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Constitutional Convention
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Statement of James D. Crawford before the Resources
Committee of the Alaska Constitutional Convention

Mr. Chairman and Honorable Delegates:

My name is James D. Crawford. I am a mining engineer with residence in Alaska for the past 27 years. My mining experience covers a period of 31 years during parts of which I have worked in production of lead, zinc, copper and gold and have done geological and exploration work in Alaska and elsewhere on a number of other metals. I have been employed by United States Smelting Refining and Mining Company since 1929 and am presently a Vice President and the General Manager of Alaskan Operations for that company. During approximately eight years of employment with this mining company, I was in direct charge of and conducted all of its mine examinations in Alaska, including examinations of prospects other than gold. I thus obtained considerable first hand information on mineral occurrences in a large part of the Territory. I am appearing here as an individual Alaskan whose first interest is the development of Alaskan mineral resources, and I hope that what I have to say will be helpful to you in arriving at constitutional provisions relative to resources that will encourage rather than discourage development of the mineral industry in the State of Alaska, to be.

The pattern of enabling statehood legislation so far proposed for Alaska indicates that the major portion of its heritage from the Federal Government will be in the form of lands from which the realization of wealth will depend upon development of expected but

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unproven mineral resources. With regard to these possible resources, printed reports made available to you and addresses made by individuals have stressed, in a perhaps exaggerated manner, the dangers of private exploitation but have not given recognition to the uncertainties of the expected resources and the prime need for incentives for their development with the unfavorable competitive metal market position of most of Alaska that now exists and probably will continue for some time.

Widespread known mineral occurrences in Alaska indicate a reasonable chance for the eventual development of a substantial mineral industry but we are faced with the following realities that should not be overlooked:

(1) Most of Alaska is in an unfavorable economic position for operation of other than high grade base metal mines because of high production and transportation costs and remoteness from market. Barring reduction of these costs or unlikely metal price increases, this condition may well continue until near exhaustion of less costly operations elsewhere justifies activity in high cost areas like Alaska.

(2) Despite glowing references occasionally heard to the "great unscratched mineral resources of Alaska", the facts are that there were many prospectors in the hills in the early 1900's searching for metals other than gold, as attested by the numerous shafts and tunnels

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on base prospects even in remote portions of Alaska, and literally hundreds of Alaska mine examinations have been made by engineers from leading mining organizations of the United States, but, as a result of all this work, there have been only two large base metal mines brought to production in western Alaska, and that possible only because one was of a bonanza character.

In a comparable period after gold discovery in our principal western mining states, a large number of base metal mines became productive. Many have continued to date and some rank among the largest in the world. By comparison, there are no large mines, other than placer gold and coal mines, operating in Alaska today.

In short, Alaska's mining industry, and particularly that of Western Alaska, is an ailing one. If it is to be given a chance to develop to sufficient stature for realization, within reasonable time, of the expected mineral wealth to come to Alaska from Federally donated lands, care must be taken in framing constitutional provisions to avoid further hampering of mining development.

The administration of mineral resources in state lands, is of prime importance to the mining industry and will be an important factor in shaping the success or failure of future Alaska mineral development. Most of the policy in this regard will be and should be matters for legislative determination but the constitutional provisions, which come under consideration of this committee, will determine the legislative course.

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Congressional policy in granting public lands for school support to our most recently admitted states has established restrictions against state alienation of the mineral rights in such lands other than by lease. The committees of Congress that subsequently have had Alaskan statehood under consideration have attempted to fit this policy to all Federal gift lands and it has been so provided in the latest proposed enabling legislation for Alaska.

It is my personal feeling that a change over from the present Federal land policies on mining claims, which permit acquisition of ownership, to a state administered leasing system will have some retarding effect on the development of state land mineral resources and will direct preference to the seventy odd percent of Alaska remaining in the public domain. It is difficult to foresee the specific problems that would arise but it is believed that the elimination of ownership incentive, which historically to Americans has been the motivating force that has led to major discoveries, the imposition of royalties, which in effect constitute a severance regardless of profit or loss, and the possibility of oppressive requirements that might be brought about by legislative vagaries would have a discouraging effect on the prospector and miner. There are also considerations with respect to ownership and amortization of plant structures and other uncertainties that would develop under a state leasing system and possibly result in extraordinary caution on the part of investors.

In view of its established school land policies, it is possible

the Congress would not, in any case, approve enabling legislation that would relax the non-alienation requirement as to all the proposed Federal grant lands to Alaska. However, the situation with respect to Alaska wherein it has been proposed to apply the restriction to an unprecedentedly large non-school land area, and thus handicap state lands competitively with the public domain, merits consideration for relaxing the requirement to an extent at least. The proposed restriction is inconsistent with the Federal land policies regarding metal mining property. It is difficult to understand the reason for such seemingly inconsistent proposal other than concern over exploitation or the possibility of state lands passing into the hands of "five or six" big companies or corporations, as emphasized in certain printed matter made available to you. As to the validity of this position with respect to the metal mining industry, it is submitted that:

(1) The curb to exploitation lies in Legislative ability to tax. Under the existing organic law and presumably under the pending constitution there is and will be ample authority for the purpose without resorting to constitutional curbs on industrial development.

(2) Even under present mining location laws, which permit acquisition of ownership and are less restrictive than a leasing system would be, there is no "clamoring at the gates", so to speak, for the mining

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lands of Alaska. On the contrary, more interest is desirable.

It is believed that the best land regulation with respect to Alaska's mineral resource development would be one departing as little as possible from existing Federal and Territorial regulations, both from the standpoint of the mineral industry and expense to the state. Whether or not this would be possible, if it proved desirable, would of course depend upon the terms of final enabling legislation.

I would not suggest writing mining rights provisions into the constitution that are directly contrary to the wording of the most recently proposed enabling legislation, but neither does it seem prudent to attempt to anticipate the provisions of the final enabling legislation, particularly under existing conditions, by writing in a leasing requirement. It is believed that the mineral development of Alaska would best be served by a provision expressed broadly enough to allow for adjustment to whatever form the final enabling legislation may take. Therefore it is respectfully urged that you thoroughly consider for the constitutional provision, a simple declaration to the effect that the lands to be granted shall be held by the state in trust for the people, to be disposed of as may be provided by law, for the respective purposes and in accordance with requirements of the enabling legislation.

I greatly appreciate having had the opportunity to make this statement before this committee and shall, of course, be pleased to attempt to answer any questions you may care to ask me.

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