

**SENATE AND HOUSE
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Address

by

The Honorable Ted Stevens

United States Senator

Before a Joint Session

of the

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of the

Twentieth Alaska State Legislature

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**Address to the Twentieth Alaska State Legislature
Senator Ted Stevens
Wednesday, April 2, 1997**

Madame Speaker, Mr. President. Members of the Twentieth Alaska State Legislature and guests. Thank you.

It's good to be home. I have just returned from one of the most fascinating fact-finding missions I've taken as a member of the United States Senate.

Last week, I led a delegation of Senators to the Russian Far East, South Korea and North Korea. Our visit to North Korea was the first time that a Senate committee with defense jurisdiction has been allowed to visit that reclusive nation. What we saw and heard could have profound effects on the future security of Alaska and the world.

North Korea's capital of Pyongyang was covered with camouflage netting. Its residents were participating in a total mobilization drill to prepare for what they believe is the imminent invasion of their homeland by the United States, South Korea, or other nations. The level of unprovoked fear is mind-boggling and dangerous, especially when one considers that North Korea has one of the world's largest armies. That country's fate is also of interest to our state, because the North Koreans are developing offensive missiles which some defense experts believe may reach Alaska and Hawaii.

Further exacerbating the threat, is the lack of food and basic necessities available to the North Korean people. We visited a kindergarten on a farm where children lived and learned without heat. Most of the buildings we were in were not heated. We saw no evidence of farm animals when we visited their "showcase" collective farm. We were treated by the North Koreans to a fancy, ten course dinner; but I must tell you its hard to eat a dinner like that after listening to the tales of hardship and deprivation.

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We were told the North Korean military demands massive amounts of food aid before it will participate in the four nation peace talks with the United States, South Korea and China. Our delegation's message was clear: food aid will continue, but will not be used as a bargaining chip. The United States, along with international organizations, will provide humanitarian aid, not linked to a political agenda. We will also work to ensure that our aid goes to the people in need and not simply to feed the North Korean military.

I am hopeful that United States efforts at the United Nations will lead to a reduction of tensions. We have no intention of attacking North Korea. If North Korea attacks South Korea again, the aggressor nation will be destroyed with massive loss of life. Somehow, the North Koreans have to come into the 21st Century with the rest of the world -- a world free of Soviet style communism.

Eric John, the North Korea Desk Officer at the State Department informed my staff on Monday that two significant breakthroughs have already emerged from the delegation's trip.

Early Monday, North Korea Vice Minister Kim transmitted a letter through the United Nations stating that North Korea did not view food assistance as a pre-condition for resumption of the Four Party talks.

In response, the South Korean government announced it would resume food assistance to the North through non-governmental entities.

Although dark clouds hover over the Korean Peninsula, there were rays of hope in the Russian Far East. That region is still shaking off the shackles of communism which left the economy in tatters and people living in crumbling housing with little to no infrastructure. But Sakhalin Island has huge offshore oil and gas reserves, that, if produced, could vastly improve the lives of the Russian people. Alaskans have proven that responsible development and protection of

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natural resources can go hand-in-hand, and Alaskans are in the forefront of the effort to bring Sakhalin's reserves to market. The American Business Center and the American Russian Center on Sakhalin Island are vital links to American and Alaskan business interests.

Alaskans have the necessary expertise and with financial assistance will be major players in this region. Our geographical, cultural, and economic similarities are simply too strong to be ignored. Although overall funding for foreign aid will not increase during this time of fiscal constraint, I intend to work to ensure that more of the funds the U.S. sends to Russia for economic development are earmarked for the Russian Far East.

Almost \$25 billion in private oil industry investment is waiting in the wings in Sakhalin alone. The lack of stability in investment and tax laws which Moscow has refused to change are the primary cause of uncertainty for those firms who want to share their expertise with our neighbors.

The Russian Far East people hope the Duma will act quickly to bring certainty to Russian law to provide the necessary framework for the major projects in Sakhalin to go forward.

Alaskans have learned that valuable lesson. This Legislature's willingness to strike the Northstar deal with British Petroleum last year and your strong desire to make the gasline economical are shining examples. As promising as the Sakhalin region may be, I can't help but be biased -- Alaska is still the best place in the world for the responsible development of natural resources.

Significantly, we learned that the Duma has agreed to a 60/40 split with the Territorial Government in which Sakhalin is located. Wouldn't it be great if our Federal government would agree to allow Alaska to retain 60 percent of the royalties and taxes from development of oil and gas on our outer continental shelf?

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The Russian Far East's desperate demand for cash also poses a significant challenge to fishery resources in the North Pacific. Our scientists believe that the Russians may be exceeding the safe harvest of Bering Sea species by as much as 100 to 300 percent. This tremendous overfishing in the Russian zone will have disastrous consequences for species -- such as pollock -- that straddle the Boundary. Compounding this problem is the Duma's failure to ratify the U.S.-Russia Maritime Boundary Agreement that was reached in 1990.

Last week, the State Department, Fisheries Service, Governor's Office, American fishing groups, and a representative from my staff met to develop solutions to both the boundary problem and long-term conservation problem. We are talking with the Russians to clear away obstacles to ratification of the boundary agreement and to establish enforceable reductions in Russian overfishing.

I am pleased to announce today that the head of the National Oceanographic and Atmospheric Administration, Dr. James Baker, has agreed to spend approximately \$1 million this year on joint U.S.-Russian monitoring of groundfish stocks in the Bering Sea. This effort, authorized and requested by the Magnuson/Stevens Act, will be crucial in forging a solid working relationship between our scientists and fishery managers and a long-term resolution of these problems.

Next year will mark the 40th anniversary of the Senate's vote to make Alaska our 49th State. We have come a long way in a short time, but it has been a tough trail to break. The lockup of our lands in ANILCA and the attempted federal domination of almost all of our activities still persist. The promise of Statehood was that we would not live in a permit society. All Alaskan Natives and non-Natives wanted Statehood so that we could manage our lands and control our destiny. These dreams are still not a reality. Many people asked me during the last election why I wanted to stay in

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Washington and beat my head up against the wall. The answer is easy. I was in the Senate Gallery when we became a State. It's my hope that I will be on the Senate Floor when we are finally an equal partner in this Federal System.

I was on the Senate Floor when the Alaska Native Claims Settlement Act was passed. In fact, I look back on that day as one of my proudest as a Senator. ANCSA was landmark legislation. It rejected the paternalism of the past and gave Alaska Natives an innovative way to retain their land and culture without forcing them into a failed reservation system.

Much has been said about the Venetie case. I won't dwell upon it at great length but will say as one of the principal authors of ANCSA: the Ninth Circuit Court of Appeals was dead wrong. At many times throughout our history Alaska Natives were given a chance to choose the reservation way of life and they soundly renounced it. In fact, our Native people approved ANCSA by referendum before it became law.

I support the State's decision to ask the Supreme Court to review the Venetie decision. The dream of Statehood was not to have 226 separate states within our state. We sought to chart a new course -- to go "North to the Future," not back to the failures of the past.

But a repudiation of the Venetie decision should not be viewed as a repudiation of Alaska Natives seeking to preserve their culture and traditional ways. This is not an "Us versus Them" scenario.

The Land Claims Act could not solve all the problems of rural Alaska. The challenges of persistent unemployment, suicide, and alcoholism were not waived away with 44 million acres and a billion dollars -- nor could they be waived away by Indian Country status. There are no magic formulas to cure these ills. I believe the only answer is that Alaskans must work together to find solutions. Breaking off into smaller entities only divides us.

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One spark which has helped ignite the recent brushfire is the inability of Alaskans to reassert control over our fish and game. As Frank Murkowski told you in February...this has gone on long enough. This legislature and the Governor must come together on a subsistence plan. Once that occurs, Frank, Don, and I can act in Washington to implement the accord.

For the past two years, I have placed riders on appropriations measures to halt a federal takeover of our fisheries. The Department of Interior is waiting in the wings to implement its takeover. Its regulations have already been written.

I am committed to preserving Alaska's control of our fisheries, but I cannot stand here today and guarantee you that I will win another moratorium battle. The Clinton Administration will fight us, as will many in both political parties. The future of State management of Alaska's resources is in your hands -- I urge you to confront the issue now before the last opportunity slips away.

In the coming months Alaskans will start turning their attention to the centennial anniversary of Alaska's Gold Rush. The same promise of undiscovered riches that drove the prospectors across the Interior to Nome or over the Chilkoot Trail, still captures the spirit of modern-day Alaskans looking for black gold in the Arctic. There is a difference today...we know where the oil is.

It is West, North and East of Prudhoe Bay. It is in the Alpine discovery, in the National Petroleum Reserve, at Badami, and on the Arctic Coastal Plain -- its under the whole Arctic it seems.

But like a reincarnation of Soapy Smith, the Federal Government and professional extreme environmentalists are lurking around these areas looking to fleece the unwary. We are told that leasing in NPRA will be allowed, but the Department of the Interior is not willing to promise the Governor or the Delegation that strings won't be attached to any final leasing plan. I will try through the appropriations process to assure that the Department has the

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resources it needs to make a prompt and thorough environmental review of the NPRA for leasing. But Alaskans must be unequivocal: there will be no quid pro quos for leasing in that area.

The announcement of the recent Sourdough find and the pending decision in the Dinkum Sands case, are also reasons for optimism. The State will, I know, vigorously pursue our options and opportunities in both of these areas. Sourdough, especially, should prove what Alaskans have been saying all along: ANWR's oil potential is for real. Our Delegation will continue its efforts to include ANWR in any budget compromise. But Sourdough and other finds along the coastal plain's perimeter are a wake up call for those who continue to distort the ANWR issue by saying the chances for a major discovery are slight.

The time to develop our natural gas reserves is here. The new independent study makes it clear our gas is marketable, but the price of the project must come down. I applaud those of you in this body and the Governor for putting this issue on the front burner. I know you are looking at our State's laws to stimulate this endeavor, and I pledge to you that Frank, Don and I will scour the Federal books to see what we can do to help move this project along. Our goal should be to have Alaskan gas in Asian markets by 2005.

If these issues weren't challenging enough, there are a host of additional ones we face in the next few months that will have deep impacts on the Alaskan way of life.

We all must support the lawsuit which seeks to protect valid rights-of-way across federal land. Federal law protects these claims, but this Administration has ignored and even thwarted this law which preserves that access. The Department of the Interior has decided that rights-of-way since the Civil War must have been traveled by mechanized means for them to be valid. Of course, most of our trails were cut by dog teams and sourdoughs, not automobiles. And we have been fought every inch of the way as we seek highway funds.

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In fact, this Administration has also unveiled a new highway bill, called NEXTEA, which reduces Alaska's percentage of highway dollars. If you say "Take to the air" this Administration wants to put new, onerous user fees on all air travel. So, you may say, "Let's take a train," but, I understand there are some here who want to sell that!

I do hope the proposal to sell the Alaska Railroad will be put aside. We fought long and hard in Washington to get the Railroad out of the federal government's hands. The Alaska Railroad is the vital link for our military bases, it opens up the Interior to tourism, and helps bring our coal to market. If the federal government had closed that railroad, our bases North of the Range would not have survived base closure actions. A private owner might put his bottom line ahead of these uses -- the railroad is worth more in asset value than it can possibly produce in profits for any private owner.

We will continue our efforts to help the communities of Southeast cope with the Clinton Administration's determination to end timber development in the Tongass. Senator Murkowski has led the fight to inject some sanity into the Administration's handling of the new TLMP plan. I will work with him and Congressman Young to make sure those communities are not forgotten.

Another battle we face is over implementation of the concept of universal service. In last year's landmark Telecommunications Act, I authored a provision which made it clear that rural areas, such as Alaska, must have the same opportunities, at comparable prices, to participate in the information revolution. Now federal regulators are considering options which could gut that provision. If the FCC pursues some dubious options it is considering, access to telemedicine, the Internet, and other forms of communication will be in jeopardy -- not to mention basic phone service in some of our more remote towns and villages. I have met with most of the Federal Communications Commissioners and will continue to do my best to ensure that rural areas are not left behind. Alaska does face many unique problems, but we will overcome them because it is not in our nature to shy away from a fight. Now that I am chairman,

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the Appropriations Committee is facing a challenge of epic proportions. The American people have decreed, correctly, that our federal books must balance. But a poll released this past weekend by Harvard University, indicates that 77 percent of Americans believe the budget can be balanced without changes in Medicare. Even though a clear majority of Americans agree that Medicare will go bankrupt if we do not act, relatively few are willing to accept the solutions to correct the problem.

I believe this poll shows that the massive PR campaign last year against making any changes in Medicare has worked to misinform the public about the true nature of this problem.

As chairman, my position is there is simply no other way to tackle the deficit than to face up to the problems caused by runaway entitlement spending. Less than 35 percent of the budget is under my control -- spending for programs such as air traffic controllers, Coast Guard search and rescue and other "discretionary" federal programs. Over 65 percent is in mandatory or entitlement spending which pays out funds to recipients on a formula basis, or in interest payments on the national debt. Interest on the debt alone will soon exceed the total we spend annually for national defense.

And the demands on the 35 percent of the funds my committee does control are astronomical. Before I came here, I asked my staff to compile the list of requests from Alaskans to fund local programs. I got a 25 page memo listing dozens of programs totaling hundreds of millions of dollars! I do not criticize those requests -- many are absolutely essential.

If the Congressional will is not present to cut entitlement spending, then many members believe discretionary spending will get the axe -- including programs such as the Coast Guard, fisheries enforcement, etc. Protecting Alaska from deep cuts in essential programs is my number one priority.

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When Congress reconvenes next week, serious negotiations will begin on balancing the budget. Senator Pete Domenici, Chairman of the Budget Committee, traveled with me to the Pacific. We had long talks on how to fulfill our mutual responsibilities as chairmen. Pete also chairs the Energy and Water Subcommittee on my Appropriations Committee. We have agreed to work together to insure we will make meaningful progress toward balancing the budget and still maintain the progress essential to our democracy. With a \$5 trillion debt, we have no time to demagogue or demonize.

Thank you again for inviting me. When that citation praising me was shelved in February, I waited for the one banishing me! It is good to be allowed to come back and see where I used to sit in this chamber -- to see old friends, and meet new ones. Alaska is still the best place on Earth, with the best people in the world. My recent travels only confirm that fact to me. God has blessed us to allow us to represent Alaska and Alaskans. Thank you.

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