

HOUSE AND SENATE JOINT  
JOURNAL SUPPLEMENT

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ADDRESS TO THE ALASKA STATE LEGISLATURE  
February 11, 1986

- WE ARE ALL WELL VERSED ON THE SERIOUS CHALLENGES FACING OUR NATIONAL ECONOMIC AND POLITICAL SYSTEM TODAY. I BELIEVE WE HAVE A ONCE IN A LIFETIME OPPORTUNITY TO TRANSFORM CHALLENGES FACING OUR STATE, AND AMERICA, INTO UNIQUE OPPORTUNITIES.
- 1986 WILL BE A FATEFUL YEAR - IT WILL DETERMINE IF WE CAN BRING SPENDING UNDER CONTROL AND IF CONGRESS HAS THE ABILITY TO MANAGE THE POWER OF THE PURSE.
- FOUR SERIOUS PROBLEMS HAVE AFFECTED OUR ECONOMIC HEALTH AS A NATION IN RECENT YEARS:
- WE HAVE HAD UNCONTROLLED BUDGET DEFICITS.
  - HIGH INTEREST RATES AND AN OVER VALUED DOLLAR HAVE WEAKENED AMERICA'S COMPETITIVE POSITION.
  - OUR TAX SYSTEM IS WIDELY PERCEIVED TO BE UNFAIR.
  - AND SWINGS OF ENERGY PRICES HAVE DISRUPTED THE BUSINESS CLIMATE.

- THE FEDERAL SPENDING DEFICIT IS MORTGAGING OUR FUTURE -- AND WILL DEVOUR US UNLESS CHECKED. AT THE SAME TIME, PLUMMETING OIL PRICES ARE CREATING A WHOLE NEW SERIES OF DIFFICULT CHOICES AFFECTING THE WHOLE WORLD AS WELL AS THIS LEGISLATURE.
- FEDERAL BUDGET DEFICITS ARE THE MOST SERIOUS PROBLEM. BETWEEN 1963 AND 1985, FEDERAL SPENDING CLIMBED FROM \$111 BILLION TO \$946 BILLION. THE FISCAL 1985 BUDGET DEFICIT REACHED \$212 BILLION, OR 5.5 PERCENT OF THE GROSS NATIONAL PRODUCT.
- IF THIS GROWTH IN THE DEFICIT CONTINUES, BY 1990, 41 CENTS OF EACH DOLLAR COMING INTO THE TREASURY FROM INDIVIDUAL INCOME TAXES WILL GO TO PAY INTEREST ON THE DEBT. THIS WILL NOT HELP FEED ONE HUNGRY CHILD OR CREATE ONE NEW JOB.
- THREE-QUARTERS OF THE AMERICAN PUBLIC, BASED ON OPINION POLLS, BELIEVE THAT THE FEDERAL BUDGET DEFICIT IS THE LARGEST PROBLEM FACING OUR NATION. THE ALASKA STATE LEGISLATURE ECHOED THAT VIEW WHEN YOU JOINED 31 OTHER STATES IN CALLING FOR A CONSTITUTIONAL CONVENTION ON A BALANCED BUDGET AMENDMENT. WE IN CONGRESS ACTED ON THESE CONCERNS WHEN WE PASSED THE DEFICIT REDUCTION ACT. THE GRAMM/RUDMANN/HOLLINGS BILL WILL FINALLY FORCE GOVERNMENT TO LIVE WITHIN ITS MEANS.

- THE PRESIDENT STATED THE OTHER DAY THAT WE DO NOT FACE DEFICITS BECAUSE AMERICAN FAMILIES ARE UNDER-TAXED --- WE FACE DEFICITS BECAUSE THE FEDERAL GOVERNMENT OVER-SPENDS.
- THE DEFICIT REDUCTION ACT -- WHICH I COSPONSORED -- IS THE EXACT KIND OF LAW THAT WOULD HAVE BEEN REQUIRED UNDER A BALANCED BUDGET AMENDMENT -- EXCEPT THAT IT PROVIDES A FIVE-YEAR PERIOD TO REACH THAT GOAL. WHILE THE LEGISLATION IS NOW IN THE COURTS, I THINK WE CAN COUNT ON CONGRESS PASSING A JOINT RESOLUTION TO RESOLVE THE CONSTITUTIONAL TECHNICALITIES, SOON.
- UNTIL NOW, THE INCENTIVE TO MAKE THE DIFFICULT SPENDING CUTS JUST HAS NOT BEEN STRONG ENOUGH TO OVERCOME "POLITICS AS USUAL." THAT HAS CHANGED.
- UNDER THE DEFICIT REDUCTION ACT, CONGRESS AND THE PRESIDENT MUST ACHIEVE ANNUAL BUDGET REDUCTIONS THROUGH THE NORMAL BUDGET PROCESS, OR AN AUTOMATIC MECHANISM CALLED "SEQUESTRATION" WILL CUT ALL BUT A FEW PROGRAMS -- BOTH DEFENSE AND NON-DEFENSE ALIKE - TO ACHIEVE THAT GOAL. (WE CAN RAISE REVENUE BY SALE OF ASSETS LIKE CON RAIL, THE POWER ADMINISTRATION AND SO FORTH.).

-- EXEMPT FROM AUTOMATIC CUTS ARE SOCIAL SECURITY, MEDICAID, FOOD STAMPS, VETERAN'S PENSIONS AND COMPENSATION, AND A NUMBER OF OTHER "SAFETY NET" PROGRAMS. BUT MAKE NO MISTAKE, THE IMMEDIATE EFFECTS COULD BE SEVERE FOR STATE AND LOCAL GRANT PROGRAMS IF WE ARE SUBJECT TO AUTOMATIC CUTS. ALASKA RELIES ON A LARGE NUMBER OF PROGRAMS WHICH ARE NOT EXEMPTED, AND UNDER AUTOMATIC SEQUESTERING, DEEP CUTS IN THESE PROGRAMS ARE LIKELY.

-- IT IS THIS KIND OF INCENTIVE THAT MAKES ME HOPEFUL THAT CONGRESS WILL MAKE THE TOUGH CHOICES DURING THE NORMAL BUDGET PROCESS -- IDENTIFYING THE REAL PRIORITIES AND REDUCING SPENDING WHERE IT IS NOT AS NECESSARY. BY DOING THIS, WE ELIMINATE THE NEED FOR AUTOMATIC CUTS.

-- THERE IS A GENUINE CONCERN OVER THE EFFECT THIS WILL HAVE ON SOCIAL SERVICE AND WELFARE PROGRAMS - YET THERE IS REALIZATION THAT THE BEST INSURANCE FOR WORTHWHILE SOCIAL PROGRAMS IS A STRONG ECONOMY.

- ONCE CONGRESS GETS THE BUDGET CUTS COMPLETED, WE WILL THEN TURN TO TAX REFORM. THE SENATE MAY ENACT TAX LEGISLATION THIS SESSION, BUT IT PROBABLY WILL NOT RESEMBLE EITHER THE HOUSE BILL OR THE TREASURY DEPARTMENT'S PROPOSAL. THERE REALLY IS NOT MUCH POINT IN RAISING TAXES IN ORDER TO BALANCE THE TAX BILL INSTEAD OF THE BUDGET.
- CONCERN FOR FAIRNESS IS THE WATCH WORD. WE ALL WANT A TAX SYSTEM THAT IS FAIR, A SYSTEM INTO WHICH WE ALL PAY SOMETHING, BUT A SYSTEM THAT DOES NOT DISCOURAGE ECONOMIC GROWTH, THE CREATION OF NEW JOBS, OR THE GROWTH OF SAVINGS.
- THE HOUSE AND TREASURY DEPARTMENT TAX PROPOSALS, AS NOW DRAWN, WOULD SLOW DOWN CAPITAL INVESTMENTS AND COULD CAUSE FURTHER LOSS OF DOMESTIC MANUFACTURING JOBS TO OTHER COUNTRIES.
- AN ADDITIONAL PROBLEM WITH THE PROPOSED TAX BILLS IS THAT THEY DO NOTHING TO ENCOURAGE SAVINGS. ALREADY, OUR NATIONAL RATE OF SAVINGS IS THE LOWEST OF ANY INDUSTRIAL DEMOCRACY, LEADING US TO BORROW RATHER THAN SAVE TO PROVIDE FOR OUR NEEDS. WE EXPAND OUR CONSUMER PURCHASING BY BORROWING RATHER THAN FROM THE ACCUMULATION OF SAVINGS.

- OUR NEED FOR CONTINUED ECONOMIC GROWTH MEANS WE CANNOT SIMPLY RAISE TAXES TO AVOID OUR RESPONSIBILITY TO CUT SPENDING. UNLESS NEW TAX REVENUES GO DIRECTLY TOWARD DEBT REPAYMENT OF OUR TWO TRILLION DOLLAR DEBT, I CANNOT SUPPORT ANY NEW TAXES.
  
- CLOSER TO HOME, FEDERAL TAX STRATEGIES ALSO HAVE A BIG IMPACT ON THE INCENTIVE FOR THE OIL INDUSTRY TO EXPLORE NEW FIELDS IN ALASKA, AND TO A LIMITED EXTENT, THE PRICE THAT WILL BE PAID FOR OIL IN THE DOMESTIC MARKET.
  
- SINCE ALASKA DEPENDS SO HEAVILY ON OIL REVENUES, THE FALL IN PRICES COMPELS US TO ASK WHETHER OIL COMPANIES WILL PULL BACK FROM FURTHER EXPLORATION.
  
- THE ANSWER WILL NOT COME OVERNIGHT. CLEARLY THE COMPANIES ARE EVALUATING THEIR OPTIONS NOW, BUT WE HAVE ALL STUDIED THE OIL PRICE CYCLES OF THE PAST, AND WE KNOW IT IS HARD TO FIND AGREEMENT EVEN AMONG THE EXPERTS.
  
- IT IS BEING SAID THAT THERE ARE AS MANY PROBLEMS WITH THE PRICE OF OIL COMING DOWN AS THERE WERE WHEN IT WENT UP.
  
- FALLING OIL PRICES ARE A RESULT OF THREE BASIC FACTORS:

- ENERGY EFFICIENCIES: THE U.S. IS NOW 30% MORE ENERGY EFFICIENT THAN WE WERE IN 1973.
  
- EXPANSION OF NON-OIL ENERGY: ENERGY FROM GAS AND NUCLEAR ARE EQUIVALENT TO 16 MILLION BB PER DAY.
  
- AND THE DECLINE IN ANTICIPATED ECONOMIC GROWTH FROM 3RD WORLD COUNTRIES WHICH HAD BEEN PROJECTED TO INCREASE ENERGY REQUIREMENTS.
  
- EXPLORATION IS SLOWING: IN THE U.S. AND OVERSEAS, ENERGY SERVICE COMPANIES' REVENUES ARE DECLINING. STATES SUCH AS OKLAHOMA AND TEXAS ARE HURTING. BANKS WHICH FINANCED ENERGY RELATED LOANS WHEN OIL PRICES WERE HIGH, NOW FIND THAT THEIR LOANS CANNOT BE PAID WITH \$18 OIL. COUNTRIES SUCH AS VENEZUELA, NIGERIA AND EQUIDOR ARE IN DEFAULT ON IMF LOANS. OUR SOUTHERN NEIGHBOR, MEXICO, IS IN PERILOUS SHAPE AS IS ONE OF OUR LARGE MONEY CENTER BANKS THAT HAS OVER 3 BILLION DOLLARS IN DEVELOPMENT LOANS TO MEXICO. THE LOANS ARE CURRENT ONLY BECAUSE THE MEXICAN GOVERNMENT HAS BEEN ABLE TO PAY THE INTEREST. NOW THEY CANNOT EVEN DO THAT.

IN 1981 OIL WAS \$40 FOR A 42 GALLON BARREL. LAST MONDAY, IT WAS \$18 AND GOING DOWN. SOME SAY IT WILL GO DOWN TO \$15 OR EVEN DOWN TO \$10.

- IT HAS BEEN SUGGESTED THAT KING FAHD OF SAUDI ARABIA IS WAGING A WAR WITHOUT SHOOTING A BULLET AND WILL BE THE SURE WINNER. HE APPEARS TO HAVE ABANDONED HIS MIDEAST NEIGHBORS AND INTENDS TO CONTINUE TO PRODUCE MORE OIL.
- A FEW YEARS AGO, THE SAUDIS HAD DROPPED PRODUCTION TO 2.5 MILLION BARRELS A DAY TO STABILIZE PRICING, BUT NOW THEY ARE UP TO 6 MILLION AND HAVE THE CAPACITY TO GO UP TO 10 MILLION VIRTUALLY OVERNIGHT.
- THE STORY IS THAT THE KING IS PREPARED TO FORCE A PEACE ON THE MIDEAST DIRECTED AT NAMELY IRAN, AND IRAQ, AND FEELS THAT THE ONLY WAY TO DO THAT IS TO PUT SO MUCH CRUDE OIL ON THE WORLD MARKET THAT NEITHER COUNTRIES CAN REMAIN COMPETITIVE, AND, THUS BE UNABLE TO FINANCE THEIR WARS. THE SAUDIS CAN TAKE THIS ACTION BECAUSE THEIR COST OF PRODUCTION IS APPROXIMATELY 60 CENTS A BARREL.
- HOW LONG MIGHT THIS SITUATION LAST?? SOME GUESS FOR AT LEAST TWO YEARS.
- WHAT DOES THIS MEAN FOR ALASKA?
- SOME OF THE SMALLER FIELDS ON THE NORTH SLOPE WERE BROUGHT IN WITH AN ANTICIPATED AVERAGE SELLING PRICE OF \$25 PER BARREL.

- THAT OIL IS NOW LESS THAN \$20.
  
- SOME OF OUR OFFSHORE (OCS) FINDS HAVE TOUGHER ECONOMICS. TO BRING THEM INTO PRODUCTION THEY ARE GOING TO HAVE TO PROVE RESERVES OF 600 TO 700 MILLION BARRELS AND AT A PRICE OF AT LEAST \$20 - SO THEY ARE UNDER WATER ALREADY (NO PUN INTENDED)
  
- WITH THE DECLINE IN OIL PRICES, CONGRESS IS LOOKING TO MAKE SOME HEADWAY AGAINST THE TWIN DRAGONS OF BUDGET DEFICITS AND TRADE IMBALANCE, AND THE SENATE FINANCE COMMITTEE IS LOOKING AT AN OIL IMPORT FEE.
  
- AN IMPORT FEE WOULD APPLY ON ALL OIL CONSUMERS IN THE U.S. SO ALL OIL WOULD INCREASE TO A HIGHER PRICE. A TAX OF \$10 PER BARREL WOULD RAISE ABOUT 50 BILLION DOLLARS.
  
- THE PROBLEMS WITH THIS IDEA IS IT WOULD REVERSE SOME OF OUR ECONOMIC GROWTH. TURN INFLATION AND INTEREST RATES BACK UP .. CAUSE OTHER ENERGY SOURCES SUCH AS COAL AND GAS TO GO UP ... FORCE UP THE COST OF GOODS PRODUCED IN THE U.S. FOR FOREIGN MARKETS, YET FOREIGN MANUFACTURE WOULD RETAIN LOWER ENERGY COSTS AND GET STILL GREATER MARKET SHARES BY UNDERCUTTING U.S. PRODUCTION.

- THE DEFICITS ARE REAL, BUT ONLY AFTER CUTS ARE MADE SHOULD CONGRESS LOOK TO NEW SOURCES OF REVENUE. I AM CONVINCED THAT IF WE HAVE TO INCREASE TAXES IT SHOULD BE A CONSUMPTION TAX. SUCH A TAX WOULD LEAVE INDUSTRY AND JOBS HEALTHY AND INCREASE SAVINGS SO WE COULD COMPETE BETTER WITH FOREIGN MARKETS TO KEEP JOBS IN OUR COUNTRY.
  
- I HAVE OUTLINED A FEW OF THE EFFECTS OF THE DEFICIT REDUCTION ACT. CLEARLY, THE CLIMATE IN WASHINGTON WILL FORCE STATES TO SEIZE NEW OPPORTUNITIES; TO CONFRONT OLD QUESTIONS IN NEW WAYS; TO TAKE CHARGE OF SHAPING OUR OWN DESTINY.
  
- AND PROGRESS IS BEING MADE. NINE MILLION MORE AMERICANS ARE WORKING SINCE 1982. INFLATION IS DOWN FROM 12% TO BELOW 4% AND FOR MORE THAN 3 YEARS. INTEREST RATES ARE DOWN FROM THE PRIME RATE AT AN ALL TIME HIGH OF 20 1/2% IN DECEMBER OF 1980, TO 9 1/2% TODAY.
  
- IN ALASKA WITH OUR WEALTH OF NATURAL RESOURCE AND OUR ENERGETIC CITIZENS, ALASKA IS BETTER EQUIPPED TO FACE THESE CHALLENGES THAN MOST.
  
- LAST SEPTEMBER, WE WERE SUCCESSFUL IN CONVINCING PRESIDENT REAGAN TO ADMINISTRATIVELY ALLOW THE EXPORT OF ALASKA COOK INLET OIL. THE FINAL RULE WILL BE ISSUED IN EARLY MARCH.

-- WITH REGARD TO NORTH SLOPE CRUDE, THE PRESIDENTIAL STUDY WHICH WE WERE ABLE TO ATTACH TO THE EXPORT ADMINISTRATION LAST YEAR, IS UNDER WAY AND DUE BY APRIL 12TH. I HAVE BEEN ASSURED THAT IT WILL BE A FAIR, IN-DEPTH AND INCISIVE LOOK AT ALL THE ASPECTS OF EXPORTING ALASKA'S NORTH SLOPE OIL.

-- HOW A FAVORABLE REPORT MIGHT TRANSLATE INTO CONVINCING MY COLLEAGUES IN CONGRESS TO LIFT THE BAN OF ANS EXPORT IS DIFFICULT TO PREDICT. -- HOWEVER, IN A TIME OF A WORLD OIL GLUT AND FALLING OIL PRICES IT MAKES MORE SENSE NOW THAN EVER TO ALLOW ALASKA'S OIL TO FLOW FREELY TO ITS MARKETS. YOU CAN BE SURE THAT I WILL CONTINUE TO PRESS THIS ISSUE ALTHOUGH IT CONTINUES TO BE A TOUGH, UPHILL FIGHT.

-- WHILE WE HAVE GOTTEN THE ATTENTION OF JAPAN, KOREA, AND TAIWAN WITH THE EXPORT OF COOK INLET CRUDE, A MAJOR PART OF OUR TRADE WITH THE PACIFIC RIM IS IN FISHERIES RESOURCES. CONTINUING THE DEVELOPMENT OF THOSE RESOURCES REMAINS A TOP PRIORITY FOR ALASKA'S FUTURE.

- WE HAVE HAD SOME GREAT SUCCESSES, INCLUDING THE ALASKA SEAFOOD MARKETING INSTITUTE'S SEAFOOD PROMOTION PROGRAM AND THE ALASKA FISHERIES DEVELOPMENT FOUNDATION'S SURIMI PROJECT. THESE ARE EXAMPLES OF HOW WE CAN TAKE CONTROL OF OUR OWN DESTINY AND CREATE THE FUTURE WE WANT FOR OUR RESOURCES -- AND THOSE WHO BENEFIT FROM IT.
  
- A DIVERSIFIED ECONOMY FOR ALASKA'S FUTURE WILL ALSO DEPEND HEAVILY ON TOURISM. JUST LOOK AT THE OPPORTUNITIES WE WILL HAVE IF ALASKA SITES ARE SELECTED FOR THE 1992 OLYMPICS. EVEN BEFORE 1992, ALASKA CAN BE THE GATEWAY TO THE 1988 OLYMPICS IN SEOUL, KOREA.
  
- IN ORDER TO MAKE IT POSSIBLE FOR FOREIGN VISITORS TO VISIT ALASKA ON THEIR WAY TO AND FROM THE OLYMPICS, I AM WORKING WITH THE STATE DEPARTMENT TO RELAX CERTAIN VISA RESTRICTIONS WHILE PROMOTING THE APPROVAL OF TEMPORARY LANDING RIGHTS. ENCOURAGING MORE FOREIGN VISITORS TO STOP HERE WILL BE A GRAND OPPORTUNITY TO PUT ALASKA ON INTERNATIONAL DISPLAY AS THE SUPERIOR CHOICE FOR THE 1992 WINTER GAMES.

- AS WE SEIZE NEW ECONOMIC OPPORTUNITIES, LET'S CONSIDER HOW WE MIGHT WANT TO TAKE SOME OF THE ENVIRONMENTAL REGULATION CURRENTLY HANDLED ON THE FEDERAL LEVEL AND SHOULDER THEM OURSELVES. FOR EXAMPLE, UNDER THE CLEAN WATER ACT ALASKA CAN TAKE OVER THE SECTION 402 PERMITTING PROGRAM WHICH DICTATES THE NATURE OF THE PERMITS THAT ARE ISSUED TO PLACER MINERS, LOG TRANSFER FACILITIES, AND OTHER IMPORTANT SEGMENTS OF OUR ECONOMY. WOULDN'T IT BE BETTER IF ALASKANS WERE DEALING WITH ALASKANS ON SOME OF THESE TOUGH REGULATORY ISSUES INSTEAD OF BUREAUCRATS IN WASHINGTON AND SEATTLE?
- YOU MIGHT WANT TO LOOK INTO THE ADVANTAGES IN THIS SESSION OF TAKING OVER FROM EPA THE CLEAN WATER PERMITTING PROGRAM. 37 OTHER STATES OPERATE THE PROGRAM AND FIND IT IN THEIR OWN BEST INTEREST, INCLUDING TEXAS.
- AS THE FEDERAL GOVERNMENT TAKES A LESSER ROLE, THE RESPONSIBILITIES FOR PERSONAL, DIRECT ACTION REVERT TO THE LOCAL COMMUNITY AND FAMILY LEVEL. THE DRUG PROGRAM IS ONE EXAMPLE. WHILE WE MUST CONTINUE OUR VIGOROUS EFFORTS TO STRENGTHEN DRUG LAWS AND PROMOTE TOUGH LAW ENFORCEMENT, THERE IS NO MORE EFFECTIVE WAY THAN PARENTS TAKING THE TIME FOR MEANINGFUL, PERSONAL TALKS WITH CHILDREN TO CONVINCED THEM THAT DRUGS HAVE NO PLACE IN THEIR LIVES. NO GOVERNMENT PROGRAM CAN SUBSTITUTE FOR THAT KIND OF PERSONAL EFFORT.

-- PEOPLE CAN DO MANY THINGS THAT GOVERNMENT CANNOT, EVEN ON THE INTERNATIONAL LEVEL. THINK BACK TO THE SUMMIT BETWEEN PRESIDENT REAGAN AND SECRETARY GORBACHEV. OUR PRESIDENT STRESSED THE VALUE AND IMPORTANCE OF "PEOPLE TO PEOPLE" EDUCATIONAL AND CULTURAL EXCHANGES IN WARMING RELATIONS BETWEEN THE SUPERPOWERS. I BELIEVE ALASKA HAS A SPECIAL AND CONSTRUCTIVE ROLE TO PLAY IN THOSE RELATIONS. DUE TO OUR UNIQUE GEOGRAPHY, SHARED HISTORY, AND COMMON INTEREST IN THE ARCTIC, ALASKANS CAN TAKE THE LEAD IN EXPLORING EXCHANGES WITH THE SOVIETS IN THE CULTURAL, ACADEMIC, SPORTS, HEALTH, AS WELL AS WITH OUR NATIVE AND ESKIMO PEOPLE.

-- IN DOING SO, WE CAN ONLY HELP TO ENSURE A LONG AND LASTING PEACE FOR OUR CHILDREN AND GRANDCHILDREN.

-- AS YOU CAN SEE, I AM BULLISH ABOUT THE FUTURE. I AM ALSO PROUD OF WHAT THE ALASKA CONGRESSIONAL DELEGATION HAS BEEN ABLE TO ACCOMPLISH SINCE I SPOKE TO YOU LAST.

-- LAST YEAR, WE WERE SUCCESSFUL IN AMENDING THE CLEAN WATER ACT TO RELIEVE CUMBERSOME AND DUPLICATIVE REGULATIONS FACED BY OUR FOREST PRODUCTS INDUSTRY.

-- AND LAST YEAR, RECOGNIZING THAT ALASKANS ARE TIRED OF SEEING THE WEALTH OF OUR RESOURCES DILUTED DUE TO OUTSIDE HIRE, WE BEGAN TO MAKE SOME PROGRESS TO ENSURE LOCAL HIRE. WITH TED STEVEN'S AND DON YOUNG'S HELP, MY AMENDMENT TO REQUIRE LOCAL HIRE ON ALASKA DEFENSE PROJECTS OVER THE NEXT FISCAL YEAR WAS ENACTED. WE WILL CONTINUE TO WORK ON LONG TERM LEGISLATION THAT WILL ACHIEVE THE GOAL OF KEEPING ALASKA'S JOBS FOR ALASKANS.

-- THIS PAST YEAR WE ALSO PASSED THE PACIFIC SALMON TREATY -- THE CULMINATION OF 20 YEARS OF NEGOTIATIONS WITH CANADA. BUT OTHER FISHERIES MANAGEMENT BATTLES ARE STILL UNDER WAY. ALASKA SALMON ARE BEING INTERCEPTED BY JAPAN'S HIGH SEAS SALMON FLEET, AND THEIR GAINS ARE SERIOUS LOSSES FOR OUR FISHERMEN IN WESTERN AND SOUTH-CENTRAL ALASKA. WE WILL FIGHT FOR GREATER MANAGEMENT CONTROL OVER OUR RESOURCES, WHEREVER THEY SWIM. IT IS JUST ONE MORE CHALLENGE THAT SERVES TO MAKE US STRONGER.

-- LET ME CONCLUDE BY SAYING THAT DESPITE THE GLOOM AND DOOMSAYERS, I BELIEVE WE ARE ON THE WAY TO RESTORING LONG TERM ECONOMIC HEALTH AND CONFIDENCE IN OUR NATION. AND ALASKANS ARE CONTRIBUTING MUCH TOWARD THAT GOAL.

-- WE MAY HAVE TO MAKE DIFFICULT DECISIONS AND CRAFT CREATIVE SOLUTIONS, BUT IN ALASKA, WE HAVE NO SHORTAGE OF ENERGY, GENIUS AND CREATIVITY, AND THOSE WILL SEE US THROUGH.

-- WE ARE SURROUNDED BY NEW OPPORTUNITIES. LET US TAKE THEM AND RUN TOWARD THE BEST ACHIEVABLE FUTURE THAT WE CAN PROVIDE FOR OURSELVES AND THE GENERATIONS OF ALASKANS WHO WILL FOLLOW.