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## Juneau weathered well during Great Depression

Tough economic times loom for Juneau. As I explained in this space two weeks ago, America is headed for a recession, and Alaskans won't be spared the belt-tightening that is to come.

One can only guess at how the recession will unfold; the consensus among mainstream economists is that it might last about 12 months, and be as severe as the slowdown of 2001. Others, myself included, believe the unraveling could be much more serious, surpassing the collapse of trade, credit and confidence that marked the Great Depression of the 1930s.

Whatever is in store, it's worth considering how Juneau responded to the recessions and depressions of the past. The lessons from that history aren't all gloomy. During national economic slumps Juneau has tended to do better than the country as a whole.

Let's start with the Great Depression. As the nation plunged into gloom following the October 1929 crash of the stock market, Juneau hardly noticed. That was because Juneau's economy was already stagnating. In the "roaring twenties," as the economy in the Lower 48 boomed, the youthful elements of Juneau's population were lured away by robust job growth outside. That created labor shortages and rising wages in Juneau, but few new jobs. Sound familiar?

The gold mining business, which dominated Juneau's economy, found the dollars-per-ounce value of its output being outstripped by the wages it had to pay its miners. By 1930, the mines had long since reduced new investment, causing the Juneau economy to stagnate. Wages were good for those in Juneau who had work, but there was almost no growth.

As the Depression unfolded, Juneau's economy improved. Wages started to fall, and that hurt households, but in Juneau, where debt burdens were likely low, falling consumer prices offset the pain.

During 2007, the price of gold rose 46 percent, driven up by growing economic uncertainty. So it was in the 1930s, and like today, gold prices were pushed up, from \$17.06 per ounce in 1931, to \$26.33 in 1934. That and

favorable technical developments injected new life into Juneau's gold mining business, as David and Brenda Stone document in their book on Juneau mining. The extension of New Deal economic recovery programs to Alaska, and a growing number of federal jobs added further strength to Juneau's growth in the last half of the 1930s.

During recent national recessions, in 1990 and again in 2001, the nation as a whole lost jobs, but jobs in Juneau continued to grow, albeit very slowly. Going further back, to the big recession of 1973-75, Alaska as a whole was in the grip of a pipeline boom that buoyed employment even in Juneau, far from the scene of the construction.

Today, as in the late 1920s, Juneau's growth has stalled, and that may, as it did then, make the effects of the coming worldwide economic slump seem less severe. National programs of economic stimulus that moderate the collapse of growth elsewhere in the country may stimulate growth in Juneau; even a little extra injection of purchasing power can have a big relative effect in Juneau. As a whole, Juneau's economy remains stable, and far more diversified than ever before in the community's history. That's a good sign.

Falling worldwide demand can be expected to put downward pressure on oil prices, which would in turn squeeze state spending. That would hurt Juneau, although the loss of state revenue might reduce the pressure for building costly legislative facilities elsewhere in the state.

Falling worldwide demand would likely depress metals prices. The Greens Creek Mine, let us remember, has a history of shutting down when zinc prices fall. The Kensington gold mine, on the other hand, is likely to become even more prospectively profitable if worldwide economic uncertainty continues to push up the price of gold, as I expect it will.

Tourism is likely to take a hit as the worldwide slowdown causes households to trim spending plans. Juneau's tourism businesses can expect that blow to be softened by the declining value of the U.S. dollar, which will make it less expensive for foreigners to visit Alaska, and more expensive for Americans to vacation abroad.

Four weeks from now, my column will explore how key factors such as the city's schools, airport and natural environment affect Juneau's long-term economic future, and how local policies and attitudes could influence how the downturn plays out in Juneau.

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