

A Market Sustainable Alaska

Participants in Economic Group:

Alaska State Chamber of Commerce

Alaska Science and Technology Foundation

Resource Development Council

Alaska High-Tech Business Council

Economic Group Mission:

Building a More Market Sustainable Alaska

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Other key facts

- 1. Alaska ranks #1 in federal expenditures.
(Alaska = \$9,496 per capita)
(National average = \$5,740 per capita)**

Source: ADOL

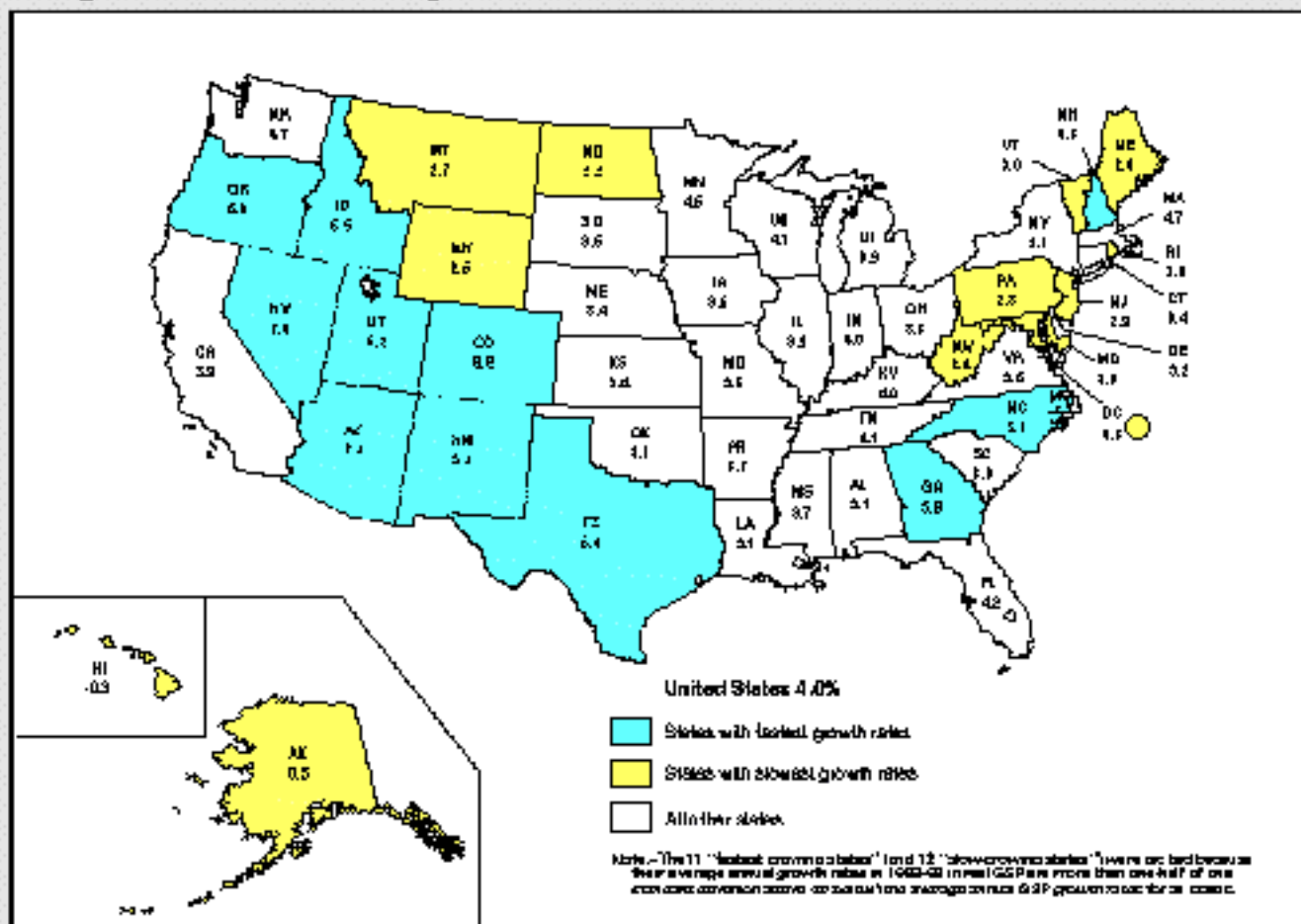
- 2. 90% of growth in state economy in 1990's was due to increased federal spending, oil, and PFD.**

Source: UAA Goldsmith

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Growth rate lags the nation

Average Annual Percent Change in Real Gross State Product, 1992-99

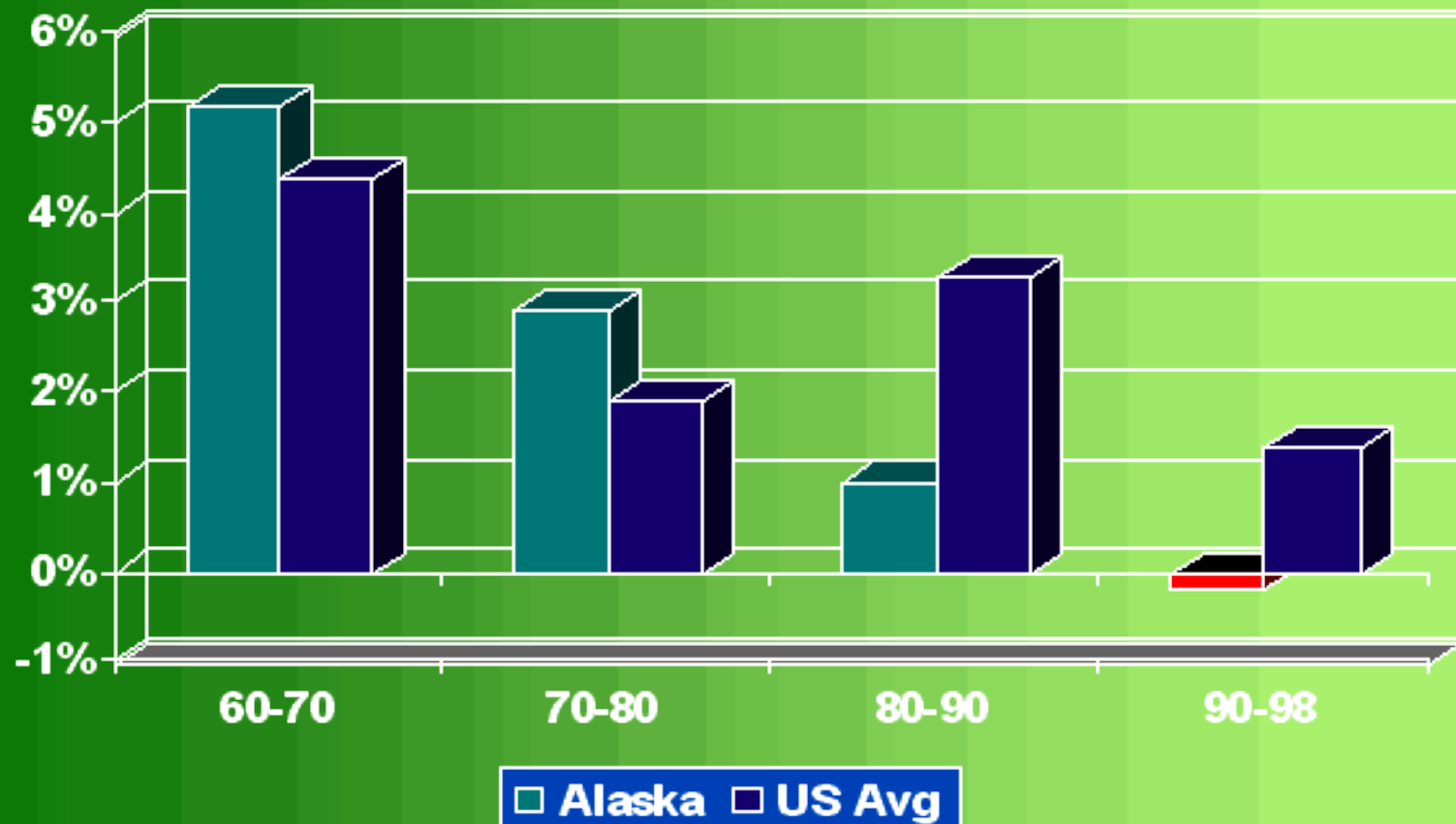


U.S. Bureau of Economic Analysis

...Only the District of Columbia & Hawaii grew more slowly than Alaska

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Per Capita Personal Income: Growth Rate Down



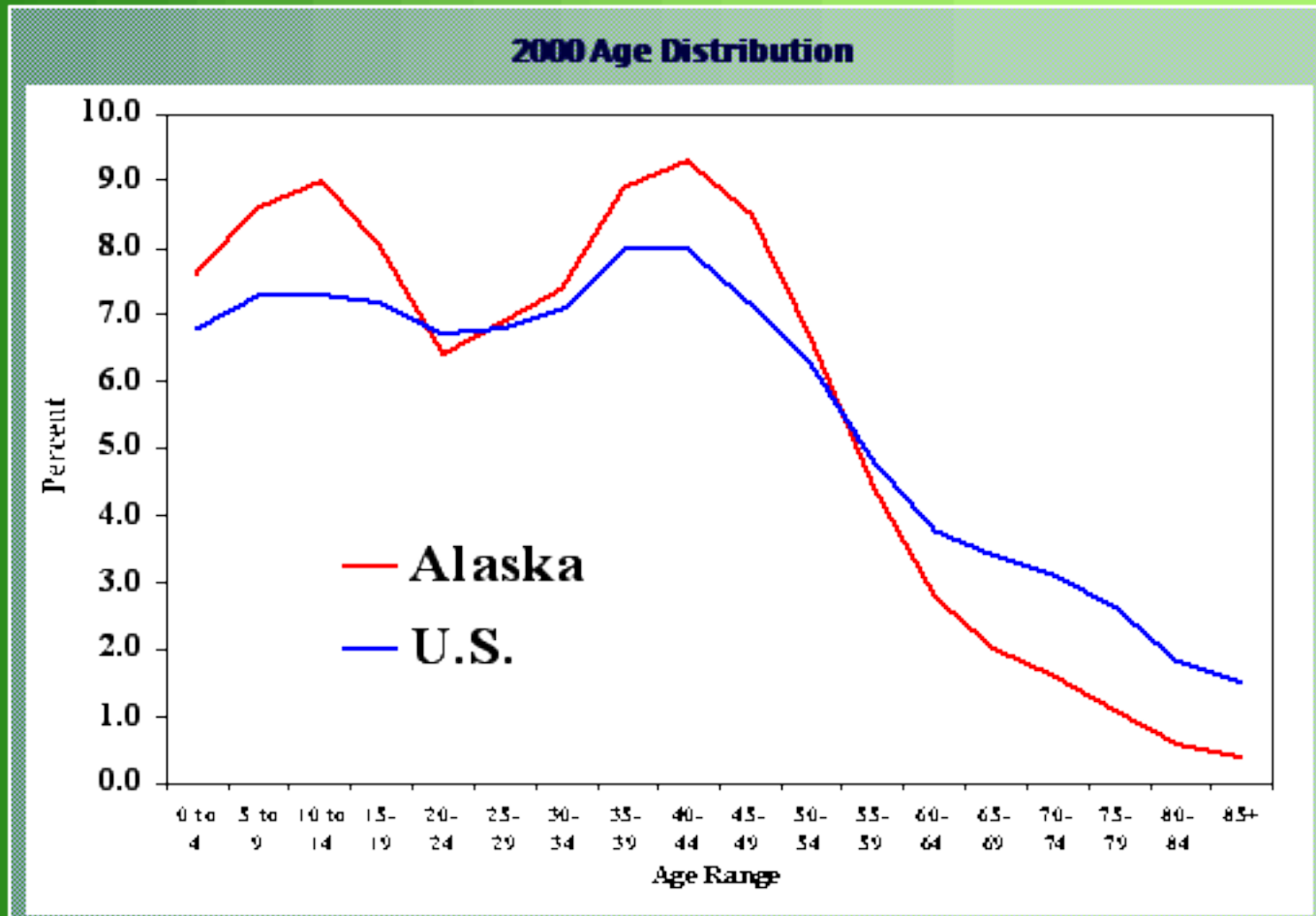
Source: Goldsmith UAA

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POPULATION UNDER 40: No Growth

"Outmigration is particularly high for 18-35 year-olds and their young children as they leave the state for more attractive education & employment opportunities..."

Source: U.S. Census Bureau, Census 2000; Goldsmith, UAA



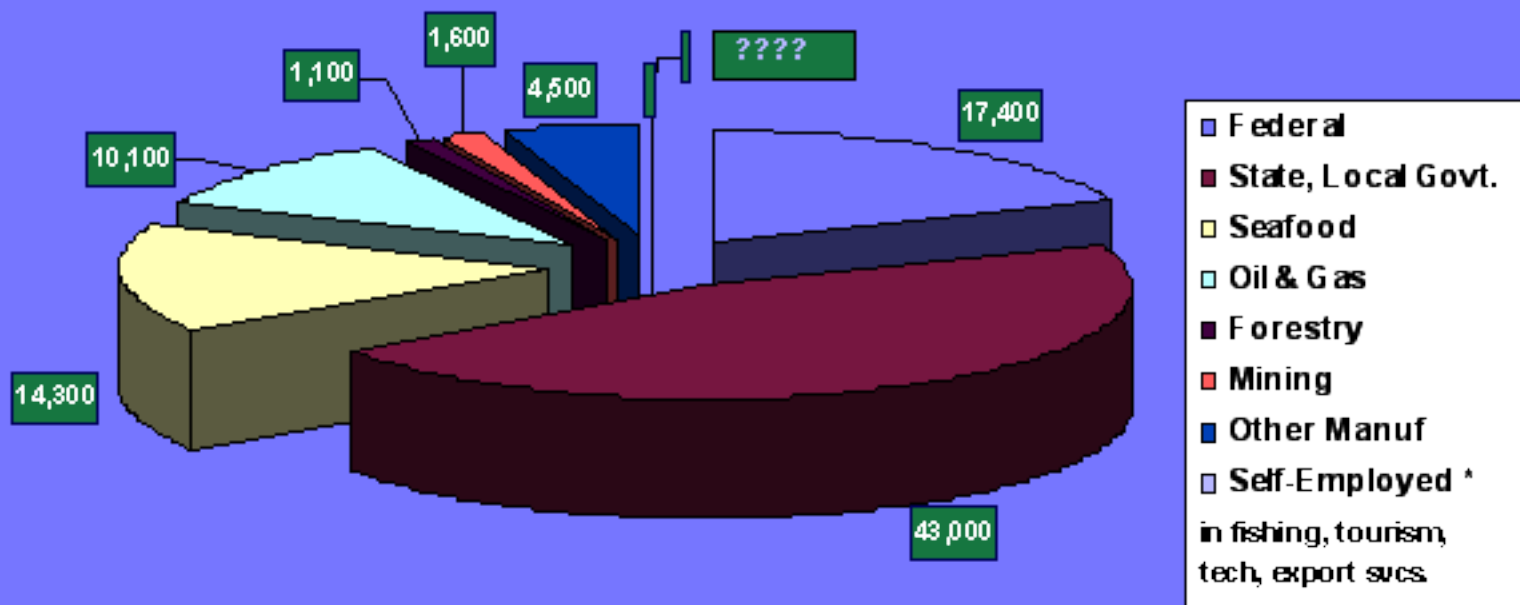
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What is Alaska's Economic Base?

- **The money that comes into Alaska from selling products and services to the world = *economic base*.**
- **Over 70% of base is from oil, oil revenue, and federal spending.**
- **Other sectors (services, trade, construction) are important because they circulate wealth through local economy, but not the true "driver" of economy.**

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Jobs in economic base (July, 2001)



State and Local Gov't **43,000**
 (oil-paid only)

Federal **17,400**
Seafood **14,300**
Oil and gas **10,100**

Mining **1,600**
Forestry **1,100**

Other manufg. **4,500**
Self-Employed
in Fishing, Tourism,
Technology, Exported Svcs **?????**

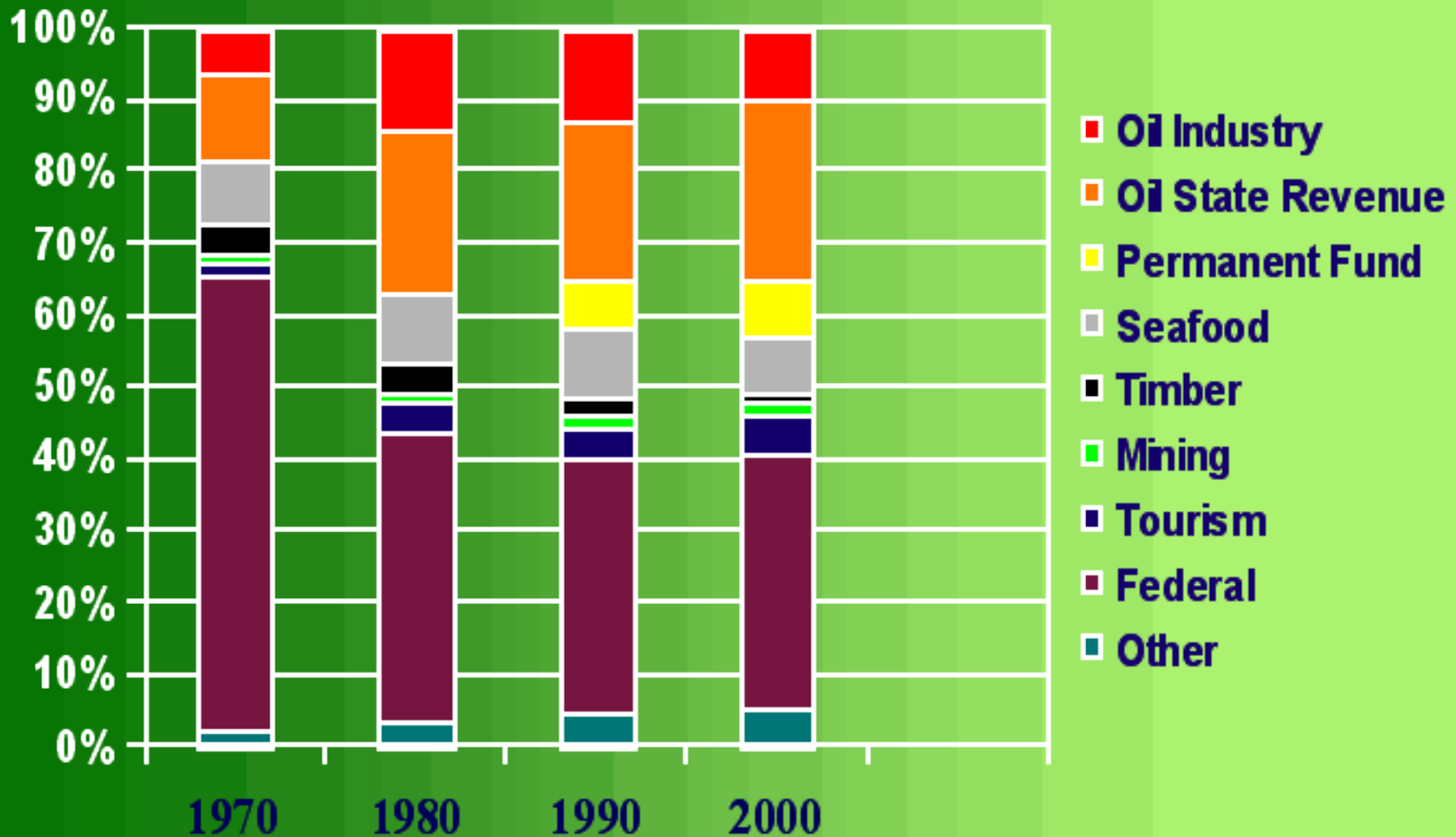
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What part of base is market sustainable ?

- **Federal spending is part of base, but not market sustainable.**
- **About 75% of state/local jobs paid by oil.**
- **1 in 7 of Alaska's jobs are in private sector base ... *The U.S. average is 1 in 3.***

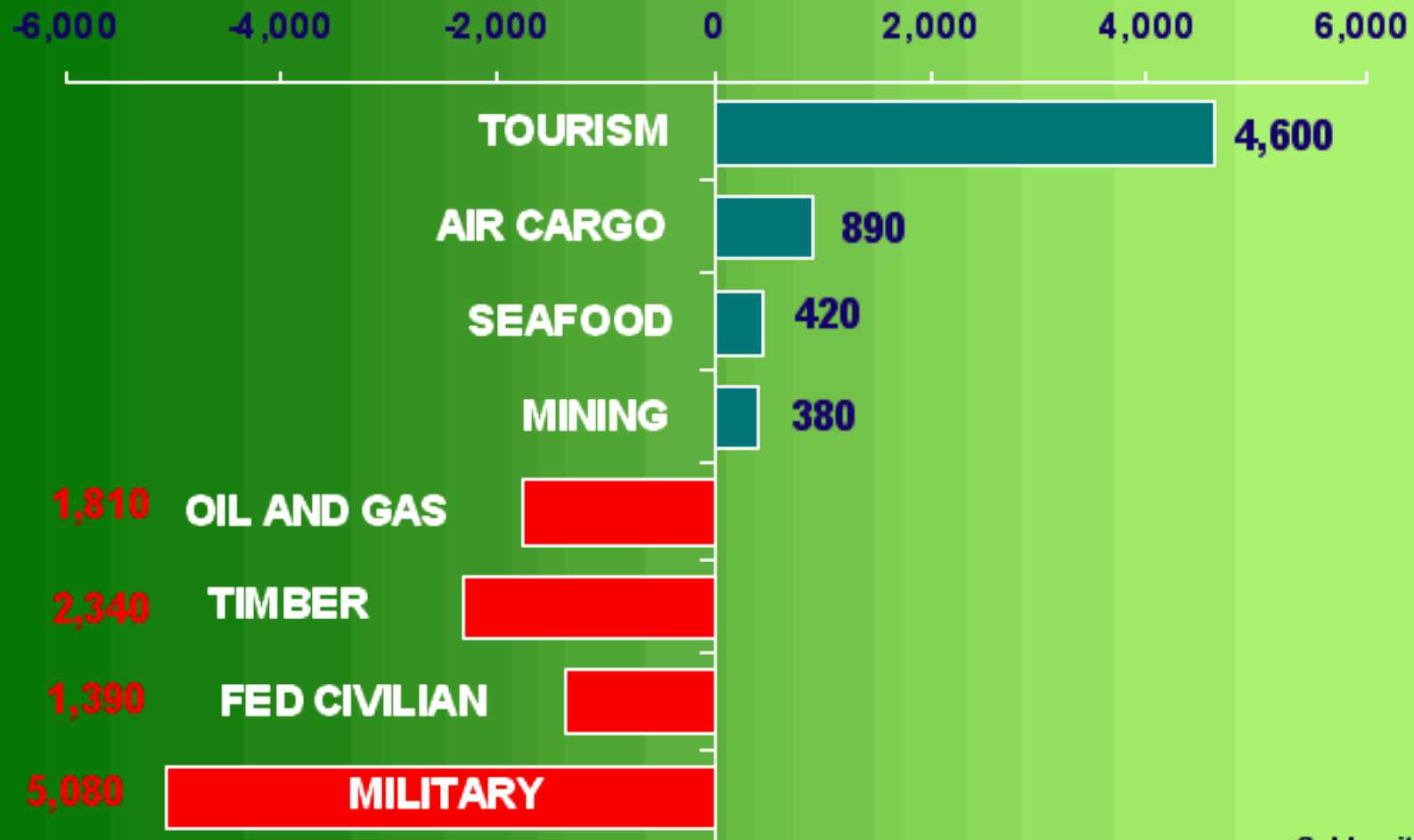
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Composition of State Economic Base



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BASIC JOBS: State Growth Since 1990



Goldsmith, UAA

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Why expand the private sector base?

- **Goal to grow more diversified base, more legs to stool.**
- **Larger private sector base widens responsibility to grow economy and support public services.**
- **An economy more in control of its own destiny by selling products and services to world is less dependent on price of oil and federal spending to drive growth.**
- **Energy sector as important as ever, but we need to deepen energy supply chain and develop value added products.**

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Summary: The bottom line

- **Only selling into markets provides economic security**
- **Alaska faces a closing window of opportunity to broaden economic base beyond just oil and federal spending.**

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The only paths to grow state wealth

Expand Exports

- **Add More Value to resources**
- **Grow Technology/Exported Services**

Replace Imports

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Next Steps

Clear regional and State economic development plans & benchmark progress.

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Next Steps

Improve key inputs

Skilled Workers

Access to Capital

Infrastructure

Technology

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Next Steps

Public policy priority for economic development

Benchmark Expanded Private Sector and per capita as goal

Improved use of public resources for economic development .

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