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ECONOMIC AND POLITICAL IMPACT ISSUES IN ALASKA

George W. Rogers, Ph.D.

Institute of Social and Economic Research
University of Alaska

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Looking at the title of my assigned topic, we appear to have a double choice of definitions of what is meant. Taking the two key words first, according to my dictionary "impact" is "a striking together; a collision communicating force" while an "issue" is an outcome or result. We can then assign the adjectives "economic" and "political" to either or both words and come up with a predictable number of different combinations. For example, a book I wrote in 1962 had as its subtitle "The Economic Consequences of Statehood." According to the Preface, taking as its focus the granting of Statehood, this book is "concerned with the implications of this essentially political event for economic growth based upon natural resources utilization." The impact "communicating force" in this case was political and there were a host of "issues" or consequences -- the increase in local political and economic self-determination, a relocation of control over natural resources from the Federal to a regional level, political control and management of economic changes shifted similarly, and so on. I had chosen to focus on economic issues or consequences as they were more precisely labeled and more specifically those associated with the utilization of Alaska's natural resources; in effect, this is simply a reversal or standing on its head of the title of this symposium.

What followed in Alaska revealed that there was an important time dimension to any analysis of impacts. The "issues" were not necessarily instantaneously realized. The natural resources related economic issues or consequences of this political impact initially were relatively insignificant until combined with the economic impact of the Prudhoe discoveries and construction of the trans-Alaska pipeline. Then they were realized with a vengeance. There was a large employment impact (or was that an issue?), but this was confined primarily to the few years of pipeline construction. The largest and longest lasting consequence of this natural resource development was the overwhelming of the State treasury with a flood of petroleum dollars. Through the political process, this was diverted into several tributary flows -- one creating more jobs in the State bureaucracy along with new and/or expanded State programs; another flowing into a clutch of subsidized loans, local government grants, and other forms of more direct income distributions; another launching large public works or infra-structure projects; and finally a flow into a savings account for the future.

To get some idea of what would have happened to Alaska if this petroleum bonanza had occurred in the political environment of Territorial status rather than Statehood, we have only to review the history of the Kennicott-Bonanza mine between 1911 and 1932. In his first address to the Legislature after becoming governor in 1939, Ernest Gruening eloquently reviewed this story as a means of launching his drive to enact a territorial income tax and eventually achieve Statehood. While the outside interests extracted millions of tons of ore and dollars in profits from this major copper lode, they paid not one penny in local taxes and in the process of following unregulated high-grading practices

had, in the interest of maximum short-run gains, destroyed the opportunity of greater long-term yields from the resource.

At the end of the story the people of Alaska were left, in Gruening's words, with some giant holes in the ground, an abandoned railroad right-of-way and two ghost towns. (Actually, Cordova survived by converting itself from a rail terminus to a fishing port, but McCarthy became a true ghost town.) The costs in human misery and individual private economic loss were external to the corporation and they paid no share of them. The spectre of the copper boom-bust and similar cycles which punctuate Alaska's economic history still haunt us today, but thanks to the political institutions of a State of the Union and the power to tax such developments, Alaskans have the ability today to at least prepare some mitigation for the time when the oil stops flowing.

Staying with the same economic event, the Prudhoe and pipeline developments, another chain of political reactions were set in motion which for Native Alaskans were as important as Statehood was for all Alaskans. In combination with the earlier proposals of the Atomic Energy Commission to convert the Arctic into a nuclear testing grounds (under the euphemisms of Project Chariot and Plowshares) and the Corps of Engineers to convert the entire Yukon Flats into the largest man-made lake in the world (under the guise of hydro-electric power development), these petroleum development proposals united the Native people in the mid-1960's into a formidable political force. The issue or outcome of this impact was the enactment by the Congress of the Alaska Native Lands Claims Act of 1971.

But there were more complications and inter-actions associated with this economic impact (or rather this impact originating from primarily

economic sources). Politically powerful national conservationist and environmentalist forces were also operating in Alaska and they immediately took steps to assure that nothing or next to nothing was done before all possible safeguards were taken in constructing the line and port, and that while Alaska's lands were in the process of being divided up and parcelled out to State and private groups, there be some setting aside of lands to preserve wilderness and other unique intangible values in the National interest. Thanks not only to their efforts but their political clout, these interests were able to get the petroleum industry to design and construct a safe pipeline and the Congress to tack onto the Native lands legislation provisions for the creation of new reserves of public lands in the National interest.

There were many more impacts and issues associated with the Prudhoe event, but John Schaeffer will be going into some of these next. The point to be made here is that the Alaska experience demonstrates that all of the relevant forces, impacts and issues are impossible complex and their inter-relations difficult to recognize. As technicians, we must never lose sight of the nature of the reality with which we are working and remind ourselves that of necessity we are carrying out our technical work in terms of heroic simplifications. This is necessary and proper, but we must guard against mistaking our simplifications for the real thing. The layman's suspicions of the Ivory Tower have some basis in experience. Take a look at the theory and practice of limited entry, to cite something close to my workshop.

And there is another matter I wish to touch on while on this soap box. Actually, not "another matter" for it links the organization and topic of this symposium directly into the caution I have just expressed.

Shortly after accepting the invitation to participate in this symposium on natural resource development impacts I was sent a copy of the prospectus by the Inter-agency Committee of Social Scientists organizing this session. The reading of the introduction went down without any trouble, but when I came to the first sentence at the top of the second page under "Need For A Symposium" I was brought up short. It read: "Socioeconomic impact assessment is a relatively new interdisciplinary field -- less than 10 years old." The section went on to explain that recently there had developed a "network of professionals engaged in social impact analysis." Unfortunately, "Only a few Alaska social scientists have been involved in these networks" and the purpose of this symposium was to "help fill this gap."

Those of you who know me will understand why this section got my attention. It was as though I were an eighteenth century Native Alaskan being told by Vitus Bering that he had just discovered Alaska. My second reaction, however, was that what the writers of this statement really meant to say was that this field was new to them, not the rest of us who have been working it for the past several decades, and that they would like to introduce us to their own new network of professionals. Upon a more careful re-reading it appeared that what the organizers of the symposium were primarily concerned with was a technical application of social science disciplines to serving the legal requirements of a specific piece of legislation, the 1969 Environmental Policy Act. This is a legitimate reason for having this symposium, but we must refer what we discuss to a broader canvass if we are to avoid becoming trapped into a legally defined version of reality.

For those of us who have been in this business before the enactment of the National Environmental Policy Act of 1969, our assessments and analyses were concerned with the "effects" of natural resource development in a real world consisting of a complex of living systems -- biological, ecological, economic, political, and social -- each with definable boundaries and purposes, but all interacting with and on each other and susceptible to change in differing degrees by the events which make up the process of development. This may sound like a quibble to discuss differences between "impacts" and "effects," but from reading too many environmental impact statements (and "too many" isn't all that many) I have detected that the term "impact" seems to bring with it a "mind set" which is predisposed to view the real world in mechanistic terms and the assessment process as the filling in of a predetermined set of data into a standardized format. This may meet the letter of the law, but what is lost is a concept of the real world as a complex of living systems.

It is not my intention, however, to push this too far and create a straw man which I can easily knock over for my own ego satisfaction. The organizers do go on to say, "IN addition to legal requirements, however, policy-makers, planners and the general public are showing greater interest in the socioeconomic impacts which follow from natural resource developments ... so that they may mitigate the adverse effects and enhance the positive ones." To serve this recognized greater interest, however, we must depart from the bounds set by legal requirements and keep in constant touch with the blooming, buzzing confusion of the real world and its problems. In my more than four decades of practice I have found it all too easy to become seduced by the elegance of my little

intellectual constructs of reality to the detriment of the ends I sought to serve. And I have had ~~lost~~ of company in the following of such follies.

Beyond these warnings, I look forward in the course of this session to becoming better acquainted with your various networks and I hope to introduce you to my own. We are all attempting to deal with an impossibly complex task, but it is a critically important one.