**Alaska's People and Economy, 1867-2009**

**What Might Be Ahead?**
- Alaska faces big challenges in the coming years—but fortunately, it now has many assets it didn’t have 50 years ago. Oil production, which supports so much of the state’s government and economy, is half of what it once was and is diminishing. Stills a lot of oil in Alaska, but it will be harder to get, and much of it is on state-owned land—so the state’s revenue share will be smaller.
- Also, the federal government, another mainstay of Alaska’s economy, is dealing with serious budget problems that could affect its activities in Alaska. To help deal with those problems, Alaska today has a bigger and more diverse economy, more people, and improved infrastructure. And because Alaskans decided more than 30 years ago to save some of the state’s oil revenues, the state government also has the Permanent Fund, which is capable of earning tens of billions of dollars over time.

**Practical Implications:**
- The state government now makes annual cash payments to all residents. The state legislature can’t spend the principal of the Permanent Fund, but it can spend the earnings—money from the fund’s investments. Since the 1980s, the state has used part of the fund’s earnings for a program that’s unique among the states: annual cash payments to all Alaska residents. Those payments (Permanent Fund ‘dividends’) fluctuate a lot, depending on how much the fund earns in a given period. Someone who had received the dividend every year from 1982 to 2002 would have collected $29,600—or about $38,000 in today’s dollars.
- Alaska Native corporations that didn’t exist in 1959 now make up 1 in 6 of the state’s largest 100 private employers. The 1971 Alaska Native Claims Settlement Act awarded Alaska Native peoples land and money, but also established for-profit regional and village corporations to manage those assets. Over the years a number of non-profit Alaska Native corporations have also been formed, to administer federal and state health and social service programs. Those for-profit and non-profit corporations employ thousands of Alaskans.
- A bigger population and economy and improvements in technology have reduced (but not eliminated) the conditions in those places can be double or triple the costs in larger Alaska places.

**About ISER:** ISER is part of the University of Alaska Anchorage. It was established in 1961, soon after Alaska became a state, as Alaska’s oldest public policy research institute in Alaska. To learn more about ISER and its nearly 50 years of research, go to: www.iser.uaa.alaska.edu

**Alaska’s People and Employment, 2008-2009**

- Utterly worthless. That’s how a congressmen from Missouri described Alaska in 1867, when the U.S. bought it from Russia. A lot of Americans agreed. For almost 100 years, hardly anyone—not except some Alaskans—wanted Alaska to become a state.
- But Alaska did finally become a state, in 1959. Today, after 142 years as a U.S. possession and 50 years as a state, Alaska has produced resources worth (in today’s dollars) around $670 billion. The U.S. paid $1.27 million for Alaska, equal to about $116 million now. For perspective, that’s roughly what the state government collected in royalties from oil produced on state-owned land in just the month of March 2009.
- To help mark 50 years of statehood, this publication first takes a broad look at what’s changed in Alaska since 1959. That’s on this page and the back page. We’ve also put together a timeline of political and economic events in Alaska from 1867 to the present. That’s on the inside pages. There’s an interactive version of the timeline with photos, figures, and more—one on ISER’s Web site: www.iser.uaa.alaska.edu.

**Alaska 1959-2009: What’s Changed?**
- Oil now pays the bills. At first, the new state government had a small income, mostly from a personal income tax and various smaller taxes. Then, in 1968, oil companies discovered a huge oil field, on lands the state owned on the North Slope. Income from oil production made the state wealthy and has paid almost all its general expenses for 40 years. Alaskans now pay no state income or sales taxes.
- Alaska has built a very big savings account. In 1967, Alaskaans voted to put part of the state’s oil revenues into a special account the legislature couldn’t spend. With that decision, the Permanent Fund used temporary oil revenues to create a permanent asset. The Permanent Fund had a balance of about $30.5 billion in May 2009.
- The petroleum sector now directly and indirectly supports a third of all jobs for Alaskans. And an upcoming ISER analysis will show that the petroleum sector—which was very small in 1959—has been responsible for most of Alaska’s economic growth in the past several decades.

**Military and civil activities of the federal government remain critical to the economy. The federal government was a big part of Alaska’s economy before oil development—and today it still supports a third of all jobs for Alaskans.**
- Alaska now has five times more jobs—those jobs are much more likely to be in stores, hotels, and other places that sell things to both residents and tourists. Fifty years ago, Alaskans had to order many items by mail and fly Outside to get some services.
- Alaska’s health-care industry has grown enormously. In 1961 only about 1 in 100 Alaska jobs were in health care. Today it’s nearly 1 in 10.
- Alaska’s population has tripled since 1960. But while 68% of 1960 residents Alaska still has about as many as people in Memphis, Tennessee.
- Many more Alaskans are now Asian, Pacific Islander, or Black. The federal government is still the biggest local employer, but its share is down from 99% to 60%. Most federal land in Alaska today is in parks, wildlife refuges, and other conservation units.
- Alaska’s state government now owns 26% of the land. The 1958 Alaska Statehood Act granted the new state 105 million acres.

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**What Generates Jobs for Alaskans?**

- Perpetual Fund Dividends Per Person, 1982-2008
  - (Not Adjusted for Inflation)

- **2008**
  - 226,000 Alaskans

- **1960**
  - 679,700 Alaskans

**Alaska Wage and Salary Jobs**

- 317,000

- 57,000

- Source: Alaska Department of Labor, Research and Analysis
An interactive version of this timeline is on ISER’s Web site. It shows in colorful detail how the people, the economy, and the government (territorial and then state) have changed over time. While navigating the timeline you’ll find:

- Anchorage Museum of History and Art at the Rasmuson Center; University of Alaska Fairbanks, Alaska and Polar Regions Collection; Amiq Institute (www.amiq.org); Wikipedia; The Great Pandemic of 1918 (www.1918flu.org); Aleut Regional Corporation; Explore North (explorenorth.com); Alaska House of Representatives; The Northern Light (Juneau, Alaska), November 30, 1945; Alaska Journal of Commerce; Historical Statistics for Mineral and Material Commodities in the United States; Alaska Natives, October 10, 2005; Washington Post (Workshop Summary), Institute of Medicine, National Academies Press; "Resurrecting 1918 Flu Virus Took Many Turns, " Daily Alaska Empire A Century of Servitude, 1900-1906; Knidlake and Nome; Klondike gold rushes temporarily make first Skagway and then Nome largest cities in Alaska; Alaska Natives and other Native American tribes successfully argued to become citizens, but only on the condition that they “adopted” the habits of a civilized race.

- Alaska’s population growth and major political and economic events:

**1867**
- **Territorial acquisition:** The U.S. bought Alaska from Russia for $7.2 million, or about $106 million in today’s dollars. One U.S. senator describes Alaska as “the most worthless territorial acquisition with which any government was ever afflicted. Resources produced in that “worthless acquisition” are now worth in the range of $670 billion—more than 6,000 times what the U.S. paid.

**1867-1890**
- Rapid growth in commercial salmon industry. Alaska becomes world’s largest salmon producer, and salmon remain most valuable resource through the 1960s. Until statehood, Alaskans regularly asked the federal government to ban fish traps, arguing they depleted salmon runs and cost fishermen jobs.

**1884**
- Alaska legislature enacts civil code for Alaska; opens homesteading program to public; approves non-voting delegate to Congress; moves capital to Juneau; Congress enacts civil code for Alaska; opens homesteading program to Alaskans; approves non-voting delegate to Congress; moves capital to Juneau; Congress enacts civil code for Alaska; opens homesteading program to Alaskans; approves non-voting delegate to Congress; moves capital to Juneau; Congress enacts civil code for Alaska; opens homesteading program to Alaskans; approves non-voting delegate to Congress; moves capital to Juneau.

**1899-1906**
- Klondike and Nome gold rushes temporarily make first Skagway and then Nome largest cities in Alaska.

**1911**
- Klondike Gold Rushes
- Territorial legislature passes Alaska Civil Rights Act, prohibiting discrimination by race, recognizes Elizabeth Peratrovich for her leadership in fighting discrimination against Alaska Natives.

**1915-1923**
- Alaska Railroad built. Construction headquarters site becomes city of Anchorage.

**1924**

**1924-1980**

**1924-1980**
- Major copper production from Kennecott mine 1911-1938. Alaska residents file suit against Japanese on Aleutians in 1943, in only land battles fought in North America in World War II. World War II/Korean War/Cold War

**1930s**
- Removal of gold mining. Alaska Native land claims in U.S. Court of Claims. Hundreds of families arrive in the Muskeg River Valley to establish a farming colony, as U.S. government New Deal program to create jobs during the Great Depression.

**1940-1960**
- Military build-up. World War II. Korean War.

**1955-1960**

**1960s**

**1970s**

**1980s**
- Oil begins flowing through trans-Alaska pipeline, but end of construction brings economic slowdown. Alaska Natives and other Native Americans as U.S. citizens. Congress establishes Prudhoe Bay Fund to save part of oil revenue as cushion to smooth future price declines. Alaska’s population largest percentage of Alaska’s population. Alaska Natives, October 10, 2005; Washington Post (Workshop Summary), Institute of Medicine, National Academies Press; "Resurrecting 1918 Flu Virus Took Many Turns, " Daily Alaska Empire A Century of Servitude, 1900-1906; Knidlake and Nome; Klondike gold rushes temporarily make first Skagway and then Nome largest cities in Alaska.

**1990s**
- Congress passes Anadyr Port Access Act. Fuel prices climb to historic highs, then drop sharply; oil prices decline throughout 1990s. Federal government begins major changes in offshore fisheries, including limiting access and assigning shares of catch.
The state government now makes annual cash payments to all residents. The state legislature can’t spend the principal of the Permanent Fund, but it can spend the earnings—money from the fund’s investments. Since the 1980s, the state has used part of the fund’s earnings for a program that’s unique among the states: annual cash payments to all Alaska residents. These payments (Permanent Fund “dividends”) fluctuate a lot, depending on how much the fund earns in a given period. Someone who had received the dividend every year from 1982 to 2008 would have collected $29,600—or about $38,000 in today’s dollars.

Alaska Native corporations that didn’t exist in 1959 now make up 1 of 6 of the state’s largest 100 private employers. The 1971 Alaska Native Claims Settlement Act awarded Alaska Native peoples land and money, but also established for-profit regional and village corporations to manage those assets. Over the years a number of non-profit Alaska Native corporations have also been formed, to administer federal and state health and social service programs. Those for-profit and non-profit corporations employ thousands of Alaskans.

A bigger population and economy and improvements in technology have reduced (but not eliminated) the conditions that increase the costs of doing business and make development difficult in Alaska. Those conditions include Alaska’s huge size, its distance from markets and suppliers, and its harsh climate.

Costs of living are still very high and jobs are scarce in the state’s remote communities. Alaska’s jobs and people are concentrated in a handful of urban areas. But about 10% of Alaskans live in hundreds of small remote communities scattered across the state, far from roads and accessible only by water or air. The costs of living and doing business in those places can be double or triple the costs in larger Alaska places.

What Might Be Ahead?

- Alaska faces big challenges in the coming years—but fortunately, it now has many assets it didn’t have 50 years ago. Oil production, which supports so much of the state’s government and economy, is half of what it once was and is dropping. There is still a lot of oil in Alaska, but it will be harder to get, and much of it isn’t on state-owned land—so the state’s revenue share will be smaller. Also, the federal government, another mainstay of Alaska’s economy, is dealing with serious budget problems that could affect its activities in Alaska. To help deal with those problems, Alaska today has a bigger and more diverse economy, more people, and improved infrastructure. And because Alaskans decided more than 30 years ago to save some of the state’s oil revenues, the state government also has the Permanent Fund, which is capable of earning tens of billions of dollars over time.

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Editor: Linda Leask  •  Graphics: Clemencia Merrill

What Generates Jobs for Alaskans?

<table>
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<th>Petroleum sector</th>
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<td>Other resources</td>
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<tr>
<td>Federal government</td>
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Source: Scott Goldsmith, U.S. Energy Information Administration

- Military and civilian activities of the federal government remain critical to the economy. The federal government was a big part of Alaska’s economy before oil development—and today it still supports a third of all jobs for Alaskans.
- Alaska now has five times more jobs—and those jobs are much more likely to be in stores, hotels, and other places that sell things to both residents and tourists. Fifty years ago, Alaskans had to order many items by mail and fly Outside to get some services.
- Alaska’s health-care industry has grown enormously. In 1961 only about 1 in 100 Alaska jobs were in health care. Today it’s nearly 1 in 10.
- Alaska’s population has tripled since 1960. But with 680,000 residents, Alaska still has only about as many people as Memphis, Tennessee.
- Many more Alaskans are now Asian, Pacific Islander, or Black.
- The federal government is still the biggest land owner, but its share is down from 99% to 60%. Most federal land in Alaska today is in parks, wildlife refuges, and other conservation units.
- Alaska’s state government now owns 28% of the land. The 1958 Alaska Statehood Act granted the new state 105 million acres.
- State government owns about 12% of the land (44 million acres), under terms of the 1971 Alaska Native Claims Settlement Act (ANCSA). That’s most of the privately owned land in Alaska.
- Individuals, local governments, and the University of Alaska together own around 1% of Alaska lands.

(Continued on page 4)