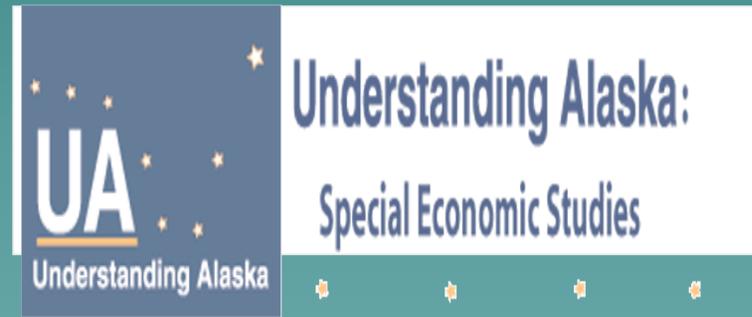


How North Slope Oil Has Transformed Alaska's Economy

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North Slope Oil Statistics

15 Billion Barrels	Production (enough to supply total world demand for 6 months)
\$250 Billion	Value of production at the wellhead (at time of sale)
\$113 Billion	State of Alaska cumulative revenues (purchasing power in 2007 \$)
\$40 Billion	Alaska Permanent Fund balance

Oil Share of Economic Measures

Production value since 1867	90%
State General Fund revenues	85%
Market value of resource production	82%
Industrial property tax base	80%
Private investment spending (Direct)	60%
Gross state product (Direct)	33%
Personal income (Total)	33%
Jobs (Total)	33%
Jobs in Oil Sector	3%

Alaska with Oil: Bigger, Richer, Healthier

- ◆ Job Opportunities
- ◆ Business Opportunities
- ◆ High Incomes
- ◆ Low Taxes
- ◆ Low Prices
- ◆ New People
- ◆ Physical Infrastructure
- ◆ Public services
- ◆ Business infrastructure
- ◆ Consumer goods and services

adn.com
Anchorage Daily News

ANOTHER DRY HOLE AT PRUDHOE BAY Companies Say “We Give Up”

Alaska Economic Indicators: Then and Now

	1967	2006
Jobs (000)	118	440
Private Jobs (000)	68	401
Per Capita Income (2006 thousand \$)	\$18	\$37
Population (000)	272	665

The Alaska State Seal



Candidates for Comparison ?

- ◆ Oklahoma
- ◆ New Mexico
- ◆ South Dakota
- ◆ Wyoming
- ◆ Montana
- ◆ Idaho
- ◆ Florida
- ◆ Nevada
- ◆ Hawaii



Maine and Alaska

- ◆ Many moose
- ◆ Few humans
- ◆ Cold
- ◆ Remote
- ◆ Independent streak

Maine and Alaska

- ◆ Fish / Tourism / Timber / Mining / Agriculture
- ◆ Limits on sustainable harvests
- ◆ Challenged by globalization
- ◆ Small and declining manufacturing
- ◆ Dependence on federal \$\$\$s

- ◆ Conflicting visions about use of resources
- ◆ “Zero Sum Game” development mentality

- ◆ Strategic development planning advice from Brookings Institution

Maine Economic Performance: Some Evidence

- ◆ Gross State Product per capita: 43rd
- ◆ Population growth: 46th
- ◆ Median age: 1st

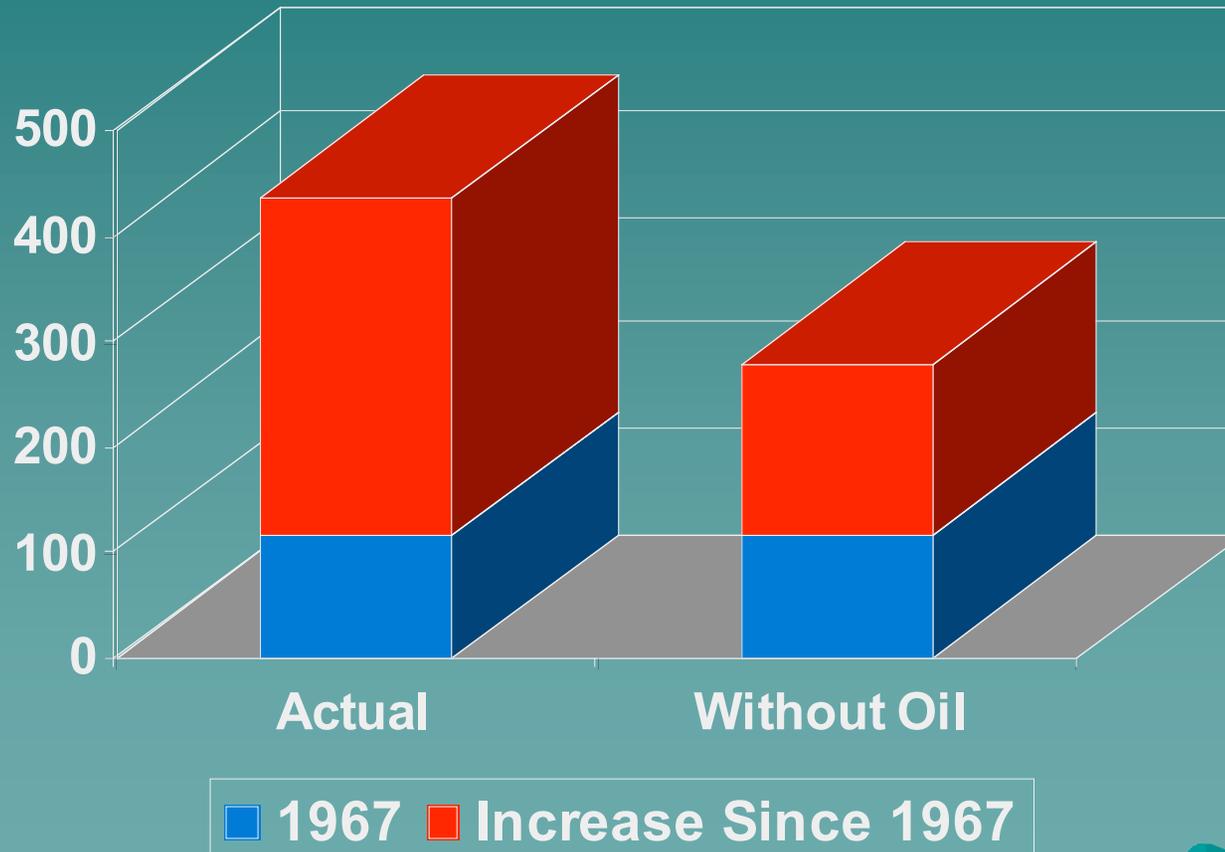
- ◆ Median Paycheck: 77% as high as Alaska

- ◆ Projected population growth = 1/3 US average

Alaska's Non Oil Economic Drivers: Actual Job Growth (Thousands)

	1967	2007	Change
Tourism	1	22	21
Fishing	7	18	11
Mining	<1	2	2
Air Cargo	-	3	3
Timber/ Military	36	27	-9
Federal Civilian	18	17	-1
Federal Grants	Na	Na	UP

Alaska Jobs: Actual vs. Projected (000)



Spillovers from Oil Development

- **Boost to Non Oil Drivers**

- Low taxes
- \$\$ for Infrastructure
- Availability of Fuel for Air Cargo

- **Economic Maturation**

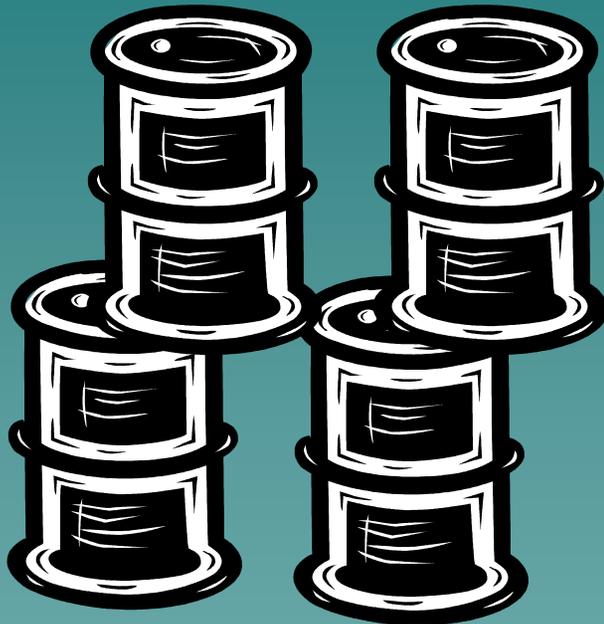
- Stable markets
- Growing purchasing power
- Lower costs

Resource Curse: Some Symptoms

- ◆ Corruption
- ◆ Rent Seeking
- ◆ Entrepreneurial Decline
- ◆ Overheating Economy
- ◆ Economic Distortions
- ◆ Public Sector Overexpansion
- ◆ Mismanagement
- ◆ Underinvestment

No reason to be complacent

Daily per capita oil production



1988



TODAY

“Son of the Permanent Fund” Fund

