

Alaska: Yesterday, Today and Tomorrow

Alaska Economy and Resource Development

Alaska has a very narrow economy. One third of its economic base comes from oil production, servicing that production, and taxing oil production, and from the investment of those taxes in the Alaska Permanent Fund. Another one-third of the economic base comes from federal spending. All of Alaska's politicians and economists urge the diversification of the economy to reduce our dependence on oil. But remote location, transportation costs, the small size of the regional market and the high costs of labor and infrastructure limit the opportunities for diversification. Manufacturing cannot compete with Outside producers. Neither can agriculture.

Many Alaskans support opening ANWR to oil exploration and development in the hope that the development of that resource will provide more jobs and more revenue to the state. They support oil exploration and production in NPR-A and off shore for the same reason. The Alaska mining community and the logging community also support opening more lands to mining and to forest production.

Before the Prudhoe Bay oil discovery, the Alaska economy was much smaller, and so was the population. Big oil, as North Slope production is called, transformed Alaska. But without new resources, it is very possible Alaska's population could decline, as jobs end and are not replaced. Alaskans will have to confront the question in the future of what sort of state Alaska will be if there is a turning back to what the state was like before Prudhoe Bay, when the fishery was the major resource generating revenue for the state, and federal dollars were a much larger portion of the total economy.

Can tourism take the place of oil? Would Alaskans want tourism to be as big as oil? What are the costs of tourism? How would it change the culture?