

Bethel – The Economic Center of Southwestern Alaska

by Holly Stinson

"In Bethel, subsistence meets the cash economy. People whose parents grew up living off the land, who still get quite a bit of their annual supply of groceries hunting and fishing, meet people who invented the stock market, the supermarket and the balloon mortgage payment."

-Mary Lenz in *Bethel, The First 100 Years*.

Bethel is the largest town in Southwestern Alaska and serves as a regional hub for more than 50 villages. In Bethel, Yup'ik Eskimos have lived side by side with white Americans since Moravian missionaries founded the town in 1885. Located across the Kuskokwim River from an Eskimo trading post, the missionaries soon found themselves operating a trading post in order to obtain necessities for living. Today Bethel continues the tradition of serving as the region's main trading point.

Bethel is the Largest of Alaska's Rural Communities

Who lives in Bethel today? The Alaska Department of Labor's 1988 estimate for Bethel's total population is 4,390 — making it the largest of the off-the-highway, rural communities. Since 1980, Bethel's population has grown 22%. According to the 1980 census, two-thirds of the town's residents are Alaska Natives. In the surrounding area, Alaska Natives make up a higher percentage of the population—84%.

This article focuses on the city of Bethel. However, many statistics are either not reliable or not available for just the city of Bethel. Therefore, reference is also made to the Bethel census area (which includes the city of Aniak and 34 villages) and the Wade Hampton census area which is just north of Bethel. These two census areas make up the Lower Yukon-Kuskokwim Delta region. Bethel is the transportation, education and services center for the entire Delta region.

Kuskokwim River Key to Bethel's Development

The key to Bethel's development as a regional center is its location on the Kuskokwim River. Bethel's port is the only one in the area — indeed, the only river port in Alaska — capable of receiving oceangoing barges. Because of the high cost of air freight, almost all supplies for Bethel and the outlying villages come by water through the port. Bethel's port provides jobs handling and distributing over 12,000 tons of freight annually. A separate petroleum port handles almost 12 million gallons of heating oil and transportation fuels annually.

But Bethel's pride as a port city is also its plague. Riverbank erosion, caused mainly by thawing permafrost, has claimed several acres of waterfront property in Bethel. Gone is the original air strip, territorial school, cemetery, and Moravian mission. Attempts to mitigate the erosion with seawalls have met with

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mixed success. This past summer \$800,000 in emergency federal funds were devoted to adding rock along the seawall, and more is needed.

Airport is 5th Busiest in State

Water transportation, once Bethel's main link to the rest of the world, has been joined in importance by air transportation. Bethel's airport is now

the fifth busiest in the state. Takeoffs and landings at Bethel's airport are outnumbered by Merrill Field and the International Airport in Anchorage, and the Fairbanks and Juneau airports. Even though Bethel is the region's transportation hub, this industry only accounts for 8% of the town's jobs.

Bethel's Economy Differs from Urban Parts of State

Just two industry sectors — services and government — account for a whopping 70% of wage and salary employment in the city of Bethel. (See Figure 1.) These two sectors paid 78.6% of the Bethel census area's \$87.7 million payroll in 1988. Because so many jobs are with government, and because government jobs tend to be year-round, Bethel's economy doesn't experience the seasonal swings in employment that other areas do.

And because Bethel's economy relies so heavily on government employment, it did not experience as severe a boom and bust in the 1980s as the rest of the state — especially urban areas. (See Figure 2.) Bethel actually lost jobs during two of the years when the state was growing, and then gained jobs in 1987 when overall employment in Alaska was shrinking. Government and services (which includes many firms operating on government funds) are the sectors which account for these movements.

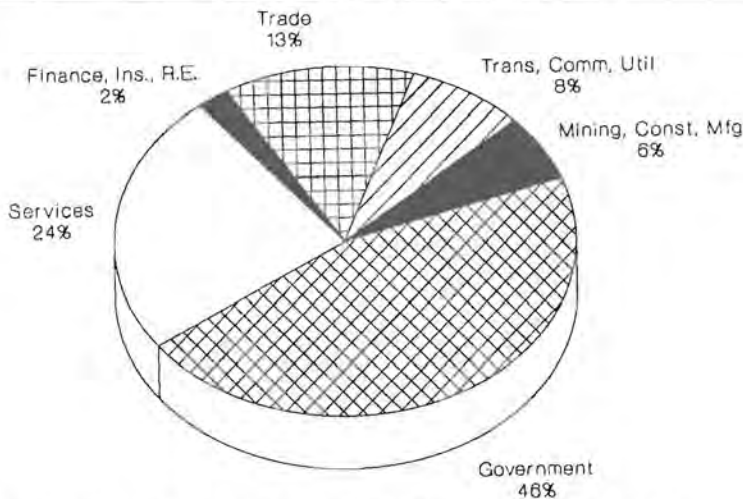
Bethel's employment picture differs from other areas in another aspect. In four out of the last five years, jobs reached their peak in the fourth quarter of the year. Urban areas, and many other rural areas, reach a peak during the late summer months (third quarter). Bethel's employment peaks in the October-November-December period because school enrollment is at its highest, boosting local and state education jobs. Retail trade employment is also at a high level then.

Government Jobs Close to Half of Total Employment

Government employment is 46% of all wage and salary jobs in the city of Bethel. (See Figure 1.) Looking at the

Figure 1

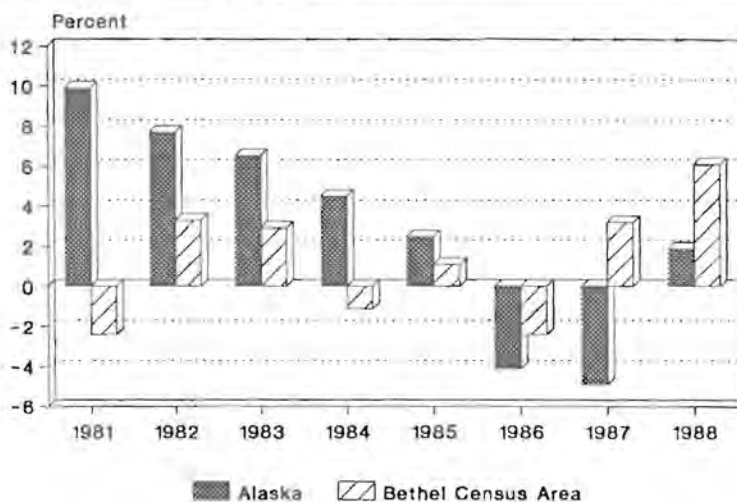
City of Bethel Employment by Industry* 1988



* Adjusted for school and health care jobs known to be outside Bethel.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Percent Change in Employment Alaska & Bethel Census Area



Source: Alaska Department of Labor, Research & Analysis Section.

Bethel Census Area Wage & Salary Employment - 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Nonag. Wage & Salary	3,555	3,467	3,583	3,958	3,912	3,958	3,862	3,986	4,231
Mining	*	*	*	*	*	*	*	*	*
Construction	132	171	143	165	129	135	77	14	31
Manufacturing	56	69	13	66	84	82	125	213	185
Transportation	227	229	234	242	255	218	191	223	231
Trade	391	367	390	402	388	388	411	403	391
Finance, Ins. & R.E.	117	129	152	179	173	167	195	180	191
Services	996	745	659	727	736	740	713	744	877
Government	1,580	1,707	1,879	2,107	2,113	2,185	2,101	2,165	2,304
Federal	444	427	401	448	430	349	391	300	290
State	189	218	241	260	243	266	266	252	277
Local	948	1,062	1,237	1,399	1,440	1,551	1,544	1,614	1,736
Miscellaneous	*	*	*	*	*	*	*	*	*

* Nondisclosable

Subtotals may not add to totals due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section.

census area as a whole, government employment accounts for an even larger slice of the pie — 54% of the jobs are with federal, state, or local government. (See Table 1.) This share has held constant for the past five years. The one sector of government absent from Bethel, which is prominent in other parts of the state, is the military.

Bethel's local city government employs 125 people. In addition to the usual city services, Bethel's authorities also run some functions not provided by private enterprise. These include the local laundromat and a bowling alley.

Almost 1,000 additional local government jobs are with the Lower Kuskokwim School District. However, this number is misleading as the district encompasses 21 villages in addition to Bethel. According to the district's payroll department, about 30% of the employees, or 300 people, work in Bethel. The rest of the teachers, administrators, and support staff work in the outlying villages.

There are probably other agencies reporting employment in Bethel which is actually in the villages. For example, state and federal agencies report over 500 employees in Bethel; some of these jobs are likely in the outlying area.

About 100 of the state government jobs are with the local branch of the University of Alaska, the Kuskokwim Campus. Until 1980 when village high schools were built, Bethel was the place to go in the region for a high school education. Although no longer dominant in secondary education, Bethel remains a magnet for college students in the area.

Native Corporations Play An Important Role in Local Economy

Government funds also flow into Bethel through the Native Corporations. The regional Native nonprofit corporation, Association of Village Council Presidents (AVCP), is headquartered in Bethel. During the fiscal year ending 9/30/89, AVCP dispensed approximately \$6 million in grants and contracts to deliver housing, social and health services throughout the region.

Almost 80% of AVCP's annual budget is federally-funded, coming from the Bureau of Indian Affairs, Department of Health and Human Services, and Department of Labor. The Department of Housing & Urban Development also funds programs through the AVCP Housing Authority.

Many Alaska Natives in Bethel are shareholders in the Bethel Native Corporation (BNC), a village corporation created by the Alaska Native Claims Settlement Act of 1971 (ANCSA). They have invested heavily in Bethel, building a large office complex, a fish processing plant (which is leased by a private firm), apartments and a housing subdivision. The corporation has paid a dividend to its shareholders in each of the last three years, injecting cash into Bethel's economy. The dividend is small, but it has increased 10% each year.

Unlike BNC, the regional ANCSA-created corporation, Calista, does not have a physical presence in Bethel. Most of Calista's investments are outside the Bethel area. It leads all other Alaska Native regional corporations in enrollment with 15,788 members, and covers the Bethel and Wade Hampton census areas.

Health Care is Big Business in Bethel

Bethel is the center of a health care network responsible for almost 20,000 people in an area comparable in size to the state of Utah. One out of every six salaried jobs in the city of Bethel is in this field. The federal Indian Health Service funds the Yukon-Kuskokwim Delta Regional Hospital, the only one in the region.

In addition, the Yukon-Kuskokwim Health Corporation, funded with federal and state money, operates the medical records department and some of the hospital's laboratories. The Y-K Health Corp. also offers dental and mental health services, several training programs and the village health aide program. Their various programs employ about 200 people in Bethel, with another 175 spread throughout the villages.

Kuskokwim's Salmon Harvest Important Locally

After covering Bethel's jobs in the government and services sectors, what's left? Fur trading has faded from importance, but another early economic activity, salmon fishing, continues to bolster Bethel's economy. The value of the Kuskokwim River's commercial salmon harvest contributes only 1-2%

to the statewide salmon value. But locally the industry employs many fishermen (162 Kuskokwim salmon permits were issued to Bethel residents in 1989). Processing those salmon creates up to 300 jobs during the peak summer months. And a fish tax brings money into the city coffers.

Last summer's season got off to a slow start when many fishermen went on strike for higher salmon prices. (Overall prices were 1/2 to 1/3 lower than 1988's record-setting prices.) The value of this year's Kuskokwim commercial salmon harvest was pegged at \$5.2 million. While this is less than half 1988's record value of over \$12 million, 1988's prices were unusually high. For comparison, the value of the catch in 1987 was \$6.4 million.

Perhaps just as important as the commercial salmon harvest to many Bethel residents is the subsistence salmon harvest. Most Bethel residents work for wages, but many of those who work for cash also count on subsistence food to sustain them both physically and spiritually. A 1980 survey found that 70% of Bethel households participated in at least one type of subsistence activity (fishing, hunting, or gathering).

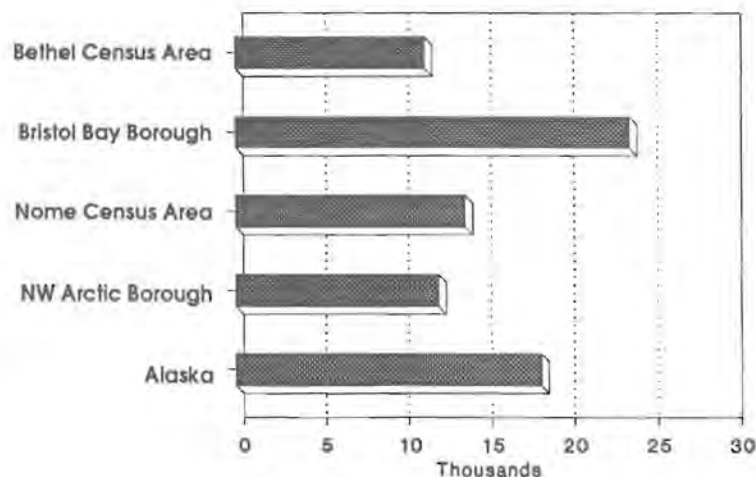
Tourism Is a Small Slice of Bethel's Economic Pie

Tourism makes headlines, and money, for many of the state's regions. For the most part, tourism has bypassed Bethel. The main drawing card, the 20-million acre Yukon Delta Wildlife Refuge, only attracts a couple hundred serious bird-watchers each year. But efforts are being made to increase tourism. The refuge is building a museum and bookstore at its headquarters in Bethel, and a small tour operator began one-day city tours last summer. Other tours — to Nome, Kotzebue and Barrow — have proven popular, and Bethel hopes to grab its share of the market.

Unemployment High, Income Low

Not everyone who wants to work can find a job in Bethel. The unemployment rate for the Bethel census area has been slightly below the statewide average. However, these unemployment rates are misleading. Not

Figure 3
Per Capita Income 1987



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

counted as unemployed are people who have not sought work during the past four weeks. Rural localities probably have proportionately more of these discouraged workers. Discouraged workers are those willing to work who have not sought work because of their knowledge that few (or no) job opportunities exist locally. (See article on Alaska's discouraged workers below.)

Although Bethel's economy includes many well-paying jobs, the high incidence of unemployment along with the lower-paying jobs contribute to make the Bethel census area's per capita income lower than the state average. (See Figure 3.) In fact, the only region with a lower per capita income is the neighboring Wade Hampton census area.

Also lagging is the average monthly wage for the Bethel census area. The annual average monthly wage is about three-fourths of the statewide average, and follows the per capita income pattern as being the second lowest in the state. But many Bethel residents receive support which is not taken into

account in statistics. Subsistence hunting and fishing, trapping and handicrafts all contribute to residents' personal economies.

Bethel — The Hub of Southwest Alaska

Bethel is the largest town in Southwestern Alaska and the most populated of Alaska's off-the-road, rural communities. Its location on the Kuskokwim River has meant growth as a transportation center. In turn, Bethel has become the distribution center for education, health care, and other services for the Lower Yukon-Kuskokwim Delta region.

Employment in the government and services sectors accounts for close to half of all jobs in the area, and keeps the economy from experiencing large seasonal swings in employment.

For more than a century Bethel has played an important role as a hub for villages throughout Southwestern Alaska.

About the author:

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