

STATEWIDE IN ALASKA

Last month in this space we discussed the part played by federal spending and particularly defense spending in Alaska's economy. However, because of the extremely important role of the federal government and the lack of attention generally given to this role, we feel that it merits further attention. As a result, this article will discuss the economic impact of federal wages compared with those paid in Alaska's other industries.

Wage and salary payments to Alaska's non-agricultural workers during 1970 exceeded one billion dollars for the first time in the State's history. ^{1/} Of this total 19 percent was comprised of wages paid to federal employees working in the State. This represents a greater contribution than that made by any other major industry category. The industries coming closest were trade and construction, each of which accounted for around 13 percent of total wage payments during the year.

The contribution made by federal government wages to the economy is further heightened by the non-seasonal nature of federal employment. In the construction industry during 1970 peak employment was some 105 percent above the seasonal low point. An even greater change was noted in manufacturing which varied by 163 percent. On the other hand, federal employment varied over the period by only 7.8 percent.

Because they are so seasonal and because of the low skill level of Alaska's resident workforce, both construction and manufacturing employ a high proportion of non-residents. As a result, much of the wages in these two industries, though paid in Alaska, are actually spent outside the State. Hence, while the combined wages in construction and manufacturing comprised 21 percent of total non-agricultural wages paid in Alaska during 1970, the proportion of these actually spent in Alaska was undoubtedly considerably less than wages earned by resident federal government workers.

Still another indication of the magnitude of the federal government's economic contribution can be gained from a comparison between it and two much more ballyhooed areas of the economy, fishing and tourism. According to the National Marine Fisheries Service, fishermen in Alaska received \$89.7 million for all fish and shellfish caught during 1970. As with construction and manufacturing, some of this total

was spent outside Alaska. Tourism according to the Alaska Visitor's Association added \$40 million dollars to the State's economy during 1970. These figures when compared with the \$189 million paid in wages to civilian employees of the federal government show that federal earnings account for over twice the value of Alaska's fisheries and are nearly five times the amount of money spent by tourists in Alaska during 1970.

The outlook over the next decade is for federal activities to continue to make an important, though declining, contribution to Alaska's economy. The decline will not be in terms of total employment or wages paid, both of which will increase. Rather, the federal government's share of the economic pie will diminish as growth in other sectors of the economy outstrips that for the federal government. According to predictions by Research and Analysis ^{2/}, federal government employment in 1980 will be around 18,000. This would represent 14 percent of the total non-agricultural workforce compared with 17,000 and 19 percent during 1970. Similarly, wages for federal employees, which as previously mentioned comprised 19 percent of total non-agricultural wages during 1970, will regress to around 14 percent of the total by 1980. However, even at 14 percent of total employment and wages federal government will still play a vital part in Alaska's economic picture.

In conclusion then it should be stated that the purpose of this article is not to downgrade the importance of tourism, fisheries or for that matter, of any other industry to the State's economy. Indeed, one of the keys to Alaska's economic health over the long haul lies in the ability of the private sector to expand and in the process create more employment for Alaskans. Nonetheless, it is too often ignored that federal government activities are now and will continue to be a powerful force in shaping Alaska's economic destiny.

^{1/} Alaska Department of Labor, Statistical Quarterly, 4th Quarter 1970

^{2/} Alaska Department of Labor "Regional Population and Employment Estimates 1961-1980" Alaska's Manpower Outlook-1970's publication No. 10 (February 3, 1971) pp 11.