

# Why Rich Alaska is Poor

By DONALD MacDONALD

Alaska's eighty thousand population, half of which is Indian and Esquimo, produces one hundred million dollars in wealth annually. Between seventy and eighty millions of this production is exported. Taking the population as a whole (the natives hardly figure in the industrial picture), these highly efficient producers generate annually \$1,250 worth of wealth for every man, woman and child in the Territory. The average in the United States is \$540. Assuming a ratio of one person in five "gainfully employed," evidently a very high ratio for Alaska, each producer is putting out \$6666 in commodity values annually; of which he sends \$5000 worth to the great "Outside."

The figures would indicate that the Alaskans, even after their generosity had relieved them of five-sixths of their production, must be a very prosperous people. They are not. The United States Government spends a larger per capita amount for relief in Alaska than in any other part of the nation. Basic wages are at the subsistence level.

Congressmen, bureaucrats, government "economists," journalists and all the motley crew of governmentally-paid world-savers that have visited Alaska recently never mention the anomaly of high per capita production and low wages. Neither local labor unions, nor big hearted local politicians, nor the people themselves have noted this tragic contradiction.

Why is it that the production of Alaska reaches such tremendous figures? Is it because of the efficiency of Alaskan labor? Alaskan labor, the labor of free men working under free access to natural resources was marvellously efficient. The frontiersman has to be. But the condition that caused this efficiency has passed. Its momentum carried through for a while; later these same frontiersmen penned themselves in by a wall of phoney mining claim titles and other legal devices whereby one man can charge

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The author of this article has spent twenty years in Alaska as a road engineer. And as a student of economics he has had ample opportunity to observe the effects of economic maladjustment in the development of the territory. Another article on Alaska is in preparation.

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another for being on the Earth. But the old frontiersman is either dead or dying.

The labor of Alaska (while still more efficient than "outside" labor because it still has a little freedom left) cannot account for this tremendous production. Is capital the cause of this significant disparity between production in Alaska and production elsewhere throughout the world? The instruments of production cannot, in themselves, produce more in one part of the world than another. What then is the factor that furnishes this tremendous stimulus to production? There is only one left: the land, the natural resources of Alaska.

## THE LAND-GRAB SYSTEM

Therefore, it is evident that only in its system of land tenure can we hope to understand Alaska's tragic anomaly. The working Alaskans have been robbed by an economic invisible man just as bestial as that creature of the Wellsian imagination; with the exception that the Alaskan Invisible Man is protected in his depredations by the State.

The system of land acquisition and tenure in the Territory is based primarily on the fraud by which Russia obtained title to Alaska in the first place, and passed it on to the United States for seven million two hundred thousand dollars. Title to mining land is supposed to rest on discovery and use. But the Alaskan practice contains only the last vestigial remnant of the old California pioneer requirements—emasculated through the years by designing lawyers, politicians and speculators, who sought to share, without labor, in the hard won gold of discoverers and working miners. Under

the old system an actual discovery had to be made. Under the new system only the statement that a discovery has been made is necessary. Under the old system a miner who absented himself from his ground for forty-eight hours (unless he employed some one to represent him and continue mining) lost his title. Under the new system the ground holder is supposed to do \$100 worth of developing work every year. Actually this is rarely done. To merely swear that the work has been done is much easier. That is the general practice.

As a matter of fact the writer knows of instances where men have contracted with owners of mining ground to do their work for 25 to 50 dollars a claim. If anyone questions the validity of a holding the burden of proof rests on him, and the decisions show that the court is only too favorable towards the claim holder. I have never heard of any investigation of this system of perjury and fraud by the government. Engineers of the Geological Surveys of the United States Government have condemned the system in their reports. T. A. Rickard, probably the best known mining engineer of his day, after describing it in his History of American Mining, condemned the set-up in these words: "This is a striking example of privilege under a government frequently termed a democracy. Alaska is plastered with claims belonging to men that have done and do nothing while others do the work from which the idle owners gather a rich tribute in gold."

There are no taxes at all on the land of Alaska, outside the cities. It is a speculators' paradise. For survey fees amounting to about \$500 mineral lands may be patented, and then even the assessment of \$100 worth of labor annually is no longer required. Owners of patented claims have no obligation, pay no tax. Even after they have abandoned the ground, or have died, their titles persist. Frequently these patented

claims lie in the midst of developing areas; but the ground is under a taboo just as absurd as the Mahoni ground of the Indians.

#### THE MATANUSKA MISTAKE

Agricultural land tenure follows the same general pattern. Of the hundreds of thousands of acres held not ten per cent are in cultivation. Most of the ground was staked purely with the idea of charging someone else for using it. This was particularly true of the land served by the railroad at Matanuska where the famous Colony now is. This whole area had been staked years before the Colony was thought of. At the Colony's inception, of 60,000 acres of the area classified as arable, 43,000 were owned, only sixteen hundred acres were in use. Of the two hundred and twenty owners ninety had left the Territory, "addresses unknown." Many were dead and their heirs were unwitting owners of areas in Matanuska.

The Matanuska project was superimposed on such a foundation. This despite the fact that I had advised the Territorial authorities, as well as those at Washington, of the existing conditions. All the land necessary for the Colony was sixteen square miles. But because many owners of the land could not be apprehended, and others held out for high prices, the Colony was scattered over one hundred and sixty square miles. This scattering of the Colony involved additional roads, and resulted in perpetual economic distortion. For instance, it costs \$20,000 a year to transport the children of one hundred and sixty families to and from school; this is just one easily apprehended economic result, but probably the least important.

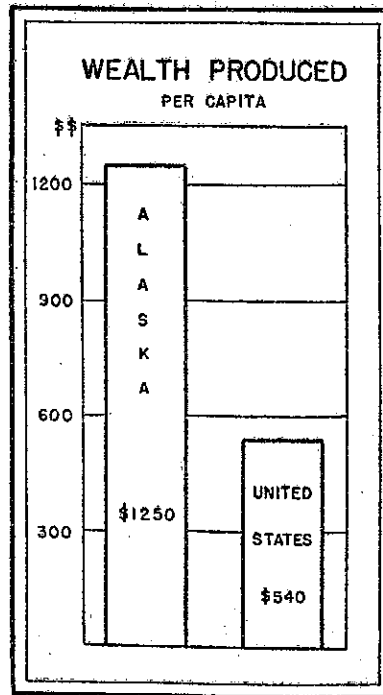
Well, there you are—the land tenure system of Alaska—land title without taxes or other obligation. Designed for bears to get all the honey from the bees—and everyone imagines himself, or hopes to be, a bear.

I forgot to mention fish trap sites. These are automatic devices of piling wire and nets, so located in the coastal currents and directly contingent to the land that they catch salmon automatically. They are, of

course, worth millions of dollars. I doubt whether the Territory or the Federal Government gets enough out of these sites to pay for keeping track of them.

#### THE FISCAL SYSTEM

Since land has been so carefully exempted the only other revenue sources are labor products, earned income and per capita taxes. From these the Territory derives annually two million seven hundred thousand dollars. This small amount is hardly adequate for Territorial needs, yet in great part it is robbery from those that have already been pitilessly robbed by the land system.



The great objective is not development, but speculative ownership. So Alaska has been "staked," homesteaded and grabbed, wherever there seems to be a present or future prospect of charging some one for the use of the Earth. A road or an airplane field cannot be built without its adjacent lands being filed upon by people who in nearly all cases have none but speculative purposes in mind. Would-be producers have the alternative of buying land or being forced back beyond thousands of acres of unused land to so-called "free" land. These "free" lands, remote from roads, require just as much in present energy to develop

as the money accumulated from past energy is required to purchase the owned lands. Such lands therefore are not "free" at all.

I am speaking now more particularly of agricultural land; but the same holds true or is even more exaggerated with mineral land. The formula for making a fortune in Alaska is to follow a "Swede" about to sink a hole and to set stakes all around him (i. e., file on the ground so that if he makes a discovery you will be in on it). When he comes up out of the hole he may find himself trapped like a ground squirrel. There are fifty thousand unpatented and about six thousand patented claims in the Territory, and these comprise all the known gold deposits.

#### ALASKA'S INVISIBLE MAN

And so the outlines of the Invisible Man emerge. He works through this private, unqualified, highly questionable ownership of the highly productive sites of Alaska. This gives him the legal right to the private appropriation of economic rent, presumably forever. Through this privilege (which includes the right to hold resources out of use) Alaskans are robbed of their production. Nor is it necessary for the whole of Alaska to be privately owned. All that is necessary is to expropriate all the land upon which man can make a living. Even the old iron law of wages insuring enough for the reproduction of more slaves is often inapplicable, for hundreds come up from the "Outside" imbued with the idea they will find free land again on the Frontier. Trapped, they work for less than subsistence wages.

Alaska should be a Utopia for the working man. It is a Utopia for the parasitical speculator. Never at any time in history has there been such a superficially ideal set-up. Practically all the costs of government are either borne by the people of the United States, or are derived from salmon taxes paid by the "outside" consumer, or from taxes upon gold purchased by the Federal Government. The road system, the airplane fields, the administration of justice, the first cost of the seventy-five million dollar Alaskan R. R., the school system outside the city limits, are paid for almost altogether by

the United States Treasury. (50% of the costs of education inside the cities are borne by taxes on "outside" consumers through the canned salmon taxes).

In addition to all these levies on Americans living in the States, the value of gold has been increased 69%. That's what "devaluation" has meant to Alaska. The government arbitrarily increased the price of gold from twenty dollars to about thirty-four dollars an ounce. To get this gift from dear old Santa Claus one must be an owner of gold mining ground. And it is not necessary to live in Alaska to get it.

Most of the placer ground of the Fairbanks District, which is the largest area being mined, has been owned for many years. The boost in gold prices enabled owners to charge miners a higher rent for the privilege to work. Wages remained practically

stationary. Money wages per hour in other districts actually diminished. This gift of sixty-nine percent in the arbitrary price of gold has amounted to many millions, and it will amount to many millions more, but only the gold ground owner will get it. The invisible man is becoming visible.

#### THE POOR VICTORS

It can be seen that if in the United States we could have our roads built and maintained by a conquered nation, if we could shift to that nation also the cost of maintaining justice and education, if we could have the value of our principal commodities increased 69% in an unlimited market, wages would remain the same. All the working man and the developing capitalist would get out of it would be exercise. The entire benefit would be completely absorbed by the landowners.