

## THE PLACE OF RECREATION IN THE ALASKA ECONOMY

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"Recreation ranks in importance among the top three industries in the Alaskan economy. During the past fiscal year, the expenditures by tourists and other recreationists enriched Alaska by some \$80 million."

If I were to make these assertions in any other Alaskan gathering but the present, they would go unchallenged. In all probability I would be buttonholed upon leaving to be told that my statements were conservative. But this group is unique in Alaska in that you are all accustomed to dealing with facts and would reject, or at least question, any unsupported generality. Therefore, I dare not dispose of my topic in such simple and understandable terms for I have absolutely no defensible basis for doing so. In fact, neither do the other sources of such assertions which have gained such common currency in recent years.

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There have been a few serious, or at least half-serious, attempts to nail the subject down however, and give it precise dollar definition. A study of tourist traffic made for the National Park Service by William J. Stanton, estimated total tourist expenditures for everything including purchase of transportation tickets outside Alaska at \$7,065,941, for the 1952-53 fiscal year. This was based upon a detailed questionnaire sent to a representative sampling of vacationing tourists as they left Alaska and inflated to the estimated total number of such visitors./1

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/1 William J. Stanton, "Analysis of Alaska Travel," Alaska Recreation Survey, Vol. II, Part I-Economics, U. S. National Park Service, 1953.

In a 1956 study of the 1951-52 period, John Buckley of the University of Alaska distributed a similar questionnaire to a sample drawn from resident and non-resident holders of hunting and sports fishing licenses and arrived at a total of \$17,487,600 as the amount spent by "recreationists" for merchandise, food, lodging, licenses, transportation and related services./2

But there were some students of the subject who still felt short-changed. Lowell Sumner of the National Park Service argued that in addition to money spent in the pursuit of recreation there should be added a further input representing the value of the amount of time spent in such activities. Assigning an arbitrary value of \$3 per hour to the estimated time spent by hunters, anglers, photographers and observers of wildlife in their respective pursuits of happiness he added \$21,379,800 to Buckley's calculation to arrive at a new grand total of \$38,867,000./3

More recently the Battelle Memorial Institute cut the Gordian knot of measurement by the simple expedient of definition. "Tourist" became the thing to be identified and this was defined as "anyone who travels away from home." This immediately made available for use a large array of already collected and published data, the annual releases of monthly travel into and out of Alaska, and by the assignment of reasonable estimates of what each "tourist" might be expected to spend, some answers were readily computed. "Tourist expenditures in Alaska in 1960 are estimated at \$66 million and these would be expected to approach \$289 million in 1980...."/4

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/2 John Buckley, Wildlife in the Economy of Alaska, University of Alaska, December 1957.

/3 Lowell Sumner, "Your Stake in Alaska's Wildlife and Wilderness," Sierra Club Bulletin, December 1956.

/4 U. S. Congress, House, "Transportation Requirements for the Growth of Northwest North America, Vol. II, Research Project by Battelle Memorial Institute, Hse. Doc. No. 176, Vol. 2 (USGPO: 1961) pp. V-243, V-263.

These three examples have not been cited, however, to afford me straw men to be knocked over in an unfair one-sided display of one-ups-manship. They are presented to illustrate three difficulties in dealing with the subject of this paper: (1) The paucity of factual data; (2) the lack of an analytical methodology appropriate to the subject; and (3) the absence of any concord of understanding of what the subject is. I plan to deal only with the last difficulty because it is the most basic.

My treatment will be limited to a highly subjective description or a somewhat philosophical statement of the nature of the probable place of recreation in the future development of the Alaska economy. In making my approach, therefore, I must first back off further from the immediate subject to present a generalized abstraction of the nature of Alaska's total development experience and prospects.

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Alaska's past economic development has taken place in a highly selective and specialized manner because of lack of local markets and remoteness from large consuming markets elsewhere. Resources unusually abundant or valuable because of lack of supplies closer to these markets were each exploited in turn.

During the Russian period the sea otter fur trade opened with more than optimum exploitation of the resource and when its inevitable crash came, Alaska was sold to the United States at a bargain price. There were no other resources at that time with the economic value justifying the continued ownership of this vast piece of northern real estate balanced against the costs of holding it in the face of threats of foreign invasion and encroachments.

With the depletion of salmon runs in California and the serious depredations

of runs in Oregon and Washington came the rapid expansion of another major but highly specialized industry in Alaska's coastal waters, the canning of salmon. Like the fur trade, this development overreached its optimum sustained yield and crashed.

Alaska's varied and extensive mineralization was long common knowledge, but prior to World War II only gold and, for a brief span of years, copper experienced any major development and today both are virtually dead industries.

The advent of the air age and growing awareness of the existence of the Great Circle Route to the Orient and the Polar Route to Europe, particularly when this awareness was forced upon us by World War II, brought national recognition of Alaska as an important strategic asset. Geographic location, rather than natural resources, became the basis for another and different form of development. Like its predecessors, this development was highly specialized. Whereas some 87% of value of total out-shipments during the 1931-1940 decade was accounted for by only two products--canned salmon and gold--during the decade of the fifties between 55% and 70% of total annual personal income received by Alaskans from all sources was from government and construction wages and salaries alone and in calendar year 1960, 62% of total employed labor force were in government and construction./5

Since the mid-fifties, there is growing evidence that like its predecessors, the contemporary form of Alaskan development has been on the down-turn of its cycle.

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/5 George W. Rogers and Richard A. Cooley, Alaska's Population and Economy (Division of State Planning, 1962) Vol. I, pp. 110, 118-121, Vol. II, pp. 178-179.

For the future Alaskans look hopefully to further expansion in forest products industries in southeastern and interior Alaska, petroleum production in southcentral Alaska and state-wide tourism as providing the base for a broader and more stable new development. As important as these elements may be in the future, however, they will not be a total gain. In part they will be offset by the loss or decline in the former main props of the pre-World War II economy--canned salmon, gold and fur. Furthermore, this could be a repetition of the old pattern of selective and specialized development with all of the attendant instabilities.

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Alaska's experience in regard to specialized exploitation is not unique. The westward moving frontier of the continental United States during the nineteenth century was initiated on the same basis. Historians of the movement describe its elements in such terms as the fur frontier, the mining frontier, the cattlemen's frontier, the pioneer farming frontier, etc.

But in addition to this selective and specialized type of development there followed the large scale migrations of "surplus" populations from Europe and the Atlantic seaboard which provided settlers and local markets and a "filling in of the gaps" between the initial developments. The final results were broader, more diversified and stable bases for the various regional economies than those provided by the initiating developments. In most cases there resulted continuing growth beyond that provided by the initial stimulus.

The complex of social and economic factors which resulted in the "filling in" process has sometimes been generalized as "land hunger." Like all generalizations this one is too broad, but it did have some relevance to the problems

of that day and cheap or free land policies in the form of land grants and homestead legislation which derived from it, certainly appeared appropriate to the needs of the times and the people.

Alaska's development has lacked this "filling in," element of the continental westward movement. During the nineteenth century the lands being settled in the continental United States and Canada were vast enough to more than satisfy the needs of the day. Since the turn of the century, the drive of people to the frontier disappeared or changed its form of expression with the evolution of our present "affluent society." One frank appraisal of development policies for Alaska gave the following summing up of the change. "The economics of pioneering used to be simple; it was embodied in the expression 'cheap lands.' Capital requirements were small, low standards of living were accepted, and government was a logical ultimate result of the early pioneer's labor. There was a wide spread between production costs and market price, so that the chief problem was one of getting the product to market. Today, capital requirements are much greater. Consideration is given to markets and capital values. The modern pioneer thinks in terms of government and what it will do for him. If settlement is not made easy for him, the present-day pioneer will seek more sheltered spaces or call upon his government to discharge its social responsibility toward him." /6 This was written in 1937 when the nation was in the throes of a great economic depression and, if anything, migrants of the pioneer-settler type are even scarcer today.

For many years our Federal and Territorial government programs, however, have been oriented to policies based upon the assumption of a repetition of the

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/6 Alaska--Its Resources & Development, National Resources Committee, Washington: 1938, page 16.

nineteenth century continental experience. But we are learning that it is not reasonable to expect history to repeat itself even if artificial inducements are provided. Alaska, although sub-continental in size, is not the continental western frontier with vast areas of rich agricultural lands. Nor is the twentieth century the nineteenth with its contemporary forces driving people onto the empty lands of an apparently ever-expanding frontier. If we turn our efforts from attempts at inducing a repetition of inappropriate history, and turn to Alaska's uniqueness and the human condition in the twentieth century, we should find different, modern and more appropriate means for filling in the gaps between Alaska's major specialized developments.

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Looking at western civilization a little past the mid-twentieth century mark philosophers, sociologists, economists, and all the others who concern themselves professionally with man and his condition agree that the accelerated progress of mechanization, which has now been stepped up to automation, has wrought profound and basic changes requiring completely new orientations in our thinking about our way of life.

For one thing we now have a greater proliferation of material goods in bewildering variety than could have been dreamed of a couple of generations ago.

, John K. Galbraith, has dubbed ours the "affluent society" and has suggested a revision in the basic ideas of economics (which have been oriented to scarcity and poverty) more in keeping with this "age of opulence."<sup>7</sup>

Hanna Arendt, inquiring into the "human condition" finds that

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<sup>7</sup> J. K. Galbraith, The Affluent Society (Cambridge: 1958)

the technology which brought this material opulence and affluence into being has turned "work" (creative action) into "labor" and with this a lowering of the ideals and aspirations of men./8

\_\_\_\_\_, Denis de Rougemont, looking at world crisis and attempting to find some meaning in "man's western quest" concludes that although there is the ever-present danger of this process leading to the creation of a world of dehumanized men in a soulless world of uniformity and mass production, the "technical venture" of western man has paradoxically drawn him closer to nature (i.e. the mass fondness for sunbathing, skiing, fishing, etc., has been contemporary with the motor car) and also offers the bewildering promise of expanding leisure. What men do with this leisure may well be the real problem of the coming age./9

These are only three samples drawn from a large and growing literature. There have been many variations on these theme and repeatedly they have been given expression in many forms and from many places including the popular novel and its radio, TV, or movie adaptations. With their diversities they all add up to a growing awareness of a new and as yet vaguely understood hunger and need of even greater and deeper meaning than that generalized as the "land hunger" of the last century. This emerges in our society with the creation of greater leisure for the mass of men--an enjoyment reserved only for the privileged elites of past civilization--and the growing separation of a sense of creativeness from labor.

Although much thought is going into the effort to give these meanings and problems more precise statement, the ends sought will never be achieved to the satisfaction of all men. Fortunately, this is not a hindrance to taking action

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/8 H. Arendt, The Human Condition (Chicago: 1958)

/9 Denis de Rougemont, Man's Western Quest (New York: 1957)



as individuals or as a society to formulate appropriate programs.

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Just as public policy in the last century found a more or less tangible object (cheap land) to meet its vague and imperfectly understood basic needs, public policy in this century has begun to recognize what we broadly define as "recreation resources" to be the tangible object which appears to meet contemporary needs. The Constitution of Alaska, for example, defines these as "sites, objects, and areas of natural beauty or of historic, cultural, recreational or scientific values," and provides for "their administration and preservation for the use, enjoyment, and welfare of the people."/10

It is difficult for Alaskans to imagine a scarcity of such objects, but in much of the continental United States recreation resources have become a scarce commodity with the increasing pressures of population and economic expansion. Around the most urbanized centers in Alaska this condition is coming into being, but this still does not convey to us a true appreciation of the conditions outside which have driven the other states and Federal Government to embark upon increasingly costly programs of land purchase to provide parks and recreation areas to meet growing demands.

In some cases, even, there have been undertaken projects of restoring exhausted agricultural lands to something approaching a wilderness state through planting of trees and fish and wildlife stocking. The anticipation of such scarcity during the early part of this century gave rise to the national and state park movements, and with scarcity now a recognized serious fact there is mounting popular support for programs of political action concerned with the preservation of scenic resources and historical areas, sites, and objects of all types.

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/10 The Constitution of the State of Alaska, Article VIII, Sec. 7

During the last decade the national "crisis in outdoor recreation" reached such proportions that the U. S. Congress in 1958, created the Outdoor Recreation Resources Review Commission to conduct a three-year survey of the country's recreational resources and the demands being made and probably to be made upon them. As a result, a new Federal bureau, the Bureau of Outdoor Recreation, has been established and a \$50 million grants-in-aid program is being considered by Congress in Senator Anderson's bill S-3117 ("The Outdoor Recreation Act of 1962" if passed).

The Commission's major report has reduced the crisis to the simple "supply and demand" formula of the old-fashioned economist. "The demand is surging..... it is clear that Americans are seeking the outdoors as never before. And this is only a foretaste of what is to come. Not only will there be many more people, they will want to do more, and they will have more money and time to do it with. By 2,000 the population should double; the demand for recreation should triple.... The most striking aspect of the supply of outdoor recreation resources...is not one of number of acres but of effective acres--acres of land and water available to the public and useable for specific types of recreation. For reasons of location or management, much of the vast acreage nominally designated for recreation is now not available for general public recreation use. Most of this land is in the mountains of the West and Alaska, while a large percentage of the people are in the East."/11 The "outdoor recreation crisis," thus, is simply one of surging demand and lack of effective supply. The vaguely defined commodity "recreation resources" has assumed a high economic value and this has induced Federal and State governments to expend correspondingly greater amounts

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/11 Outdoor Recreation Resources Review Commission, Outdoor Recreation for America, A Report to the President and the Congress, (USGPO, Washington: 1962), pp. 25, 49.

of money to increase its supply.

The report puts Alaska into a prominent place on the potential supply side. "Alaska is a storehouse of recreation opportunities. In this new State, with far less than 1 percent of the total national population, are 31 percent of the lands in the National Park System, 65 percent of the wildlife refuge lands, 64 percent of the public domain, and 11 percent of the national forest acreage. This generous supply gives some indication of the role Alaska could play in meeting the recreation demands of the people of the other 49 States.... There are difficult problems to be solved before this great potential can be realized. Alaska is still remote for most Americans seeking outdoor recreation; it takes time and money to get there. The prospect is that over the next 40 years the public will have more of both and thus visit Alaska more. Advances in travel technology will also help."/12

Most Alaskan discussions of the place of recreation in our economy do not give the full measure of importance to these resources nor do they recognize the robust and full-blooded nature of the role they may play in our future development. The subject is too often thought of only in terms of the promotion of a genteel touristy which would be an expanded version of the pre-World War II round-tripper tourist trade. The expectations that such development will contribute mightily to our future is based upon nothing more than the observation that there has been a flood of Americans abroad with millions of dollars to spend and somehow this flood can be diverted into Alaska's parched channels and cause the State's economy to blossom. "Hawaii's tourist industry is booming and is contributing a great deal to the Island's economy and growth. In fact, ... Hawaii's tourist industry has grown into the state's No. 1 industry surpassing

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/12 Ibid, pp. 72-73.

the pineapple and sugar cane industries.... Let's take a leaf from Hawaii's book of success. Let's make sure Alaska receives an ever-growing share of these valuable tourist dollars."/13

More forthright proposals for assuring that "Alaska receives an ever-growing share of these valuable tourist dollars" have been made and recently are being made in an organized manner. "An organized drive to attempt to legalize gambling in Alaska got underway last night with the sixth meeting of a group designed to push through legal gambling, either by legislative action or a referendum before the people. An estimated 80 persons in a smoke-clouded room at Forest Park Country Club sought to 'get the ball rolling'.... The fact finding committee said the gambling law would attract tourists in large numbers and would in effect build tourist facilities."/14

In common with other poorly conceived development proposals, legalized gambling faces the general Alaskan barrier of distance from "markets" and competition from more accessible and lower cost sources of supply in the Caribbean, Nevada and elsewhere. It is referred to here only because it has the merit of going directly to the heart of the popular concept of tourism--that is, the "milking" of tourists for their dollars--and probably arises from a more realistic concept of the tastes and motivations of the typical well-heeled American tourist that the more pious and acceptable alternative descriptions of the "industry."

There undoubtedly is a significant niche in the Alaskan economy for the transporting and servicing of a parade of passive sight-seers and in return charging what the traffic will reasonably bear. For the person who has been

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/13 "Hawaii's Success Story," Fairbanks Daily News-Miner, April 3, 1961.

/14 "Gambling Ball is Rolling: Citizens Organize Drive," Anchorage Daily News, January 18, 1961.

"everywhere" there may be some appeal to coming North. Something of this sort seems to have been happening since Alaska became a state. But this could only be a temporary boon until some other "unspoiled" area is discovered by the pioneering tourist and the rush of these affluent wanderers turns in another direction.

This is not to say that continuation of programs for the promotion of this type of activity should be ended or is wrong. What I want to emphasize is that preoccupation with this limited stereotype of tourism and tourists which is not entirely applicable to Alaska could prevent the discovery of Alaska's greatest potential in a nation which is currently undergoing a crisis in providing outdoor recreation opportunities for its people.

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Alaska's still impressive wilderness, wildlife and scenic values, its thousands of miles of protected seaways and river systems, winter sports and mountain areas and much more than can be hinted at here, represent a gigantic opportunity to meet the pressing demands of our age for a greater supply of outdoor recreation resources. On a polar projection map, Alaska appears strategically located on all major routes bridging the highly populated areas of western North America, Japan and the Far East, and Western Europe. Given its resources and location Alaska could assume a very important role in providing a breathing space for the re-creation of the physical and spiritual strength of people now living in increasingly cramped and congested surroundings on both sides of the Pacific and Atlantic.

If human behavior were ruled by economic logic alone, the governments of the other states of the Union and neighboring nations could find considerable alternative to costly attempts to preserve or restore some small measure of

recreation resources within their own political boundaries in the encouraging or subsidizing of the travel of their citizens to seek in Alaska's abundance the means of meeting their needs. This would never be done, of course, but something of the sort is evolving as surface transportation is improved via the new ferry and highway systems and with the increasing savings in time and money arising from the spectacular expansion of jet air travel and economy fares Alaska's resources will be converted into an increasingly effective supply as it is brought within range of these "consuming markets." This evolving "industry" cannot be described precisely at present. All that can be said with any confidence is that it is certain to be both different and much larger than the more traditional tourism.

But the total role of recreation in our economy goes beyond even these expanded boundaries. Regional economists recognize "natural resource effects" as well as natural resources as exerting strong influences upon economic activity. This is a representative statement: "To understand the importance of this effect requires us to move away from a definition of resource endowment which sees resources exclusively as tangible materials upon which technology works in the production of goods, and toward one which sees natural resources as including other features of the natural environment which have consequences for economic decisions. Natural resources, then, need not enter directly into the process of production, but only to condition the manner in which economic decisions are made--to influence directly the location of markets as well as of production. This extended definition embraces a group of physical environmental conditions which we will refer to as the 'amenity resources'--that special juxtaposition of climate, land, coastline, and water offering conditions of living which exert a strong pull on migrants from less happily situated parts of

the nation."/15

This extended definition of natural resources has an important application to any consideration of our economic future. Alaska has a strong but intangible lure to certain persons (other than mis-guided single females aware of the lop-sided male population composition) which might be described in as many different ways as there are persons so affected. A common core might be discovered, however, made up of a combination of great quantities of empty space (the vast sweep of Alaska's area and its relatively small population) and a sense of real personal freedom, both increasingly rare "commodities" in our intensely urbanized civilization. A growing number of our citizens dissatisfied with the artificiality of fin-tailed contemporary American culture could discover in Alaska a place to live and the means for creating a more satisfying way of life. This would provide the "filling in" process between other specialized development which would create a more stable and broader based Alaska.

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What free or cheap agricultural lands meant in the development of our far western territories during the last century, recreation resources could mean in Alaska's future development. In both examples the key resource group is something which satisfied a very intense current hunger of men in each age. Just as agricultural resources provided a broad economic base for the regions having them in a past age, so recreation resources by their very variety and the broadness of the needs they meet would be reflected in a corresponding broadening of Alaska's economic base in the present age. Properly recognized, conserved and developed as the need emerges, Alaska can here find the added element which could give it the type of balanced development long hoped for.

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/15 Harvey S. Perloff and Lowdon Wingo, Jr., "Natural Resource Endowment and Regional Economic Growth," presented at Conference on Natural Resources and Economic Growth, Ann Arbor, Michigan, April 7-9, 1960, pages 10-11.