



Alaska's People and Economy, 1867-2009

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2008 679,700 Alaskans
 1960 226,000 Alaskans

Utterly worthless. That's how a congressman 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—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 \$7.2 million for Alaska, equal to about \$106 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.

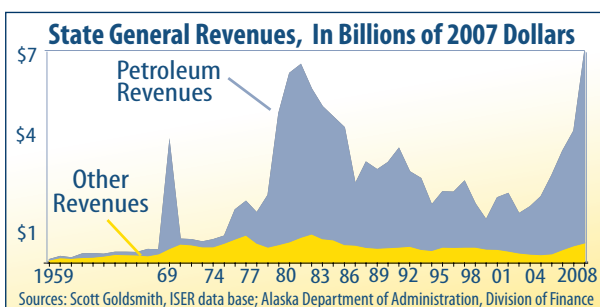
To help mark 50 years of statehood, this publication first takes a broad look at what's changed in Alaska since 1959. That's on this page and the back page. We've also put together a timeline of political and economic events in Alaska from 1867 to the present. That's on the inside pages. There's an interactive version of the timeline—with photos, figures, and more—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.

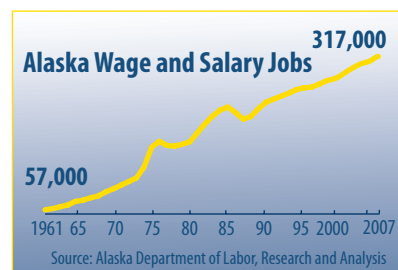
- *Alaska has built a very big savings account.* In 1976 Alaskans voted to put part of the state's oil revenues into a special account the legislature couldn't spend. With that decision, Alaskans used temporary oil revenues to create a permanent asset. The Permanent Fund had a balance of about \$30.5 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 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.

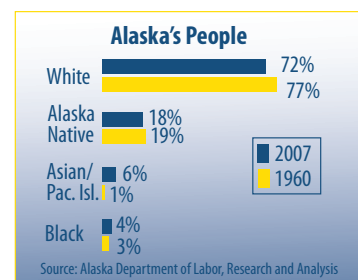


- *Alaska's health-care industry has grown enormously.* In 1961 only about 1 in 100 Alaska jobs were in health care. Today it's nearly 1 in 10.

- *Alaska's population has tripled since 1960.* But with 680,000 residents, Alaska still has only about as many people as Memphis, Tennessee.

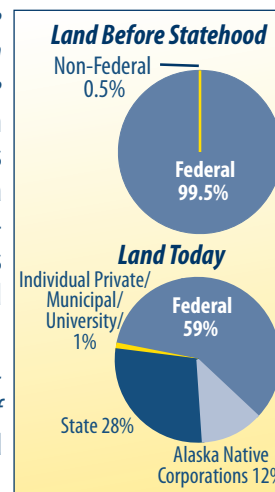
- *Many more Alaskans are now Asian, Pacific Islander, or Black.*

- *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.

- *Alaska Native corporations own 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.*



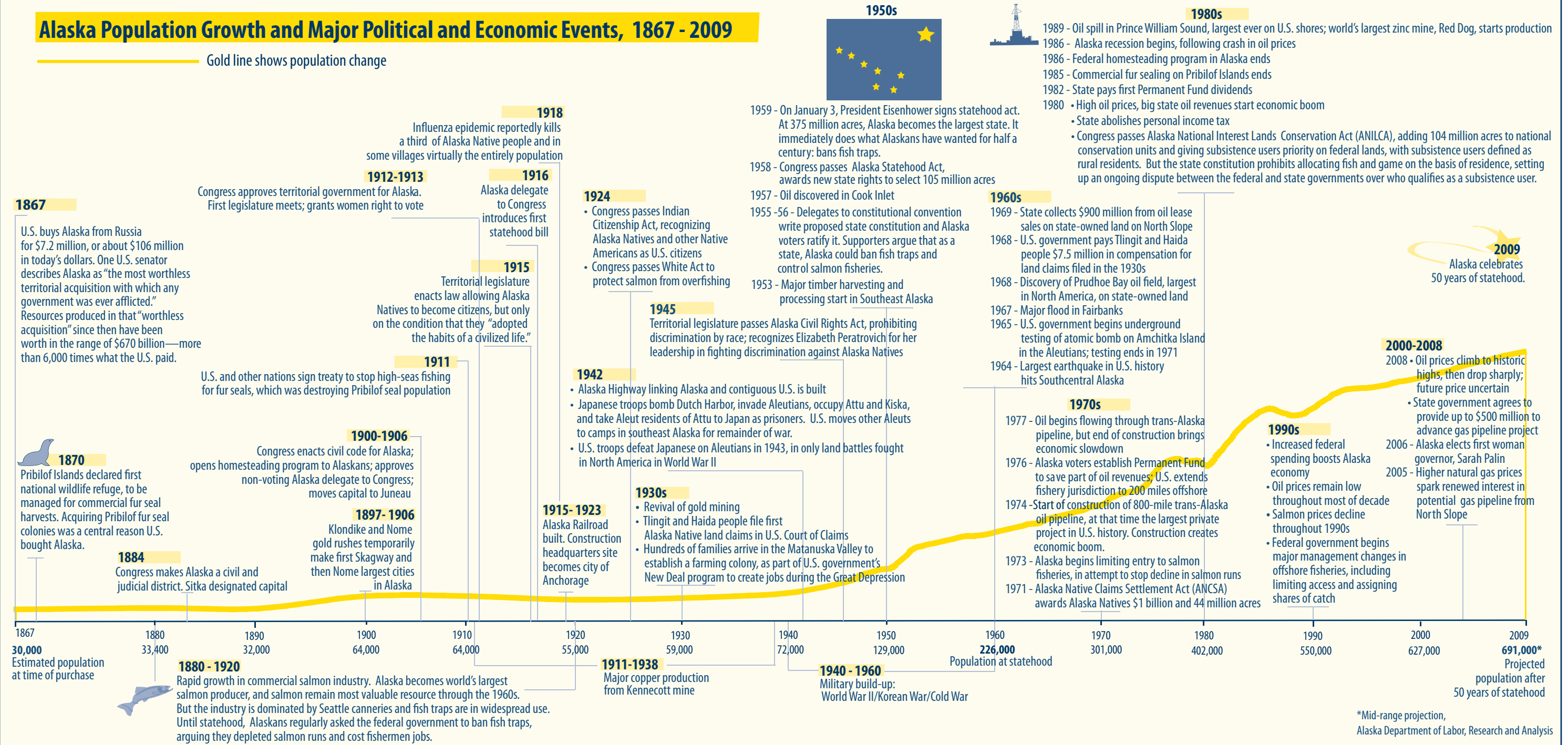
(Continued on page 4)

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 historic photos, figures, maps, and text explaining major events, as well links to ISER publications and Web sites. Go to:

www.iser.uaa.alaska.edu

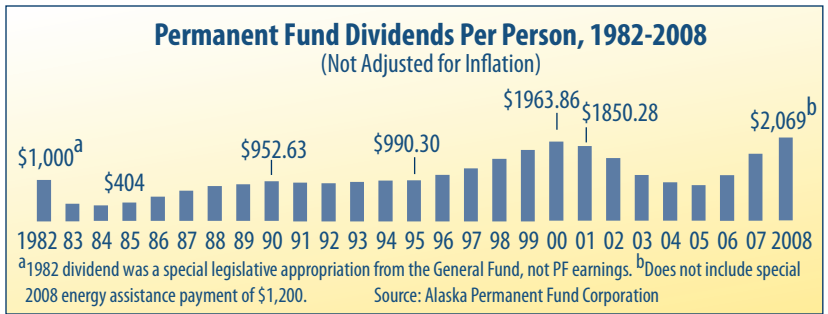
Alaska Population Growth and Major Political and Economic Events, 1867 - 2009

Gold line shows population change



Sources: ISER publications, 1960-2009, and ISER MAP database; www.Alaskool.org (online materials about Alaska Native history, education, languages, and cultures); Alaska Department of Labor and Workforce Development, Research and Analysis section; Ernest Gruening, *The State of Alaska*, Random House; Alaska Digital Archives; Alaska State Library Historical Collections; University of Alaska Anchorage, Archives and Manuscripts Department; Anchorage Museum of History and Art at the Rasmuson Center; University of Alaska Fairbanks, Alaska and Polar Regions Collection; Prince William Sound Regional Citizens' Advisory Council; Alaska Science Forum, Geophysical Institute, University of Alaska Fairbanks; Skagway, Alaska (www.skagway.com); National Park Service (www.nps.gov); Amiq Institute (www.amiq.org); Wikipedia; The Great Pandemic of 1918 (www.pandemicflu.gov); Aleut Regional Corporation; Explore North (explorethenorth.com); *Daily Alaska Empire*, (Juneau, Alaska), November 30, 1945; *The Northern Light*, University of Alaska Anchorage, February 27, 2007; U.S. Geological Survey, National Earthquake Information Center and *Historical Statistics for Mineral and Material Commodities in the United States*; *Alaska Journal of Commerce*, December 14, 2008; Dorothy Jones, *A Century of Servitude*, University Press of America; Gunnar Knapp, Cathy Roheim, and James Anderson, *The Great Salmon Run*, TRAFFIC North America; *Alaska Blue Book*, 1989-90 and 1991-92, Alaska Department of Education; Eisenhower Library and Museum; International Monetary Fund, Primary Commodity Index; Association of ANCSA Regional Corporation Presidents/CEOs; Alaska Department of Revenue, Tax Division; Alaska Department of Fish and Game; Alaska Permanent Fund Corporation; Alaska Division of Geological and Geophysical Survey; National Marine Fisheries Service; *The Threat of Pandemic Influenza* (Workshop Summary), Institute of Medicine, National Academies Press; "Resurrecting 1918 Flu Virus Took Many Turns," *Washington Post*, October 10, 2005.

• *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 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 2008 would have collected \$29,600—or about \$38,000 in today's dollars.

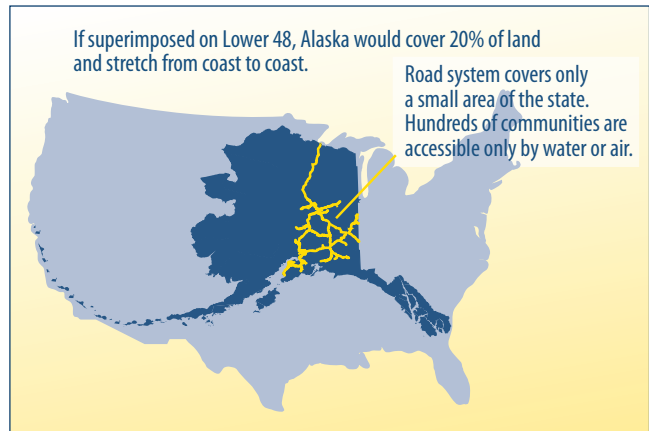
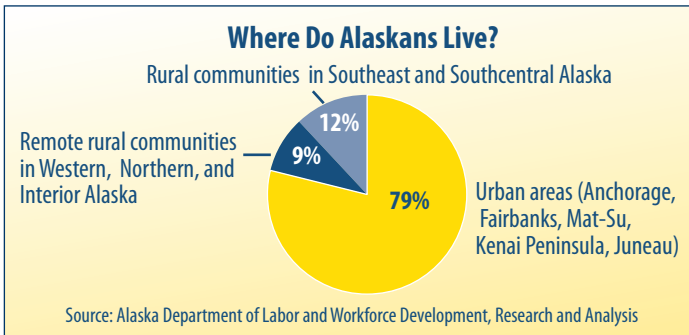
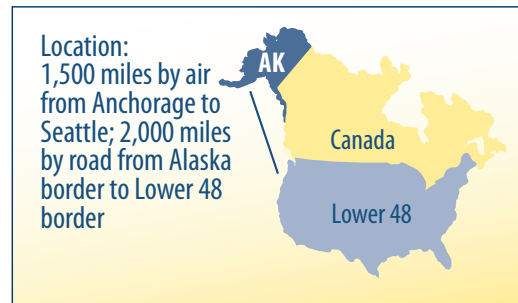


• *Alaska Native corporations that didn't exist in 1959 now make up 1 in 6 of the state's largest 100 private employers.* The 1971 Alaska Native Claims Settlement Act awarded Alaska Native peoples land and money, but also established for-profit regional and village corporations to manage those assets. 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 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 around 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 still 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.

About ISER: ISER is part of the University of Alaska Anchorage. It was established in 1961, soon after Alaska became a state, and it is the 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

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