

**SENATE AND HOUSE
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Address

by

The Honorable Ted Stevens

United States Senator

Before a Joint Session

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**Senator Ted Stevens
Statement before the Alaska State Legislature
April 8, 1999**

Mr. Speaker, Madam President, members of the 21st Alaska State Legislature — it is an honor to be here today. The tradition of members of the Congressional Delegation addressing this Legislature began when I spoke to the 6th Legislature. Most of the members then were colleagues of mine from 1965 to 1968.

In the past, my comments focused on challenges and opportunities for Alaska. With the crisis in the Balkans foremost on my mind, let me first present a global perspective.

The international crises our nation has responded to increase the strain on our defense systems and those who volunteer to defend our nation. Since 1981, I've served as chairman or as ranking member of the Senate Defense Appropriations Committee. Our security priorities have evolved from deterring the Soviet Union, to dealing with peacekeeping, emerging threats from missiles and weapons of mass destruction, and terrorism emanating from small rogue nations.

The Soviets and the U.S. opposed -- but understood -- each other, and each recognized the totality of war between NATO and the Warsaw Pact, or between our two nations. Then, the U.S. maintained more than 3 million men and women under arms, and an inventory of more than 10,000 nuclear weapons.

In the aftermath of the fall of the Berlin Wall, the most massive restructuring of our military since the end of World War II is almost complete. Our force has 1.4 million men and women on active duty, and depends heavily on the National Guard and Reserves to respond to crises. We will reduce our nuclear strike force to just 14 Trident submarines, 100 land based ICBM's, and a backbone of 21 B-2 Stealth bombers. With those and 250 Navy combat vessels, 10 Army divisions and 13 active Air Force fighter wings, we still remain the world's foremost military power.

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Now Washington speaks of our future threats as “asymmetrical threats”. What does that mean? Asymmetrical threats reflect an impoverished North Korea’s ability to launch a Taipo-Dong II missile that will reach Alaska. Asymmetrical threats are a single terrorist releasing a biological or chemical agent into a water treatment plant of an American city, or Osama Bin Laden blowing up two American embassies in East Africa on the same day, at the same time.

At the beginning of the 20th Century, military might was judged by the “big battalions” a nation could field in a massive war of attrition. Our “big battalions” are vulnerable to SCUD missiles like those which killed 28 army reservists in Riyadh during the Gulf War, or to a single truck bomb in Dhahran that killed 19 members of our Air Force.

Today, our primary strengths are the B-2, Tomahawk missile, F-117 Stealth fighter, and our satellites that monitor events around the world. We have developed capabilities to respond to terrorist and rogue nation threats, but we cannot ignore global, major power threats. There is great probability Alaska will be the location of a substantial portion of our new national missile defense system, which we vitally need.

As we dramatically reduced the size of our military, other powers have not. China, India, nations in Southeast Asia and the Middle East are rapidly modernizing their ability to wage war — even chemical, biological and nuclear war. Our spy satellites were renowned for producing near “magical” pictures of incredible detail--now India, Russia and France sell comparable images on the Internet--you can download them with a Visa card.

Despite these challenges, the U.S. now spends a smaller portion of our gross national product on defense than at any time since 1939. Our nation will be able to defend itself if we focus spending on the right priorities, and maintain the quality force that will deter, and if necessary, fight the adversaries our nation faces.

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To understand what I mean, you need only go to any of the military bases here in Alaska, and meet those men and women. When you do, appreciate why the world knows we are strong. Also, remember: our military people are all volunteers. Their dedication and strength will keep the United States as a superpower into the 21st Century.

I was interested to learn yesterday of the effort of Representative Murkowski, Senator Kelly and others to create a Joint Armed Services Committee. That seems like a worthwhile endeavor given Alaska's interest in the military's presence.

Our current military action pursuant to NATO's decision to attack Milosovic's military represents a new position for the United States. It is not like Iraq — where we acted pursuant to U.N. resolutions to drive Saddam Hussein's forces out of Kuwait. It is not like Vietnam, where we responded to South Vietnam's request to prevent domination by North Vietnam.

Kosovo is more like Afghanistan — and we commenced bombing to convince Milosovic to sign an agreement to allow 28,000 foreign troops to enter his nation to prevent Serbs from forcing Albania Kosovans to leave.

The stated purpose of our actions aside, this still involves an attack by nations having hundreds of millions of people on a nation of 20 million people. No attempt was made to use sanctions; no attempt was made to arm the Kosovo Albanians so that they could defend themselves. Our position also overlooks the actions of the Kosovo Liberation Army, which commenced terrorist attacks on the Serb population and demanded independence.

Now that our forces are in the field there is no alternative to completely supporting them as they follow the orders of the Commander in Chief. My fear is that even after there is a cease fire -- which must come eventually -- portions of Serbian forces will go to the mountains and there will be increasing support for the

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communist regime. Also, the presence of the Russian Navy in the Mediterranean and Adriatic and supplies pouring into Belgrade from Moscow are disturbing developments.

In two weeks, bombing has done massive damage to Serbian military power. But bombing cannot destroy the power of nationalism — it will only make the Serbian bond more extreme.

Before turning to the federal issues and priorities I will address, I want to express my appreciation as an Alaskan for this Legislature's efforts to show fiscal restraint in a time of low oil prices and revenue shortages. The state is facing tough economic times, and I applaud the Governor and the Legislature for facing our budget shortfall. I encourage you to continue to put partisanship aside to develop a plan for the future. We will do what we can in Washington, D.C. to help.

There is a lot of talk about the Y2K bug in Washington, D.C. It really must be eliminated, for we cannot begin a new century repairing last century's technology.

Because of \$3.5 billion obtained as an emergency appropriation last year, last week 92 percent of the "mission critical" federal systems were reported by the General Accounting Office to be Y2K compliant. At my request, the Congress has treated Y2K as an emergency issue - so has the President. I encourage you to do the same to ensure that our state is Y2K compliant.

As of today there are only 267 days until Jan. 1, 2000. A mission critical system failure which prevents state emergency medical services, prison facilities or food stamp offices from functioning could cause serious harm in Alaska.

Besides solving the Y2K problem, Alaska needs new state-of-the-art infrastructures to be ready for the new millennium.

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In our state, communications distance is now measured in digital bits rather than miles. New fiber optic cables have the capacity to carry more information in a single minute than the U.S. Army (which ran our Alaska Communications System) could transmit in a year when I went to the Senate. Soon every school and classroom in the U.S. including Alaska will be connected to the Internet.

Alaska is a laboratory for telecommunications competition. We must continue to promote competition statewide, while ensuring we preserve the concept of universal service. Alaska must keep pace in the public arena as well.

Our university has a supercomputer, but I was alarmed by a recent statistic: nationally over the past 10 years, state funding for the operational costs of higher education increased by an average of 43.4 percent per state. Alaska, however, was near the very bottom of this list, increasing spending by only 2.2 percent over the past 10 years.

Education is the key to competition in the next century. Enriched brains should be our answer to problems Alaskans will face. Unless the basic support for the university is increased, we will begin to lag behind in dynamic new areas like tele-medicine and tele-education.

In my judgment, tele-medicine will change our health care delivery system in rural Alaska. Last year I secured \$7 million to begin integrating tele-medicine facilities for every village, town, and city in Alaska. From Barrow to Ketchikan, Alaskans should have access to health care without traveling, except in extreme and unique emergencies.

This project will enable the Indian Health Service, DOD, Coast Guard, and Veteran's Administration to establish a basic health system. It is my hope state agencies and our private health sector will soon become full partners in this system.

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Last November I asked Karen Perdue, Commissioner of Health and Social Services, to create a public/private task force to devise a comprehensive Alaska tele-medicine plan. I want to thank her and Gary Davis, who has agreed to join the task force. Armed with their plan, I hope you will join me to bring Alaska's tele-medicine efforts under one umbrella to create efficiencies in service, cost, and coverage.

At the national level, I am working on legislation to improve the health of all future generations of Americans. In early May — during National Physical Education Week — I will introduce the physical education for progress — or “PEP” — act.

This bill will create a \$400 million grants program to encourage school districts to institute daily physical education classes for all students kindergarten through 12th grade. Illinois is currently the only state to require physical education in all grades K-12. Obesity-related diseases cost this country \$100 billion per year. The PEP act will not only give future generations the training to live healthier lives, but should pay for itself in saved health care costs.

In transportation, we made great progress last year through the “transportation efficiency act for the 21st Century” — or “TEA 21.” Under TEA 21, Alaska now receives 1.91 percent of the national highway funds -- up from 1.6 percent. That means Alaska receives \$5.13 for every gasoline dollar collected in our state — and receives \$100 million more per year than under the last highway bill.

Under TEA 21, Alaska will receive about \$312 million per year in federal funds through fiscal year 2003. In addition, under my amendments, Alaska will receive \$200 million for the Alaska Marine Highway system. Federal funds are, or soon will be used for a road to Whittier, a bridge in Ketchikan, a commuter rail to the Mat-Su, a train spur to Anchorage airport, at least three new ferries, and a road from King Cove -- to name just a few.

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One aspect of transportation worries me greatly. Alaskans use e-mail extensively but basic supplies essential for life are sent parcel post, at an enormous loss to the U.S. Postal Service. The future of the bypass mail system I created several years ago is in jeopardy unless we can find additional ways to reduce costs of that system.

I'm also pleased to report on recent improvements to the federal program I started in 1972 to upgrade and replace water and sewer systems in Alaska. For the current year, FY99, I was able to double the amount of funds targeted to improve drinking water and wastewater infrastructure in Alaska to \$30 million.

At your request, I also authored a provision to decrease the state match on this – in recognition of the tough budgetary times Alaska faces. In the agriculture bill, another \$15 million for water and wastewater systems in Alaska was provided, and I decreased the state match from 50 percent down to 25 percent.

While on the subject of state matches, I should mention that the state's support in the Western Alaska salmon crisis continues to be critical. At the federal level, I secured \$7 million in 1997 and \$50 million in 1998 to help with the salmon failures. It now appears this may be a long-term cyclical depression in the Western Alaska salmon stocks. It will become more difficult to secure federal funds as this drags on, and your support will therefore be even more important.

There is good news on bulk fuel storage facilities for rural Alaska. A new federal program I created last year will provide \$15-20 million per year – with no matching requirement – to replace bulk fuel tanks around Alaska. The program will not only bring the tank farms into compliance with federal and state environmental laws, but will create jobs in Alaska, and improve service in many communities.

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My legislation to create the Denali Commission has been enacted -- the Commission will serve as a focal point for federal programs to assist in the development of infrastructure in Alaska. Over time, I am hopeful the Denali Commission will serve as a cost saving mechanism for other federal programs and will help solve power generation needs in our state. I am pleased that Gov. Knowles will personally serve as the state co-chair of this effort.

We learned last week of the proposed BP/AMOCO acquisition of ARCO. While I am not opposed to this merger, I have concerns about potential long and short term impacts of this consolidation, and will pay close attention as the Federal Trade Commission reviews this proposal.

The merger may allow for increased investment in Alaska. BP has indicated it will spend \$5 billion over the next five years in Alaska as a result of the merger. In addition, the company says it will move its gas research laboratory from the UK to Alaska, and has announced plans to build a \$70 million gas-to-liquids pilot plant in Prudhoe Bay.

While these are positive, I want to make sure the merged company will also continue efforts to build facilities to transport and utilize Alaska's gas. And I want to be certain after the merger that the company will employ Alaskans. Even before the merger announcement there had been some indication that Alaska employees and Alaska contractors might be replaced to cut costs. We must watch these developments closely.

This is the 10th year since the Exxon Valdez spill. Recently I urged Exxon President Lee Raymond to appoint a team to work with Alaskans to settle the \$5 billion judgment against Exxon -- that lawsuit has dragged on too long.

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I have a number of goals at the federal level for our largest private sector employer – the commercial fishing industry. In 1997, at my request, Congress set aside half the funds the federal government received in its lawsuit with the State of Alaska over oil lease revenue from Dinkum Sands.

A portion of interest from that fund (about \$10-12 million per year) must be used for marine research off Alaska. The University of Alaska will develop a research plan for those funds. In the future, it's my hope to also have a 19-member "North Pacific Marine Research Board" to assist the University. The fishing industry, Alaska Natives, and others would be represented on this advisory board.

My staff and I have also begun work with the Exxon Valdez Oil Spill Trustee Council on a plan to merge their "research reserve" (approx. \$115 million) with the Dinkum Sands Marine Research Endowment. This would allow maximum use of trust funds and avoid duplication.

In terms of fisheries research facilities, recent positive developments include a proposal from the mayors of Juneau, Anchorage, Seward, and Kodiak, which -- if we are able to secure the federal funds -- would: (1) complete the new federal fisheries research facility in Juneau; (2) provide a new business hub for the fishing industry at Ship Creek in Anchorage; and (3) improve the financial stability and research capability of the Alaska Sealife Center in Seward.

In addition, I will seek funds in this Congress for a new federal fisheries research vessel requested by the National Marine Fisheries Service. Dr. James Baker, the head of NOAA, has committed to me that this vessel will be homeported and fully dedicated to the fisheries off Alaska. I believe the agency will homeport it in Kodiak, where costs will be reduced by using the Coast Guard base for support.

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My staff and I are also working on a national seafood marketing program. Knowledge of the health benefits of seafood keeps getting better – yet there is no national promotional program for consumers to obtain that message. Like the “got milk” ads, we need all Americans to eat fish — wild Alaska fish!

My legislation would create a federal program similar to the Alaska Seafood Marketing Institute -- on a national scale. It would authorize federal funds for a period of years, financed by existing duties on imported seafood. After that, the fishing industry would decide whether to continue the program through fees -- similar to the national promotion programs of other commodities.

With respect to Glacier Bay, Sen. Murkowski and I are trying to stop the Park Service’s effort to end commercial fishing until the state/federal lawsuit can be resolved. We are realistic about our chances however and are also pursuing compensation for Alaskans if the administration policy prevails.

On a more positive note in the fisheries, the National Marine Fisheries Service has again determined that not a single fish stock off Alaska is overfished. When we reauthorize the Magnuson-Stevens Act later in this Congress, my goal will be to keep the fundamental mechanisms in place -- these have worked for Alaska.

Senator Murkowski spoke to you at length about our efforts to secure enough timber to make the proposed veneer plant in Ketchikan viable. We continue to work with the President’s advisory on this, but do not yet have any developments to report.

The Alaska mining industry remains strong, despite falling minerals prices. Mining contributed more than \$1 billion to the state’s economy last year, and should do so again in 1999 if mineral prices do not fall too low.

I am continuing to support the Minerals at Risk Program at BLM and USGS to support these activities. In addition, funds have been provided at my request to the Corps of Engineers to study regional deepwater ports at Nome and Ketchikan to ensure the delivery of supplies and to get the resources to market.

Many of our major industries in Alaska rely on the Asian economy – this will continue into the next century. In fact, even outside Alaska, it's often said the 21st Century will be the century of the Pacific. Alaska, as well as our nation, will look toward Asia for economic growth. As all of you appreciate, our state is uniquely poised to foster economic links to Asia.

While we've been a seller of raw materials and food products to Asia, we will soon expand our place in tourism, transportation and the information technology trade. Growth in per capita income in these countries--at rates well above our trading partners in Europe--will create demands our nation and state can meet.

The expansion of fiber optic links between Alaska, the lower 48, and Asia will be critical in fulfilling our trade potential. Transit and cargo facilities in Anchorage, Fairbanks and perhaps the former Navy base at Adak will leverage Alaska's unique geographic location. To that end, I am working to increase the share of federal funds our airports can use for cargo operations. The Kodiak Commercial Launch Facility will take Alaska to the forefront of international commercial space activity. New satellite-based communications will dominate that market in the next decade, and afford Alaska additional opportunities to link with Asia.

Before concluding, I want to make a presentation to the Legislature. It's our 40th year since becoming a state, and I present you a United States flag that was flown over the Capitol on the 40th anniversary, January 2, 1999.