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RESOURCE REVIEW
Published monthly by
The RESOURCE DEVELOPMENT COUNCIL for ALASKA, Inc.
ANNUAL SUBSCRIPTION \$25

Resource Development Council for Alaska, Inc. RESOURCE REVIEW

Box 516

Anchorage, Alaska 99510

April 1979

COUNCIL URGES MORE WORK ON FISHERIES SEVERANCE TAX

The Resource Development Council, in Executive Committee action on April 13, urged that the Eleventh Legislature take no action this session on the proposed 6% severance tax on fish caught and processed in Alaska.

After intense study of the issue the Council concluded that the Department of Revenue had not produced adequate information on total tax revenues from the fishing industry, critical to an accurate analysis of its "fair share";

(2) A long-range analysis of the impact of the severance tax on the infant bottomfish industry has not been completed;

(3) A flat rate of tax would unfairly burden certain segments of the industry;

(4) No analysis has been done of the effect of lost revenues to the state and communities resulting from fish processors moving from shore-based operations to floating processor operations or potential revenue losses from direct deliveries to ports outside Alaska's taxing jurisdiction.

The Council expressed deep concern that imposition of the tax could have severe impact on the long-range stability and development of Alaska's fisheries industry and urged that the issue be given full public review throughout the state before any action is taken.

Your legislators need to hear from you TODAY. Urge them to take no action until the facts are in.

SYMPOSIUM SPEAKERS DISCUSS DEVELOPMENT STRATEGIES

Drop us a line and we'll send you copies of presentations made at the Council's symposium "Strategy for a Stable Economy." For a taste of what was said, read on.

* Many regulations have helped to improve the environment or have aided in making plants safer. Others have triggered confusion, indcision and repeated governmental delays which have slowed innovation, postponed or prevented plant construction and caused the expenditure of millions of dollars. These have not improved the environment nor made plants safer, nor benefitted mankind in any way. (JOE BEVIRT, DOW CHEMICAL COMPANY)

* The special reserves tax which again only applies to the oil industry and the corporate income tax, computed by a special method for the oil industry, added to the aforementioned taxes, results in Alaska taxing the oil industry at rates 190% higher than Texas, 140% higher than Louisiana, 147% higher than New Mexico and 130% higher than California.

The State of Alaska should remove the limitation on investment tax credit imposed as an obvious anti-business, anti-oil company piece of legislation. Such action would be a true in-

dicator of a pro-business attitude. It would obviously benefit those involved in construction of the gas pipeline. It would be a tremendous incentive to development of our embryonic bottomfishing industry. The present limitation of \$500,000 doesn't begin to relate to the present-day cost of fishing vessels; cannery equipment or large pieces of construction equipment. (LEE E. FISHER, COOPERS & LYBRAND)

* Lower tax rates increase incentives and will increase tax revenues as well. It may not be good POLITICS but it sure is good ECONOMICS for our governments as well as our businesses. When our businesses flourish, our economy flourishes. Our employment goes up and the miracle of free enterprise works. There are those who disagree. Many of them are in government.

Today's state legislators want better things for Alaska too, and they are indicating a real concern and determination and a commitment to make it happen. Stability is the key. There is a need for consistency and credibility so that those who come now will feel confident that

Continued next page

the same rules will apply a few years from now after they come in. (ROBERT L. PARKER, PARKER DRILLING CO.)

*The fourth constraint to economic development in Alaska is our inadequate infrastructure, that is, those transportation, power, communication and other support systems which are needed by new industrial plants and the people who work for those new plants. Alaska is woefully deficient in these support systems. This constraint can be overcome by investment in these facilities by federal, state and local governments.

By far the most important constraint to economic development in Alaska is the "political environment." This is a considerably greater impediment than any of us admit, and I think we should all be ashamed of putting our heads in the sand on this one. Despite considerable window dressing, I have seen no evidence whatsoever - and I mean this statement in all seriousness - that the state government in Alaska has prepared and is aggressively committed to a long-range, comprehensive, sustain-

able, well-thought-out economic development plan. (ROBERT R. RICHARDS, ALASKA PACIFIC BANK)

We want to be able to inform people that doing business in Alaska CAN be exceedingly profitable. We ask only, however, that we be partners in profits. We will not encourage the select few to make fortunes at the expense of all others. Instead, show us a good business deal and we're prepared to make our contribution to resource and industrial development. However, we're not about to do so in such ways as to facilitate any sort of "rip off and run" situation which leaves Alaska gutted and future Alaskans grieving over a stack of bills to be paid. (GOV-ERNOR JAY HAMMOND)

* The only creative use of tax dollars is to prime the pump to create more private money and hence more tax revenues.

Keep taxes low while you are developing the resource. When they are developed, the rewards will be returned a thousand times. The 6% raw fish tax will simply create a Seattle based fishery. (DR. BELDON DANIELS, HARVARD UNIVERSITY)

RESOURCE DEVELOPMENT COUNCIL ELECTS NEW OFFICERS

The RESOURCE DEVELOPMENT COUNCIL has elected new executive officers. At its annual meeting on March 31, the COUNCIL elected James G. "Bud" Dye of Lee Houston & Associates as President. Frank Chapados of H & W Warehouse in Fairbanks and Andy Piekarski of Local 341 were elected Vice President. Robert Swetnam of Phillips Petroleum was elected Secretary and Lee E. Fisher of Coopers & Lybrand was elected Treasurer. The executive officers and the new board of direc-

tors serve a one-year term. Some members have remained on the statewide board since 1975.

Also serving on the Executive Committee are Terry Brady, Homer Burrell, Pete Casper, Paul Dunham, Bob Fleming, Easy Gilbreth and Jed Holley of Anchorage, John Kelsey of Valdez, Marc Langland of Fairbanks and Hazel Heath, Homer.

The Executive Committee meets weekly to guide the organization's activities.

"ENVIRONMENTAL MOVEMENT" THREAT TO U.S.

Congressman Charles "Chip" Pashayan, 17th District California, addressed a Public Lands Seminar in Los Angeles on April 11. Pashayan discussed the balance which was necessary between the interests of developers and those of conservationists. Neither one needed to be sacrificed at the expense of the other. However, Pashayan noted:

"A new plague is sweeping the country. Disguised as environmental concern, a philosophy of elitism that is anti-people, anti-business, and anti-democratic is bent on tearing apart the

economic and social fiber of this great land.

"Fostered by a small group of environmental extremists in concert with misguided legislators, implemented by a smaller number of authoritarian bureaucrats, the "environmental movement" of the 60's and 70's threatens to bring the United States to its knees in the 70's and 80's. This threat cannot be overestimated. We are confronted with the spectre of the radical change in the social, economic and political structure of our free democratic society."

BLM GETS BUREAUCRATIC SHUFFLE

In January 1979, the city planning board of Elko, Nevada denied an application for a zoning change to accommodate a BLM headquarters complex. The Elko DAILY FREE PRESS proposed that, rather than deny the application, give the BLM a dose of its own medicine by delivering "a prolonged ration of

stalling, procrastination, false hopes, obfuscation, capricious policy and bureaucratic whimsy."

Furthermore, every agency within the state government should "never-never-give a firm and direct response" but give each application the appropriate response. "Such an application

CONFUCIOUS SAYS...

Men do not stumble over mountains, but molehills.

AH, SPRING FEVER!

There's no time for Spring Fever at the Resource Development Council offices. A busy agenda includes, among others, these activities:

-Supporting the State of Alaska's efforts to eliminate unnecessary permits and regulations; Council members are assisting in the effort.

-Urging the State of Alaska to refrain from classifying land to management systems which foreclose exploration and utilization of natural resources and prohibit multiple uses of land.

-Asking members of Congress to recognize the unemployment and inflationary impacts of massive forest land withdrawals and to allow the nation's forest lands to be managed for traditional multiple-use purposes.

-Opposing transfer of the U. S. Forest Ser-

vice to a new Department of Natural Resources.

-Supporting extension of the Alaska Railroad eastward through Canada.

-Urging legislative funding of design and cost analyses of a royalty gas line from Prudhoe Bay south.

-Opposing exports of round logs from State of Alaska lands without prior promulgation of regulations governing round log exports.

-Urging the State of Alaska to hold the Beaufort lease sale on schedule and to "stick to proven competitive sale methods that will protect the citizens of Alaska from carrying the risk of failure to find oil or gas."

-Continuing its efforts to oppose administration policies which, if not corrected, will result in the certain death of Haines, Alaska.

TRANS-ALASKA OIL PIPELINE COLLECTORS' ITEMS

Commemorative plaques and desk weights certified to contain oil from the FIRST BARREL OF OIL received at Valdez, Alaska, from Prudhoe Bay, July 28, 1977:

WALNUT PLAQUES Distinctive and elegantly designed, each plaque is numbered for one of 799 pipeline miles. The map of Alaska is carved in bas relief, set off by inset brass corners and inscribed plate, raised lettering and miniature pipeline containing Prudhoe Bay oil. Size: 12" x 14" Cost: \$200

DESK WEIGHTS Clear lucite desk weight measures 4 1/2 x 3 3/4 x 1 1/2 inches with red base. Tube of oil, pipeline mile and inscription in center. Cost: \$30

True collectors' items, only 799 of each were manufactured. Register of owners maintained at Resource Development Council. Send check or money order to (Resource Development Council), Box 516, Anchorage, Alaska 99510.

from 1965 to 1973 and barely 1% from 1973 to 1977."

Although Hempstone concedes tax cuts on capital gains and corporate profits unquestionably would help as would more generous tax credits for research and capital investment, and faster write-offs of new plant and equipment, he also believes massive re-evalua-

tion of worker attitudes is in the offing. "Putting it right will require a change in worker attitudes, more imaginative management programs and government taxing and regulatory policies that stimulate rather than stifle the sort of entrepreneurship that made this the richest and most productive economy — for all its people — the world has ever known."

SOUTHCENTRAL WATER RESOURCES STUDY

Although the year 2000 is a long way off, a group of state and federal agencies is looking at that horizon to assess how much growth-related demand will be placed on the resources of Southcentral Alaska. This effort, the Southcentral Water Resources Study, is being overseen by the Alaska Water Study Committee (AWSC).

The AWSC is examining the growth poten-

tial and resource usage of Southcentral Alaska. The end result hopefully will be a regional approach to resource use and conservation backed by state, federal and local agencies, Southcentral communities and private interests.

As public input to the study is urged, interested organizations or individuals are advised to call the AWSC office headed by Frank Ura-beck and Dan Wilkerson, at 271-4313.

ADMINISTRATIVE REGULATION REVIEW COMMITTEE FUNDING CHALLENGED

"Operatives in the Governor's office in Juneau have quietly launched an effort to sabotage the funding that Fairbanks Senator Don Bennett has asked the legislative leadership to provide for the Administrative Regulation Review Committee which he chairs.

"Bennett has asked for \$86,000 for fiscal year '80. But Hammond administration aides, fearing that Bennett's committee will aggres-

sively challenge existing or prospective agency regulations, are trying to get their friends in the legislature to cut his funding down to \$25,000.

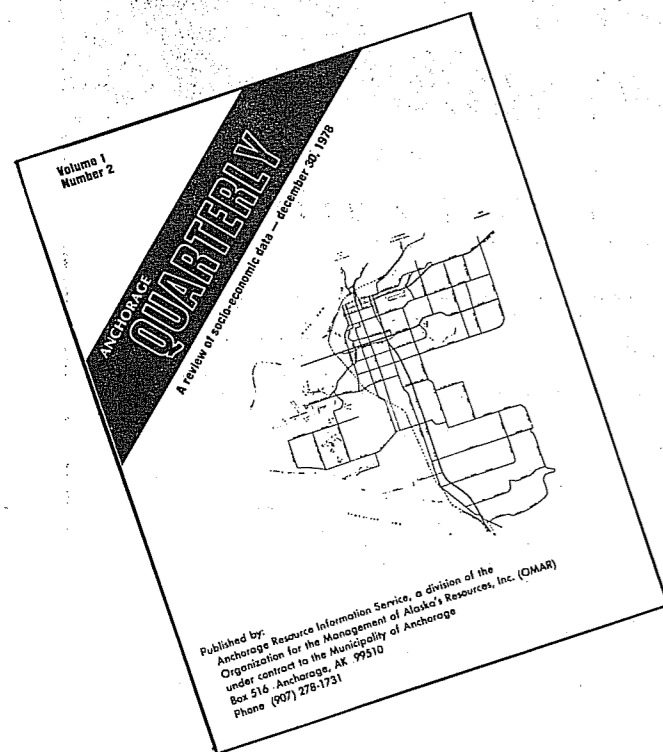
"That would effectively cut his committee's operations. But Bennett has launched a behind-the-scenes counter-attack and is expected to beat the administration at its own game." So says the *All Alaska Weekly*.

ANCHORAGE QUARTERLY - ISSUE NUMBER 2 AVAILABLE NOW

The *Anchorage Quarterly*, introduced three months ago, is a collection of vital statistical data updated on a quarterly basis to provide you with the latest facts and figures on the Anchorage community.

Using a combination of tables, charts and graphs the *Anchorage Quarterly* lets the "numbers speak for themselves" on such topics as: **COST OF LIVING - POPULATION & VITAL STATISTICS - CULTURE AND RECREATION - RESIDENTIAL & COMMERCIAL REAL ESTATE - GOVERNMENT BUDGET & TAXES - AND MANY MORE TOPICS.**

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should be taken under advisement, studied, referred to various departments and consultants, returned for suggested revision, lost for varying amounts of time and turned over to lawyers for rewording of key clauses." It would also be necessary to have lots of meetings as well as staff conferences, inter-agency seminars, informal discussions with outside agencies who might have an interest in the project and public input. Furthermore, environmental impact statements would be required in regard to "cheat grass, Russian thistle, tumbling mustard, halogeton or

CUTTING RED TAPE

With an eye to cutting "red tape" of the state bureaucracy, Governor Jay Hammond has appointed William McConkey, former head of the Division of Energy, to coordinate a thorough review and make recommendation. The review will include not only codes, permits, licenses, reports and planning documents, but "anywhere government sticks its nose into the private sector and tries to control it." McCon-

ENVIRONMENTAL ENHANCEMENT AWARD GIVEN TO USIBELLI COAL MINE

The RESOURCE DEVELOPMENT COUNCIL gave its first Environmental Enhancement Award to the Usibelli Coal Mine at the March 31 Symposium, "Strategy for a Stable Economy." Edith Bullock, "Alaskan of the Year," presented the award to Charles Boddy, Usibelli's Reclamation Director. Citing the work the Usibelli Coal Mine has done in revegetating the mining spoil piles, Bullock noted that the Usibelli Coal Mine was presently growing crops in areas where mining was once being conducted. And, the revegetation has been so complete that Dall Sheep "now browse where once huge loaders and trucks rumbled."

In accepting the award Boddy thanked the RESOURCE DEVELOPMENT COUNCIL and noted that much of the revegetation had been done before it was required. Now, Boddy stated, he expected to spend more time filling out paperwork than in the field supervising the

AGRICULTURE SYMPOSIUM

On March 22-23, the State of Alaska and the University of Alaska sponsored an Agriculture Symposium in Fairbanks. Representatives of the state, federal and local governments were present as were farmers, support industries and professors from various fields at the University. The Symposium keyed around the potential investment of time and money into what is known as the "Delta Project."

From the beginning of the conference it was clear to farmers and observers that although there was potential for agricultural de-

any of the other prime plant species which might be located and identified on the site." Not to be forgotten were the archaeologists, wilderness area inspectors and jackrabbit observation studies.

"These hints should take care of the pending BLM application for the next quarter of a century or so; and by then the federal agents should have been provided with a reasonably good opportunity to learn the taste of their own medicine."

key began the project by sending out some 4500 mailers to private businesses and organizations in the State explaining the project and asking for suggestions and support. The review is expected to take two to three years.

The RESOURCE DEVELOPMENT COUNCIL has pledged its support to the project and will work to coordinate information from the general membership.

revegetation process.

Later, in an interview with Council staff, Boddy noted that many of the new requirements put forth by the US Office of Surface Mining were too narrow for Alaska. One item of interest was the fact that blasting could not take place at night. If this is the case, Boddy noted, than Usibelli mines would literally have to close down all winter. Then, during the summer, they could legally blast at all hours of the day and night. Another regulation which will not work well in Alaska is the revegetation requirement. Boddy said revegetation with plants they have been using brings up greenery faster than with natural vegetation. Usibelli's method holds the soil together and allows the natural vegetation to come in later.

To force the Usibelli Coal Mine to change revegetation procedures would be extremely expensive and negate ten years of research, he said.

velopment in Alaska, this did not guarantee there would be buyers standing in line. Speaker after speaker made it clear that the small acreage involved in the Delta Project, 60,000 acres, would not attract buyers into Alaska. Agricultural advisors suggested creating an economic system of vertical integration where Alaskan grains would fatten Alaskan cattle which in turn would be sold in Alaskan grocery stores.

Jerry Zoet, port director for the City of Valdez, (which just passed a \$48 million bond

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"ROOTS OF ECONOMIC GROWTH"

Morris Shumatcher, writing for the NEWS OF THE NORTH (Northwest Territory) gives these observations on political decision making and regulation policies. Shumatcher noted that the futility of political discussions was guaranteed "so long as politicians believe that economic development" is something that can be created by governments, directed by rhetorical economists and brought to fruition by public

IT'S ALL IN THE NAME

We thought our name change would help eliminate confusion between OMA and SOURCE DEVELOPMENT COUNCIL of Alaska Republican Don Young and the RE-ALASKA EMPIRE, which led off a story

THE AMERICAN CONSERVATION MOVEMENT

"A fundamental change in our living habits, and in our degree of respect for finite material goods, must lie ahead. American conservationists carry this message, and so render a valuable public service. For their efforts, they have received abuse from the rest of us — like the Emperor's messenger in the fable, who was punished for bringing bad news to the royal court. But in part the American conservationist movement is headed for tough times now because of its own past exaggerations. As noted, half of its message is valid, and it should be thanked for carrying it to us. That valid message is that the doctrine that "growth per se

IS BIG BUSINESS REGULATION

In 1970, the United States Government spent a mere 866 million dollars on regulation. By 1980, the United States Government is expected to spend approximately 6.04 billion dollars. The proliferation of regulation is rapidly becoming one of the nation's biggest business. According to Kenneth Chilton, assistant director of the Center for the Study of American Business, this increase of over 600% in a decade "would be the envy of any business executive tracking a company's sales." This may be true but the gradual expansion of the

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federal government, not to mention the state governments, into a regulatory stature is causing concern even among the consumer advocates who originally proposed pushing the implementation of more regulations. And, according to John Cuniff, Associated Press Business Analyst, it appears that Congress is taking the problem seriously. It remains to be seen whether congressional regulatory reform or Executive Orders such as 12044 are lip service or genuine attempts to hack through the red tape.

But the other half of the message has been a thrill. When segments of the conservation community are perceived as attacking almost every possible energy source in context — hydroelectric development, expanded petroleum production, oil and gas pipelines, coal conversion, and nuclear fission and fusion — the whole movement loses some of its credibility as a constructive part of the nation's effort to solve its most immediate problem." Joseph Josephson, Anchorage Times, 4/8/79

He noted there must be "freedom to innovate" if economic growth is to be allowed. Just as a child "does not require the constant attention and direction of a physician or any other specialist," so must a nation's economy rely "on the natural instincts and the innate skills and genius of the individuals to assure its perpetuation. These need no wetnursing by a welfare state."

current construction of infra-structure and port facilities, agriculture could prove to be a viable segment of the Alaskan economy. Steven Levi, Director of Public Affairs for the RESOURCE DEVELOPMENT COUNCIL, represented the Council at the symposium and a copy of his report is available for members at the Council offices.

PLACID OIL GEARS UP

If the U. S. Forest Service gives its tentative approval Placid Oil will be able to set up camp for copper and zinc exploration within a month. According to John Graham, Mining Geologist for Placid Oil, all the company has to do is wait for acceptance of one of three proposed campsites. Graham stated it appeared that the Forest Service would approve the campsite on Bogert Point, north of Whiting River. From this campsite Placid would be able to initiate the excavation in the Tracy Arm area. Graham said Placid would have to wait for an archaeologist and a naturalist to examine the camping area before any activity could begin. He also expected some provisions to be made on the camping permit, probably dealing with fuel storage, water supplies, flight patterns and refuse disposal.

ALASKA GEOLOGICAL SOCIETY SYMPOSIUM

The Alaska Geological Society will hold a symposium entitled "Alaska's Mineral and Energy Resources, Land Status, and Economics" at the Captain Cook Hotel on April 23, 24 and 25. Subject matter of the symposium will be broad as well as technical. Some subjects to be covered are "Alaska's Energy Resources," "Economics of Petroleum Resources, Gulf of Alaska," "Environmental Planning and Mineral

SENATOR STEVENS TO DEPUTY SECRETARY OF AGRICULTURE, MARCH 14, 1979

"If the Alaska timber production goes down and the Japanese market is not met by the Alaskan production, that demand is going to be met by the British Columbia production—British Columbia production that currently goes to augment the timber supply in the Northwest. If the Japanese start buying timber from British Columbia, it's going to increase the price of timber substantially in the Northwest and directly be reflected in the cost of new homes from Idaho to California. At a time when this administration is trying to control inflation, I sometimes literally don't think you can see the forest for the trees."

INCREASING PRODUCTIVITY

Smith Hempstone's February 27 column in the Anchorage Times "Coming to Grips with Declining Productivity," reports that American productivity is rapidly approaching 0% increase of 3.4% for the private sector from 1948 to 1955, 3.1% from 1955 to 1965, 2.3%

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12th ANNUAL ARCTIC GAS, OIL, MINING & CONSTRUCTION INDUSTRY SHOW

September 13-14, 1979
SHERATON ANCHORAGE HOTEL
Callista Square, Anchorage, Alaska



PRODUCED BY:
Arctic Gas, Oil, Mining & Construction Industry Show, 836 West 7th Avenue, Anchorage, Alaska 99501. Telephone: (907) 274-4892 or (907) 272-4013

Exhibitors from Alaska, the Lower 48 and Canada will be displaying their latest equipment and technologies at the 12th Annual Arctic Gas, Oil, Mining and Construction Show, to be held at the new Sheraton Anchorage Hotel, September 13-14, 1979. The Exhibition will attract companies that provide equipment and services to gas, oil, mining and construction industries with operations in Alaska and Canada. The show is not open to the general public, but is designed to bring exhibitors together under one roof to enable company executives, buyers and other professionals in oil, gas, mining and construction to become acquainted with latest procedures and equipment in those industries. Now in its 12th Year, the Arctic Gas, Oil, Mining and Construction Show will be the first such exhibition to be held in the grand ballroom of the new Sheraton Anchorage Hotel. Extensive outdoor areas at the hotel are also available for companies that wish to display heavy equipment that is too large to be accommodated in the main exhibition area.