but not nearly as much. On a more posi-

tive note, both the average wage and per capita income have been rising for the last few years. The long downward spiral seems to have bottomed out.

Unemployment is a problem. While there have been many new jobs created, especially in the trade and services sectors, there are not enough to satisfy the demand of the labor force. Consequently, unemployment is high. But this is not a new phenomenon: since 1970, double-digit unemployment has been the rule rather than the exception in the two-county area. Preliminary figures for 1997 show both counties out of the double-digit level: Grays Harbor at 9.3 percent and Pacific at 9.0 percent. The previous year, Grays Harbor was 11.5 percent and Pacific was 10.2 percent.

Even though there are problems with wages and unemployment, certainly all is not dark in the local economies of the two counties. The trade and services sectors have become major job providers and expansion will undoubtedly continue. And what should not be overlooked is that lumber and wood products will continue to be *the* major industry in the area. While its employment has declined, it has done so from a very high level, and will, consequently, continue to be the area's major employer, providing many good jobs with good wages. Further, the large government presence tends to shore up and stabilize the area economies. Government employment will get a strong boost when the new correctional facility in Grays Harbor County goes into operation. Tourism-related activities also provide a large number of jobs.

Employment growth is expected to be relatively slow over the next five years, with most new jobs coming in the trade and services sector. Government will also add a substantial amount of jobs. Annualized average growth in Grays Harbor County should be around 2.2 percent; in Pacific County, 2.3 percent. That is slower, but not significantly slower, than the projected statewide growth of 2.5 percent per year.