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# LAND POLICY IN ALASKA: A COMMENT

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A recent article in this *Journal* by Richard Cooley established an argument concerning federal and state land policies in Alaska.<sup>1</sup> Several points developed in the course of that argument are subject to considerable challenge. Further, recent investigations point out additional complications of his recommendations.

The article by Cooley designated the following land management objectives: (1) avoiding past mistakes, and (2) providing ample resources for an economic base.<sup>2</sup> Neither public policy goal is clear, and accordingly they are of limited usefulness in public administration. The goal of "avoiding mistakes" is tautological.

The central issue discussed in Cooley's article is actually concerned with allocating land resources competitively and, in perspective, with economic development of the region.<sup>3</sup> The land decisions, labeled in the past as "mistakes" for other regions, should not be considered automatically inappropriate for Alaska. In one region after another throughout the Pacific Northwest, economic growth has occurred at very different rates and with widely distinct economic bases.<sup>4</sup> Alaska, as an economic region, appears to be separable and unique in its economic development problems when compared to other state-designated regions of the Pacific Northwest.

The objective of providing the natural resources for a growth-generating economic base is similarly to be qualified. This *qualitative* policy goal necessarily requires interpretation. Its interpretation

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1. Cooley, *State Land Policy in Alaska: Progress and Prospects*, 4 *Natural Resources J.* 445 (1965).

2. *Id.* at 457.

3. A current survey of Alaska's overall problems in economic development is limited. However, see Rogers, *The Future of Alaska*, 25-59, 265-73 (Johns Hopkins Press 1962); Gruening, *The State of Alaska*, ch. 23 (Random House 1954); Guthrie & Armstrong, *Western Forest Industry* (Johns Hopkins Press 1961).

4. Simpson, *Regional Aspects of Business Cycles and Special Studies of the Pacific Northwest* (1953); Pfister, *The Commodity Balance of Trade of The Pacific Northwest*, in *Proceedings of the Regional Science Ass'n* (1959); Mead, *A Positive Proposal To Strengthen the Lumber Industry*, *Land Econ.*, May 1964, and Haring, *Reply*, *Land Econ.*, Aug. 1965.

turns on two issues: (1) the timing of natural resources development, and (2) the necessity of natural resource exploitation for regional economic development.

Concerning the former point, much of the mineral and timber resources have become available for industrial uses only recently. But the economic value of the resources in manufacturing has declined over the past several decades.<sup>5</sup> Currently, a serious question in public land management is to what degree Alaska must follow the resource exploitation practices to acquire economic growth.<sup>6</sup> In fact, the anticipated value of Alaska natural resources in "recreation and tourism," historically of importance only very recently, seems to outweigh many traditional land uses.<sup>7</sup> The effect of several extractive industries upon the growth of the Alaskan economy has greatly decreased.<sup>8</sup> Economic development in minerals, for example, is thwarted by problems in government land management and fiscal policy. One of these problems is monopolistic elements in federal government purchasing and selling. For example, in the Alaskan coal industry, the federal government is the largest customer in two distinct mining regions. The government owns and operates a railroad, which represents a significant industry operating cost, and the federal government has also controlled as much as ninety-eight per cent of raw materials through federal land policies.<sup>9</sup> Another problem is

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5. Several recent economic base studies reveal these problems, particularly Beasley & Haring, *Alaskan Cements: Markets and Opportunities for Regional Production* (1965); Beasley, *Market Potential for Alaskan Clay Products* (1965); Haring & Beasley, *Market for Insulation in Alaska and Feasibility of Regional Manufacture* (1965).

6. This point is covered succinctly by North, *Location Theory and Regional Economic Growth*, *J. Pol. Econ.*, June 1955, and by Tiebout, *Exports and Regional Economic Growth*, *J. Pol. Econ.*, May 1956. Its application for Alaskan problems is discussed by Haring, *Regional Growth and Public Policy Problems of the Softwood Lumber Industry*, in *Papers of the Regional Science Ass'n, Western Section* (1965). A critical shortage of "private" land has hindered the growth of certain basic manufacturing industries, and has also caused inflation in urban land values. Considering the magnitude and potential locations of lands now passing to the state, forthcoming public land policies of the next few years could drastically alter city growth in Alaska.

7. That is, in Alaska recreation is not being relegated to "last use." See Foss, *Problems in Federal Management of Natural Resources for Recreation*, 5 *Natural Resources J.* 62, 65-66 (1965). See also Udall, *The West and Its Public Lands: Aid or Obstacle to Progress*, 4 *id.* 1 (1964).

8. Cf. Herfindahl, *What Is Conservation?*, in *Three Studies in Mineral Economics* (1961).

9. Connor, *An Economic Analysis of Alaska's Coal Industry With Particular Emphasis Upon the Period 1945-1964* (1965) (unpublished thesis, Univ. of Alaska). The economic base of Alaska's primitive Kuskokwim region is similarly affected; see Berg, *The Economic Base and Development of the Kuskokwim Basin* (1965) (unpublished thesis, Univ. of Alaska).

the barrier set up by large manufacturers with respect to entry into the mineral development area. Only a few large corporations have been successful in mineral development in Alaska because of the difficulty in obtaining a lease on public land or a lumber harvesting contract with the United States Forest Service. Mineral exploration, furthermore, is substantially dominated by the large national manufacturers.<sup>10</sup>

A limited geographic market for most products, high labor costs, and seasonal operating expenses have all contributed to costly physical distribution of economic development in Alaska. Very little manufacturing has developed in the region except in forestry and fisheries. Now, as the public land resources are becoming available, Alaska's competitive position is worse than would have been the case fifty or even twenty years ago. Changing uses of wood, a change of quality and demand in the fish market, and low mineral selling prices have all reduced private investment flow. The postwar introduction of many corresponding product substitutes has adversely affected the prices of Alaskan goods and services. Recent innovations in transportation, including more rapid service and lower costs of commodities from national manufacturing centers of the United States, have resulted in the decreased likelihood of attracting manufacturing to the Alaskan region.

#### CONCLUSION

It appears that the land resources of Alaska, however vast by conventional standards of measurement, should be exploited at their most profitable economic use at present. Many of the vast reserves of minerals, once potentially valuable, could have attracted manufacturing to the region. Today the pace of economic obsolescence in physical resources is rapidly outrunning their value in delayed uses in forestry, fisheries, and minerals. A careful reinterpretation of Alaska's regional economic performance appears to reveal enormous national economic waste through idle resources due mainly to the present public land policy.

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10. Connor, *op. cit. supra* note 9, at 113; Beasley & Haring, *op. cit. supra* note 5, at 13-28. In addition to raw materials deposits for the manufacture of cement, preliminary surveys indicate similar control in iron and petroleum (outside the Naval Petroleum Reserve). In the special case of fisheries, see Crutchfield, *Valuation of Fishery Resources*, Land Econ., 1962, pp. 145-54. In forestry, see the series of articles reviewing Alaska in the June 1960 issue of the *Journal of Forestry*.