

SCOMM

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CSSB 39 WORK SESSION - IV 4

February 22, 1973

Dean Padlock?
Jim Beaton
Terry Gardiner?
Dave Jackson?
John F. ...?
Phil ...?
Ray ...?

UNIDENTIFIED SPEAKER: Based upon our experience here in Alaska, we should

have some standards. Now, I know, roughly, how many units of gear are required for one man to do a pretty good job of harvesting. And have "X" number of units of gear in a certain fishery equal one permit-one man, and then you wouldn't have to worry about whether he was making a real economic success out of it or not. Some would and some probably wouldn't.

UNIDENTIFIED SPEAKER: Can you just equate gear with the license, the permit?

CHAIRMAN: Jim?

JIM BEATON: The trouble, if I understand the facts of the situation (indisc.), and maybe I don't--in our fishery, as we've increased the number of fishermen and the amount of gear, we've insisted that the fishermen fish with one hand behind themselves because they are too efficient with two hands. By that, I mean that we insist on shorter boats--much smaller boats than might be the most efficient. We insist on gear of limited size as against one man might be able to handle three times as much gear, but it's just a fact that there's too many people, see, so we've built into our fishery here the very same thing we've talked about. In order to keep fishermen busy, we have insisted that they build the highways with shoe boxes full of rocks. Not because that's the way to build highways, but that's the way for everybody to have a job and that's what we've done with the fisheries. So, inherent in this thing is changing that whole idea of people out in skiffs fishing in an old-fashioned way. I think my big concern in this thing is if you do

increase it and if you do limit the number because you no longer have to build roads with rock boxes, it would seem to me like you're heading towards and maybe it's inevitable, a sleek, efficient fishery which involves very, very large capital investment to be operated much as any other industrial or semi-industrial enterprise which it would ultimately get to be like the Japanese do, for example. We don't have this problem. What have they done? They don't tie their hands.

UNIDENTIFIED SPEAKER: Finding the contrast we've done just the opposite of them in farming. We've gone to the efficient farm, not to the efficient fishery; they've gone to the efficient fishery, but not the efficient farm.

UNIDENTIFIED SPEAKER: Is it really efficient when they are out there on the high seas catching mature fish that have not really utilized the capacity?

UNIDENTIFIED SPEAKER: I don't know. We are talking about their equipment.

UNIDENTIFIED SPEAKER: Still, just because it allows the efficient fishermen to do better doesn't necessarily mean that everybody is going to switch over to that. I mean right now I think everybody knows you're better off having a fiberglass boat because there's less upkeep and all this, but a lot of guys won't switch over. Everybody knows that they catch more fish if they mend their nets and if they buy new nets and it's all just a matter of mathematics--anybody can figure it out. Everybody knows it. They know why that guy always catches the most fish--because he has the best equipment, the best nets and all this, but that doesn't necessarily mean everybody does it--some people just like that way of life. They don't want to catch that much so just because we change the system and make it more advantageous for more people to become more efficient, that doesn't necessarily mean everybody is going to do that. I just think, like oil companies, it doesn't necessarily mean that every oil company up Prudhoe Bay is making a

profit. Some are making more than others and that's because they're smarter, I suppose, and they can be more efficient, but maybe some of them have a different philosophy as to how much money they should be making today (indisc.). They're not willing to do the same thing as (indisc.)

UNIDENTIFIED SPEAKER: My point...I think I'd agree with you thoroughly. I think you could take Bristol Bay--you have a great number of people who would like to fish Bristol Bay and who really don't want except a limited amount from the fishery and who subsequently live and do other things and have no interest at all in becoming efficient business men, so to speak, with the fisher, but really want to live off the country out there and get \$5,000 out of fishing and that's all.

UNIDENTIFIED SPEAKER: Why will they be cut out?

UNIDENTIFIED SPEAKER: Well, I suggest this: You're gonna affect life styles here if this Commission decides who gets in and who gets out.

UNIDENTIFIED SPEAKER: You can't, you can't just change people enmasse. People are gonna be the way they are for a long, long time to come.

UNIDENTIFIED SPEAKER: Let me restate this idea of the State's not necessarily having to be as efficient as it could be. From the standpoint of constitutionality, the test is whether--what it is that the State has done in (indisc.) infringes upon people--either from the standpoint of fairness and the concept of equal protection or some sort of taking away of property without paying for it. And it does not purport to say that the State either must or must not go ahead with a particular program...it's solely a question of testing what it has done. So, when they're deciding how far to go toward the road of being what I'll call 100% efficient which represents five fish traps in five rivers and that's it. All we're asking from the law standpoint is (indisc.) to the extent that you have done this.

ave you done it in a proper way that meets constitutional standards? And you can, in deciding how far you want to go, take into account which says-- 'Well, we would like to preserve a certain degree of inefficiency here-- so let these guys stay fishing--we're somewhat inefficient. It's just that we can't prefer them over somebody else. But, we'll have a tolerant enough system that lets them stay in it. So, if you want to be relatively inefficient and let these relatively inefficient fishermen, if that's what they are, stay in it, Just make sure that you're not letting them stay in it at somebody else's expense.

UNIDENTIFIED SPEAKER: Suppose then that we were to reword number one in these standards so that we speak of it a little bit differently and say that the number of units a gear will result in a healthy fishery from an economic standpoint. Now, actually I think that we're probably saying the same thing, but I think they were saying the average fisherman in there earning enough so that he can compete, so that we can produce competitively on the open market, so he can equip himself as necessary and so on and so forth. It has nothing to do with a guy that wants to be inefficient and wants to continue with a skiff and some of them no doubt will. In the new entry coming in they want to get in on that basis. He may want to start on a skiff and 50 fathoms of gear basis rather than going to a \$25,000 boat and 150 fathoms and that's his choice.

UNIDENTIFIED SPEAKER: If he wants to make that choice, that's his choice.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: I think constitutionally you could tell him "no".

But if you don't want to tell him "no", that's all right too.

UNIDENTIFIED SPEAKER: But, when we reach the point in numbers of units of gear so that the average man there is able to compete with the rest of the

world in this thing so that he can receive a reasonable rate of return that allows him to do these things, then we start opening it up to a one-to-one basis. Is that a reasonable set of standards to apply here?

UNIDENTIFIED SPEAKER: I would think so. I think I would kind of double-barrel it and come at it from the other direction at the same time. But, by asking this Commission on a recurrent basis to be evaluating the situation and setting what this figure is so that it isn't the kind of open-ended thing that's subject to abuse. An annual report to the Legislature or....

UNIDENTIFIED SPEAKER: Let the Legislature set it even?

UNIDENTIFIED SPEAKER: Maybe, I don't care...so long as I think you ought to come up with a figure each time.

(Indisc.)

UNIDENTIFIED SPEAKER: I was just going to ask Professor Fletcher if he could suggest some language along the lines of what you proposed a little more concretely...it would meet the explanation you gave of defining income in terms of say an average level of income necessary to allow the fishermen to whatever, you know, (indisc.) supply (indisc.) the legitimate ends that you had established. I wonder if you would assist the committee in coming up with the language.

PROFESSOR FLETCHER: Yes, although I'm very poor at extemporaneous composition of language for that purpose. Sure, it's something I'd do in my office.

UNIDENTIFIED SPEAKER: Fine.

PROFESSOR FLETCHER: Sure, we can come up with it.

UNIDENTIFIED SPEAKER: I feel that your remarks this morning during the initial part (indisc.) giving direction to the committee..as to what specifically you felt we should be doing (indisc.)...the criteria you used (indisc.) in

terms of the fishery and the resource itself, and I feel that if you're going to be talking of a committee of this sort, you would be helping them all (indisc.) the past committees might consider placing your (indisc.) criteria as the intent initially (indisc.) rather than purely on the economic portion of the fishermen itself--the emphasis on the fishermen. Too often we know what the intent is when we leave here and it gets misconstrued immediately after the session. It's very important to have that.

UNIDENTIFIED SPEAKER: There was some discussion, and I can't remember, Senator, whether it was while you were here or not, as to whether you want recitals in your actual legislation. In terms of constitutional validity as the court might look at it, I don't think it's that important whether you recite it there or whether you have it in your committee studies or something of that sort which will show up. On the other point though, in terms of what the public perceives, you're the one to say. It may be indeed appropriate to make it apparent if that's so.

UNIDENTIFIED SPEAKER: Well, Mr. Chairman, I had another question that goes back quite a little ways, but I'd just like to ask it before I forget about it altogether. On this matter of the attrition setup....would it be unconstitutional to provide that if the permit holder were to die and his family was really highly dependent upon his fishing activities that the son or the brother or something like that, might take on the permit? Or would we have to absolutely preclude that too?

CHAIRMAN: It would depend, it seems to me, in fairly strong measure, upon what your attitude was toward non-family persons who wish to get in. Are you saying that you're excluding him now? when this happens?

UNIDENTIFIED SPEAKER: Well, what I'm thinking about is whether that permit would

drop back into the pool.

CHAIRMAN: Yes, I see.

UNIDENTIFIED SPEAKER: And the family go on welfare. This would be a burden to the whole State.

UNIDENTIFIED SPEAKER: Are you saying then that it would depend on what we decided - whether it's going to be freely transferrable and have a property right or whether it's to go back to the lottery?

UNIDENTIFIED SPEAKER: Or also whether you're even entertaining issuance of new permits.

UNIDENTIFIED SPEAKER: Do you feel, sir, that we have to necessarily direct ourselves to answering that question at this point in time. Could we have a moratorium for at least a year? or two years and then direct ourselves to transferrability?

UNIDENTIFIED SPEAKER: Let me come at your question indirectly by talking about his first, I think it leads to it. The purpose of the kind of...to take care of a person in that kind of financial condition is legitimate only as an alleviation of hardship, as I view it at least, an alleviation of hardship incident to the institution of the program. And, it's a question of degree and I can do no more than simply tell you that as you get farther and farther out, it's less defensible. It's a question of degree to which you....in how far you go in being willing to protect that person in allowing him to continue to fish because it would otherwise be such a harshness on him if you told him he couldn't. The grandfather thinking is quite legitimate and (indisc.)....and I would (indisc.) say that you could not have a system that said this is grandfather in the strict sense of the word, that if my grandfather fished then I get to fish...type of reasoning which would carry it down two more generations. I would say "no" you're not gonna make it.. don't think about that one. To move back up - I'd even be suspicious,

distrustful of the thought that you could make it on a basis of letting it go to the next generation if you did it across the board. Now, maybe you can start to crank in about that stage some exceptional circumstances such as extreme hardship, or death within two years after you start the program or something like that. All I would say is that as you move back up toward the line of saying - 'No, sir, it's guys with permit holder' that you're getting into better and firmer ground. Now, this then comes over to the question of whether you could at the same time say we aren't going to have any new people into the fishery. That, too, has to be a reflection of your concern for the otherwise existant hardship upon the persons who will be affected by this Limited Entry system. You're intending to try and relieve that hardship and one of the ways to do it is to let the guys continue to fish. But, of course, that's not gonna get you anywhere if you just let them continue to fish. You may as well not have a limited entry system if you're not going to limit the entry. So, you have to look at that as transitional and the hazard, of course, is to invite an evaluation of what you've done as not being really a good faith idea that you're going to limit the fishery in terms of total number of participants. But that you're really limiting this fishery in terms of who's currently fishing, we're gonna do the best we can by them.. which I'm sure if you came factually to the conclusion, that that's what the legislature was trying to do that that would not survive. That simply is too strongly violative of the ideas behind the equal protection clause. Now, then to move from the situation where you're inviting that kind of attach, what you would do if you simply froze the licenses and said, okay from here on in you're the only people who get to fish for the next twenty years. You've got to move towards the fairly smooth implementation of your ideas if you're going to have a broadly non-discriminatory system under which we're

going to limit the number of licenses. Now, the mechanics of that (indisc.) doesn't matter so much - lotteries, whatever..based on the capacity to fish, skills, etc. But you must move to it and move to it with enough showing of good faith about it that you aren't subject to the challenge that you're not really interested in getting there. The longer you make the moratorium, the more suspect you are. I didn't have any question at all but that you could have a short moratorium period, of course, but it would have to be (indisc.) to getting to where you wanted to be. I don't purport to tell you how long it can be - you just can't say that sort of thing. (indisc.)

UNIDENTIFIED SPEAKER: If you're predicting informational studies which can be used as a basis in furthering the limited entry program and (indisc.) the court that you are moving in that direction...

UNIDENTIFIED SPEAKER: Yes, although in a way, it's impractical I suppose, to wish that sort of thing. I wish that State legislature did what Congress does...maybe they could spend more money...that's to have a kind of an official record...committee reports (indisc.), formal documents and they get filed away in the National Archives and all that sort of thing so that you can draw on them and you've got a congressional record that says it all..word for word...everything that goes on in all of the Congress, and you can come in and show the court that these were the facts involved. When you get to a legislative mechanism that doesn't have that type of a record--it just has a journal of who voted for what--you're a little more hard-pressed. But, I probably shouldn't speak for every State Supreme Court but I would assume that most State Supreme Courts would be willing to look at or to listen to testimony or to read testimony given in a trial court which said, 'Yes, we made these studies here in Volume 1-6 on the study we made and here are (indisc.), and we came to these conclusions'

which isn't necessary. So, in the planning, creative stages of it, surely the thing to do is to make the record. Now they say that you can't make an official record, but you can come fairly close to it. If you've got this big booklet here, it's very impressive. It's full of charts; people have studied it; they've analyzed the nature of the fishery, the incomes and all that sort of thing, and they have led to this conclusion. Don't let it support too many of the wrong things.

UNIDENTIFIED SPEAKER: Let's take care of our own.

CHAIRMAN: We've been going at it for a couple of hours now. I think that maybe we ought to take a break for 10 or 15 minutes and then come back with the idea of seeing if we can get the best direction possible as to where we go from here. Any specific suggestions you may have and/or any of the rest of us, or any questions that you have not been able to get answers to and think that they are important to consider. So, let's do that--let's break for about--well, let's come back at--all right 15 minutes.

CHAIRMAN: Professor Fletcher thought perhaps that he could be most valuable in the time that's left, to go back in now and get off by himself and put his thoughts in order and try to jot down some things, kind of block out what he would suggest the way we go as far as legislation, insofar as we've discussed so far...at this point.

CHAIRMAN: I have indicated that I thought one of the biggest jobs that we have to do yet, as a committee, is to decide what we're going to do in the way of transferrability...and perhaps we can be having that kind of discussion..we don't need his constitutional expertise for us to make that decision. He's already given it to us on those matters. So, maybe we can be trying to decide where we're going on transferrability while he's doing this other work. So, if any of you have any thoughts on that, why lead off. We have this sheet that we put together in previous hours that offer most of the

alternatives. I wish we had all the advantages and disadvantages listed on each one of them. Maybe that's what we ought to do. And I think that we can profit by the input of those that are with us perhaps on this matter.

UNIDENTIFIED SPEAKER: Mr. Chairman, why don't we take the one that you favor first?

CHAIRMAN: I don't know what I favor. But, at the present time, all right.....

UNIDENTIFIED SPEAKER: Let me take the one here. I think that I mainly favor the lottery from a pool. Attrition...with one-third going back in, for example, or maybe even half going back in, (indisc.), coming back into it. But, the new guy coming in doesn't have to buy in and pay for the privilege of harvesting a state resource. But, I'm not sure that I'd do that for the same reason you say because (indisc.) as yet I really don't understand this proposal of 75% tax on the fair market value and 90% tax on the sale of the entry program. Now, let me ask you...the 90% tax...does that mean also that if a guy turns over his permit to the State that the State has to buy his gear?

UNIDENTIFIED SPEAKER: I think that the individual can have the option of either selling it to the State or to an individual. But, if he wished to sell it to the State, yes, the State would buy it at an appraised value just as we presently appraise land, etc. And it would become part of the buy-back (indisc.) with remaining fishery, fishermen were assessed the value of that boat and gear taken out of the fishery.

UNIDENTIFIED SPEAKER: Of course, you can't do it like you would land because the land--the definition you use in a court on land--is a willing buyer and a willing seller on the current market as of (indisc.) certain. As the Professor observed, this would not be difficult to administrate the first year or two because you'd have the value that we have right now for the free

market. But as time goes on, and there is no free market, and somebody you can't compare to with your (indisc.) market will be forced into.

UNIDENTIFIED SPEAKER: But, I think you still have got two classes of votes, John. You're gonna have those that would have a market and those that would not. Those that were good enough and somebody else (indisc.) still in the fishery getting in and would be willing to buy and those that aren't good enough for anybody that's willing to buy. If they're good enough to buy, they can be, I think, compared with a new boat that's coming into the fishery, a new boat that's being constructed. You can arrive at a reasonable value for that. If it's not good enough to be sold, why I think that you can arrive at a reasonable value for that also. Having said that, let me go out to some of the other fishermen here and see how they would react.... Terry? What's your thinking on that specific question? Do you understand what we're saying? Do you understand what the question is?

TERRY: No, I was reading.

CHAIRMAN: Oh, I'm sorry. Well, maybe you don't want to respond right now.

Phil, go ahead. What do you think about that (indisc.) Now wait a minute... wait a minute.

(indisc.)

CHAIRMAN: All right, John?

JOHN: Well, here we're talking about free transferrability through a commission with a substantial tax (indisc.) We say we're going to tax 75% of the market value of the permit if it's sold to the commission. We're gonna tax 90% if it's sold to another individual. My question was: if the Commission buys the entry permit, do they also have to buy the man's gear and boat? (Indisc.) Inherent in this proposal? Or is it (indisc.) that you're gonna pay him for the permit and nothing for the boat?

CHAIRMAN: All right, we're gonna pay him for the boat and the gear if he wishes to sell it at the same time that he sells his permit back to the Commission. Now, the real question is, how do you determine 10 years down the line, what the value of that boat is that he's turning back over to the Commission? Do you think, Phil, that it can reasonably be determined by the price other boats have in the fishery, by the price of the new boat being constructed for the fishery would cost?

UNIDENTIFIED SPEAKER: (Indisc.) Ten years down if you make that price the market value, you're not giving him anything. Because that's what he'd get also by advertising it and....

CHAIRMAN: Okay, so we should say market value, but we should say a reasonable value or a rational value or an appraised value or something like that. But the question is, could a reasonable value be ascertained at that point?

UNIDENTIFIED SPEAKER: I have (indisc.) reservation on it for what it's worth. And that is, in my own case, I bought the boat before the Commission came into existence. And now you're talking about an assessment, an assessor-type thing which would determine the free market value and I would have some reservations about their making a determination because it might well be \$4,000-\$5,000 under what I think the boat's worth. And granted, I might not be able to get that out of an individual, but that's one thing that's (indisc.) against having a commission tell me that, you know, it's just a case of that's what the boat's worth. What do you do with it...I guess you just keep it.

CHAIRMAN: Well, but, I think that we could do this in such a way that the Commission is always (indisc.) on the side of leniency rather than the other. Because, again, we are trying to provide an incentive under this thing for the fishermen to sell out. There's certainly no incentive if you're not going to give a reasonable price for a boat.

UNIDENTIFIED SPEAKER: Well, let me ask you this. Would that proposal work if you didn't--how you gonna pay for this? for buying the gear?

UNIDENTIFIED SPEAKER: Okay, at the present time, it looks like the only way we can pay for it, the most practical way, is through assessing the remaining fishermen.

UNIDENTIFIED SPEAKER: How you gonna assess it....on the basis of fish caught per year or permit per year, or what? What if a guy doesn't use his permit one year?

UNIDENTIFIED SPEAKER: Well, you're asking a lot of hard questions all at once. They need detailed study.

UNIDENTIFIED SPEAKER: Well, that's the reason that I have trouble with this proposition, because I think it raises an awful lot of difficult questions.

CHAIRMAN: But all of them do. All of the propositions raise a lot of difficult questions regardless of which way we go. You can ask that same thing about the guy that retires. Now, you're saying what happens then to the three who die or who wish to get out or something of this nature...their vessel and their gear...do the heirs simply take nothing? They don't have a property value and a permit. Do they take nothing for the boat or the gear? And if not, you're right back to exactly the same question.

UNIDENTIFIED SPEAKER: You see, you've got this kind of a problem. I'm a lawyer. When I die, my family, you know, nobody gets to be a lawyer because I was a lawyer...or a school teacher because you're a school teacher or nobody's necessarily become a barber because his father was a barber.

UNIDENTIFIED SPEAKER: But that's irrelevant to this right now, isn't it? We're talking about the boat and the gear.

(indisc.)

UNIDENTIFIED SPEAKER: ...getting a law degree very similar to the investment in getting the boat.

UNIDENTIFIED SPEAKER: See, the point of it is, I don't think you can really keep these in the family unless you're gonna create a futile (indisc.) system.

UNIDENTIFIED SPEAKER: Well, I haven't said anything about keeping it in the family.

UNIDENTIFIED SPEAKER: What's the problem now? Let's say the man dies. The boat and the gear...he loses the permit right away then. The boat's still gonna have value because some guys are gonna have to replace their boat and their other equipment from time to time and it's a large fishery.

CHAIRMAN: So, if a man wants to..so if a man does not die, but simply wants to get out of it and sell it back to the fishery or sell it back to the commission, again it still has value--the same value even if he were to die. I don't see where that changes.

UNIDENTIFIED SPEAKER: You're suggesting that the Commission would have to buy all this fishing gear as well as pay for the permit? (indisc.) in order to retire..just move out?

UNIDENTIFIED SPEAKER: I would think so.

UNIDENTIFIED SPEAKER: You wouldn't just let him sell his own gear and stuff on the market?

CHAIRMAN: If he wishes to do so.

UNIDENTIFIED SPEAKER: Put a value on the permit alone....

CHAIRMAN: If he wishes to do so.

UNIDENTIFIED SPEAKER: Well, but, of course, you're not gonna, he's just gonna ask you what you'll give me for it and ask somebody what the market is and if it's more, he's gonna want you to buy it. And that's where you get into a terrible problem here. I would think you'd treat this like you would a license to do anything else...and that is that when I die--somebody sells my law library. If I just want to retire, I just sell it to somebody.

CHAIRMAN: Well, I'm not hung up on that. Let's get some more input here.

UNIDENTIFIED SPEAKER: I don't see any problem with regard to getting rid of the boat and gear except in the case where the Commission says we're buying you out whether you want to or not. Then, I think probably, don't you think, that the State has a responsibility...otherwise, the boat, you can determine what it's worth and he can do what he wants to with it.

CHAIRMAN: How do you determine? You men, let him sell it on the open market?

UNIDENTIFIED SPEAKER: Yeah, sure.

CHAIRMAN: Okay, well I'm not hung up at all. Allan?

ALLAN: The B.C. system differs in many respects from what we're considering because they license boats...not people. But, perhaps some of what they do is (indisc.) enough to be helpful here. Their buy-back program is voluntary. The man thinks he might want to sell his boat to the buy-back program. He goes to the buy-back program and gets his name put on the list. Two, independent, qualified assessors working for the government go out and separate from each other, appraise the boat. The manager of the program looks at these two appraisals and evaluates them and adds a 5% incentive factor on to what the average appraisal is. From the two he gathers all sorts of background information on the boat and then this is all presented to the Buy-Back Committee...The committee's made up of about six major segments of their fishing industry including fishermen. The committee then has the discretion to either raise or lower the price to be offered as long as they get a majority vote to do it that way. If one particular member has additional information for that particular boat or whatever...and finally they approve an offer that will be made to the fisherman. The fisherman then receives the offer and he can accept or reject it as he chooses.... deciding that he can get more on the open market than from Buy-Back. If he feels that he has been seriously discriminated against and that the appraisals are way off, he has the option of getting a bonafide independent

appraisal for the appraiser to come in and say - Here, look it's that different. In any event, if there's a significant gap, the government then gets two other appraisers to go out and play the game again and see what they come up with and then they make the guy a final offer. But, then in B.C. - that's the system that they use.

UNIDENTIFIED SPEAKER: As long as it's a free negotiation for a vessel, you have no difficulty. You have a difficulty if you have it written into the law that the State has to buy something back at a value. Because then it's no longer free negotiation. See, the guy can sue the State and say I just want more is all. And I don't think--I'm afraid you're gonna get an impossible situation when you get to the rest of the State about how many millions of dollars worth of gear we're gonna buy back at inflated prices.... old fishing gear..when really the only thing you can do is just say 'take that gear and sell it to the fishery like anybody else that no longer has any use for their gear'.

CHAIRMAN: Well, let's leave it at that. I see no problem with that, really.

UNIDENTIFIED SPEAKER: And it simplifies a lot of assessment. It simplifies tremendously what we're doing here. If it doesn't work too big of a hardship and it doesn't seem to me like it would.

UNIDENTIFIED SPEAKER: The argument on the other side of that, and I'm not advocating either position, is that if you sell your entry permit and you still have your boat, the market for your boat, at least in Alaska, is going to be somewhat restricted because most of the other people with entry permits have boats. And unless your boat is the kind that will allow somebody to upgrade from what he has, he's not gonna be interested in buying it. You're gonna have a very depressed market for a boat without a permit.

CHAIRMAN: And you'll have much less incentive for the individual to sell out in

the first place, and I think the main reason that I had included the purchase of gear and boat in it is that there would be so much less incentive if it hadn't anything to do with his investment. The market is going to be greatly restricted and he may have to keep on fishing simply because there's no way to get rid of the thing.

UNIDENTIFIED SPEAKER: I think that you brought out the point that the only people that are going to be heard are people that have junkers. Right now, if you look at the system--what happens to junkers? And that always goes to the guys that are really part-timers and they really don't care about what kind of boat they do want--anything to get out there. And, so through the system you're talking about that will be effect. Those people that have the junkers right now for some reason there is just gonna be some kind of cut-off point that boats below a certain value just aren't gonna go anywhere. Boats above that probably--they won't be effected. They'll probably be bought by other people because people are always trying to upgrade and they just don't like the boat they got. There's a lot of buying and selling of boats. But, I think that what will happen in this type of set-up of rules below a certain level - they just won't find a market and end up on the beach (indisc.) like you see all over Alaska.

CHAIRMAN: Will they continue fishing, though, considerably longer than they might otherwise if they did have a market for them...don't you think they probably will?

UNIDENTIFIED SPEAKER: Then the second thing here, point number two-- which says - does not pass the cost of utilizing the common resource on to the second generation of fishermen. As I read it, it would pass it on to the second generation of fishermen and that's the biggest disadvantage. Because it's going to, the second generation of fishermen is going to have to pay \$5,000. for the permit. Now, it's true, the State's gonna get 75% of that in

instance or 90%, if it doesn't go to somebody else. If someone buys in, for example, he will have that investment just for the permit then...which is a disadvantage, it seems to me.

UNIDENTIFIED SPEAKER: Okay, I think one of the things we were talking about was that there would be less speculation because the thing's going to have less property value. So, you've done two things. Well, actually what you've done is lowered the price of the permit, I believe. It would be less cost and then there's free transferrability. The thing is going to have less value and so there's going to be less speculation. There's going to be less assessment back to the fisherman.

UNIDENTIFIED SPEAKER: Actually, your tax deal really does this, I think. I think that it effectively prevents the first generation of fishermen from receiving a windfall and in effect selling the resource to the second generation. But, under this proposal, the second generation has to buy it. But, the money goes to the State, see? instead of to the fishermen.

UNIDENTIFIED SPEAKER: But, again, he buys it at a lesser price than he would under a straight free transferrability.

UNIDENTIFIED SPEAKER: I don't see how it would be any different on that. The only thing we're talking about is, we're taxing the windfall from the first generation of fishermen. The price of the permit would be the same.. to the second generation. It's just a question of who gets the money...either the State or the fisherman for the right that we gave him now. See, he didn't pay for that right. And, yet, he would be selling it for \$5,000. So, we're gonna tax that \$5,000 because that's an unreasonable windfall. He's merely selling the State's resource.

UNIDENTIFIED SPEAKER: Well, I agree with you. I don't know what we had in mind at that point when we said this, do you?

UNIDENTIFIED SPEAKER: Well, it was more (indisc.) what it actually does accomplish. You're negating the windfall in the first generation.

UNIDENTIFIED SPEAKER: But it does pass on the (indisc.) of utilization.

UNIDENTIFIED SPEAKER: In the meantime, also, the resources become--or the ability to utilize the resource--has become more valuable theoretically because of the limitation of gear. In other words, you have an expectation--the second generation has a greater expectation of going out there and being able to make a substantial income from fishing.

UNIDENTIFIED SPEAKER: That's certainly ambiguous, to say the least, I think. Go ahead.

UNIDENTIFIED SPEAKER: Now, I would think that under any of these programs we could just appropriate whatever the State Legislature would want to do based upon the revenues that we're getting from fish taxes or whatever general policy (indisc.) appropriate 3 million dollars this year for the reduction in fishery here and go out and buy equipment on a freely negotiated basis and try to buy people out. But, I don't want to see in here (indisc.) where you treat every fishing vessel, or every net, or every piece of fishing equipment, which may be hard to define, too, the same as if you were condemning a piece of my property to build a road, see? I think that there's expense involved in that and problems of abuse and I think that the open-ended nature of that commitment would not be acceptable to the legislature and the only way you could make it acceptable would be with this assessment, and I'm afraid that when you go to the assessment you're gonna take the marginal fisherman who wants to fish as a way of life and only wants a small amount. And if you assess him in the same way as you do a big man for this, why, you've got all sorts of problems involved in that assessment procedure.

UNIDENTIFIED SPEAKER: You eliminate a lot of those problems if you measure

assessment, and that's one of the questions I think we ought to ask Professor Fletcher...if you base your assessment as a percentage of a value over the investment of the fisherman. We've talked about this before but I think it does answer a lot of that problem. Whether it's constitutional or not, I don't know.

UNIDENTIFIED SPEAKER: That would involve an appraisal of fishing gear every year, to determine at what level you had to pay your assessment, see?

UNIDENTIFIED SPEAKER: If you paid a percentage of your cash....

UNIDENTIFIED SPEAKER: It may have to be a percentage of cash.

UNIDENTIFIED SPEAKER: (Indisc.) I mean if you're gonna assess the guy who's more involved in the fisher more than you do anybody else?

UNIDENTIFIED SPEAKER: But by the same token, he's gonna benefit more. Isn't he, Phil?

UNIDENTIFIED SPEAKER: No.

UNIDENTIFIED SPEAKER: If I'm out there with a \$40,000 boat, top quality gear and so on, I'm certainly going to benefit more by a reduction of the fishery and having more fish available per man than I am if I'm out there in a 17 foot skiff with a twelve-horse kicker.

UNIDENTIFIED SPEAKER: That's not true. I...My boat's worth three times the boat I had last year and I made the same amount of money, and I think that I was about in the same position with everybody in. I really don't think that it would be directly related. There is some....

UNIDENTIFIED SPEAKER: They are in our fishery. Your fishery, no doubt, is different.

UNIDENTIFIED SPEAKER: I think that it probably cost me \$8,000 to buy an engine that would go a little bit faster but I'm not sure that...I might do it for the convenience as much as anything, not necessarily because I was

making more money. I think...I'd start looking at it . If I was gonna have to pay \$500 more taxes, I'd think twice before I'd up that radar. Because maybe the most reason I'd buy that radar is because I think it's safer not because I catch more fish.

UNIDENTIFIED SPEAKER: All right, what fair ground can you come up with for doing this? What is more fair? Take a look at Cook Inlet fishery for instance. At the beginning of the season you're running 40-50-60 miles from a cannery to get to where the fish are. The tenders may not be down there. You may not be able to deliver right to the tender so your efficiency is greatly affected by the capacity of your boat. If you can pack 3,000 reds in that thing, you're a lot better off than the guy that can only pack 200. Plus, the fact that the guy that can only pack 200 can't get out there in the first place in that kind of water across that expanse. He simply can't go there. He's limited to fishery right along the beach, more or less. If he's out there in a 15-17 foot skiff. There's a definite correlation between what the two can do in that fishery depending on investment. Now, it doesn't follow all the way through because there's not that difference perhaps between a \$20,000 and a \$30,000 vessel. Go ahead..

UNIDENTIFIED SPEAKER: I just see a much fairer standard and I'm not sure I want to say that this is what I recommend...but a much better standard is based upon the percentage of fish that you catch. That's what the real criteria is. I mean, if you go out there with a small boat and catch \$20,000 worth of fish and you've got a \$50,000 boat and catch \$10,000 worth of fish-- that's certainly not equity.

UNIDENTIFIED SPEAKER: No, but aren't you then basing that on something that's even more perhaps unwise, and that's on the effort of the individual. The guy that catches 20,000 fish may simply have worked harder than the

guy who caught only 10,000. Do you want to penalize....(indisc.)

UNIDENTIFIED SPEAKER: I still say that that's a lot fairer than the other out.

(indisc.) somebody for having good equipment. I know one case down here where a guy's got excellent equipment and he's just a pathetic fisherman. But I gues...(indisc.)

UNIDENTIFIED SPEAKER: Yes, David....

UNIDENTIFIED SPEAKER: It goes back to the question of Professor Fletcher--

I think that's his name--was talking about--is how great efficiency do we want? To me, I think the greatest inefficiencies are the excess number of boats (indisc.) and we'll be goind a great service just by cutting them out. And, do we want to create such an efficiency that we drive out the guy who wants to take a bit easier. I think, I like (indisc.) tax the fish because it's the simplest among...(indisc.)

UNIDENTIFIED SPEAKER: I agree that if you bring out anything and try to talk to the public if it isn't based on the size of the catch, you're gonna have a whale of a problem.

UNIDENTIFIED SPEAKER: Mr. Chairman, the only reason I mentioned this.....

I think this is the type of problem that we can eliminate. And the way we eliminate that is by not have anything where we have to assess a fisherman, you see? That means then that we don't have this (indisc.) to buy back at exaggerated prices. (Indisc.) I'd rather leave it to legislative appropriation as to the purchase or permits, of permits alone, to the extent we want to extend State funds as (indisc.) purpose for that. And that probably again might be based upon the amount of processor's tax or something else. Rather than to try and distribute this back over all the fishermen and the rest of it in some other manner. Now, as I, if we can get away from those arguments then it seems to me like, it's down to the lot in a qualified pool and how we want to qualify that pool...gets to be the tough one.

UNIDENTIFIED SPEAKER: Unless you want to make any qualifications on it.

UNIDENTIFIED SPEAKER: (indisc.) necessarily down to a lottery at that point.

UNIDENTIFIED SPEAKER: You wouldn't have to be.....

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UNIDENTIFIED SPEAKER: If we decide that the market of salmon will permit another 10¢ per dollar's worth of value tax that would produce another 18 million dollars. And, we decide that we can tax the (indisc.) which is going to Japan now, which is no taxes at all. And we decide in the legislature that we go ahead and impose this tax and just appropriate 5 million dollars this year which that tax is gonna produce, for the purpose of buying back permits, not equipment, just permits...in particular areas.

UNIDENTIFIED SPEAKER: That makes a lot of sense...and then you still have the attrition plan (indisc.)

UNIDENTIFIED SPEAKER: That's right. But you see this leaves it back to the legislature. In other words, instead of making this problem a fisherman's problem, of possibly redistributing this cost and reassessing and trying to figure out how that guy can get his money out without keeping the guy that's coming in out also, we leave it in the legislative hands here to impose the tax and to put that bill for the fishery. And I'll tell you, I think simplicity is greatly to be desired in this thing--if you don't, you people are gonna end up, I can't answer these problems that we've raised satisfactorily.

UNIDENTIFIED SPEAKER: I just had to throw this out, I mean, I think that's a pretty good way to go but being from southeast where we're not going to be cutting our fleet down and maybe we have, we catch say one-third of the salmon in the State or top Southeast Alaska, we're gonna be paying for everything that's gonna be going on in Bristol Bay and everywhere else though we're not directly benefiting from it as much. I'm just saying, personally, I'll go along with it but you've got to allow other, other

legislatures in Southeast Alaska oughtta be able to sell that to their fishermen. So that is a problem. We've got a problem no matter what we have so this is probably a lesser problem.

UNIDENTIFIED SPEAKER: Of course, you've got a problem with the guy in Anchorage too. He thinks that he owns a part of this resource and if you've taken general fund monies to buy out the fishing (indisc.) half the income of other fishermen, see?

UNIDENTIFIED SPEAKER: I would never advocate taking this out of the general fund. But I, one way or another, fisherman have got to pay for themselves.

UNIDENTIFIED SPEAKER: Well, that's the difficulty all right.

UNIDENTIFIED SPEAKER: Terry, I don't quite follow that, because surely there must be some fishermen in Southeast who would like to (indisc.) if they had this opportunity.

UNIDENTIFIED SPEAKER: Yes, well the thing is, we're talking about Southeast right now...(indisc.) The number of fishermen we've got now is probably okay. Any cutback one way or the other wouldn't make that much difference. We're probably okay where we're at but it's just that (indisc.) trend that's going right out the window. Where we'll be five years from now is what we're trying to stop right in Southeast. So we're not going to try to cut down the size of the fleet in Southeast. So in other words, they won't be doing any buy-back in Southeast, but we'll be paying the raw fish tax or some type of tax here in the (indisc.) like everybody else will be, but all that money will be going to buy-back in Bristol Bay which in turn is benefiting the Bristol Bay fishermen and doesn't directly benefit us unless we happen to go fishing (indisc.)

UNIDENTIFIED SPEAKER: Of course, if you wait for natural attrition you don't have to buy back. You wait til people die or decide they want to change

their occupation . And put them back on a basis of two out and one in.

You wouldn't have this problem.

UNIDENTIFIED SPEAKER: My impression, in talking to fishermen...the fishermen are perfectly willing to pay the bost of buy-back because they are interested in seeing accelerated attrition and so I don't think--as a matter of fact, I've heard reservations expressed by one of the finance chairmen to the effect that (indisc.) this buy-back program dipping into the general fund. I think there might be some problem there (indisc.) some of the people (indisc.) are willing to pay. It seems to me it's something that is not altogether unreasonable, for fishermen to better themselves by using their own money. And, of course, the simplest formula which (indisc.) flat fee. That's the simplest formula. Whether it's the most equitable is another question.

(indisc.)

UNIDENTIFIED SPEAKER: What's wrong with John's proposition here in putting the tax on (indisc.)?

UNIDENTIFIED SPEAKER: I've interrupted Allan a couple of times here...

UNIDENTIFIED SPEAKER: Allan and Dean both (indisc.)

UNIDENTIFIED SPEAKER: I was just kicking around the idea of assessing the fishermen, at least when we've kicked around the possibility of buy-back, it's always been an assessment by area and type of gear so that if you remain a purse seiner in an area, the other purse seiners who remain in and benefit from the reduction in gear are the ones who pay for the reduction. So that in Terry's example, if gear is removed from Bristol Bay, the people who remain in, pay for the benefits they receive. If they use their pay for (indisc.)

UNIDENTIFIED SPEAKER: Allan, don't you see, maybe I'm wrong on this factually--

but, okay. So, you're gonna assess the purse seiners. But, it's other people fishing that fishery besides the purse seiners. Aren't you also gonna tax the set netters then, too? And, then let's assume that you tax only one of them--the purse seiners--because you're eliminating another purse seiner; then, that means that you're going to have an argument every year that the purse seiners then are entitled to the same catch that they got before--percentage-wise, even though they have their numbers reduced now. And, by God, they paid for that and now they're getting screwed on it and you've got to convince them that they're not.....

UNIDENTIFIED SPEAKER: The argument about the difference in the relationship (indisc.) catch, as far as I understand the situation, and I'm not a Fish and Game Biologist, (indisc.) perhaps the argument that doesn't arise. Because in setting your optimum limits of gear, the adjustment is going to be a proportional one among the types of gear that you have in the fishery at the time you begin this. It just wipes out all of one type of gear and that does it, but that's not equitable. So, if there's going to be limitation in an area, it will be spread over the various types of gear that are there so that then any reduction -- any people who are removed through buy-back or whatever -- the assessments will be proportional on the remaining gear holders of a particular type and a particular area. So, that the (indisc.) position of the different types of gear remains approximately the same. And Fish and Game people tell me that you can reverse the amount of gear to the number of units. But, that through management techniques of the catch efficiency--the remaining gear can be modified so that this balance is still maintained. But that's a regulatory matter for the Department of Fish and Game and the Board rather than one for the people who will be limiting entry.

CHAIRMAN: Dean?

DEAN: My concern is really very similar--that, for instance, the Bristol Bay fishermen, the Bristol Bay drift netters, would pay for buying out the Bristol Bay drift netters and wouldn't be getting into the southeastern seiners or drift netters, as the case may be. And, I think that within an area it would probably be possible for the Commission to carefully review the situation, determine if they want to split it up between say the Bristol Bay set netters and the Bristol Bay drift netters; and a different rate of assessment....and possibly there'll be different rates of attrition. I think this is within the authority of the Commission to keep (indisc.) in the House.

UNIDENTIFIED SPEAKER: You see the difficulty though is that you give a fisherman and a group of fishermen who have been assessed a certain arguing base for the continuation of that type of gear or this type of fishery or the distribution between gear. It seems to me like it gets to be a really difficult tangle. It's one of those things--you know we can make government work, but if we can make it work with the least amount of friction then our citizens waste their energies the least in fighting each other and their commission like they do the Board of Fish and Game. Which, if we could get away from this assessment thing - and perhaps you say that southeastern doesn't want to pay for the assessment some place else, I think that's an absolutely valid objection--then maybe you get down to this--if you froze a level and let attrition take care of it, and didn't assess--and those that were more overpopulated now, it'd take them longer to get back, right? Those that are about right, right now, would be about right. And, at least we stop this influx that everybody's talking about--we stabilize it where it is--we absolutely guarantee there's not gonna be

anymore coming in and at the same time we're having a free entry and we haven't closed this class (indisc.) any income.

UNIDENTIFIED SPEAKER: How are you getting free entry?

UNIDENTIFIED SPEAKER: By one out of three of the attrition or maybe 50-50 on the attrition.

CHAIRMAN: Allan?

ALLAN: I don't have the precise statistics (indisc.), but my recollection is that the average age of the Alaskan fisherman is something like about 34-36. It's 39 (indisc.) figured the averages two different ways. Whereas most of them grouped them in mathematical (indisc.). But just looking at average age alone--if you're planning on people growing old and dying -- in terms of an average age of 40, say it's easier to figure, it's a hell of a long way to 65 when a guy gets (indisc.). And I think the fishermen would be a very slow way to go, if that's the only factor you're going to rely upon.

UNIDENTIFIED SPEAKER: Let me ask you this. Isn't there quite a turnover in fishermen and particularly outside fishermen, who come up here and fish for 3 or 4 years and then don't?

UNIDENTIFIED SPEAKER: My figures show a turnover, and again I'm just recalling roughly what that pattern was of approximately...well, over the past couple of years the trend was at about 2000 people who dropped out and about 2100-2200 new ones would come in. Only how many of those new people are actually people who, three years ago, had also fished--we haven't been able to quite separate out. But, there's approximately 2000-2200 per year figure

UNIDENTIFIED SPEAKER: (indisc.) total number of fishermen, what are we talking about?

UNIDENTIFIED SPEAKER: 15,000 commercial fishermen.

UNIDENTIFIED SPEAKER: That's a pretty rapid rate of attrition.

UNIDENTIFIED SPEAKER: Well, it's not attrition though, because once you establish its turnover, and once you establish entry permits--Hell, I'm not gonna drop out if I have my entry permit...you betcha. Why should I? It's valuable.

UNIDENTIFIED SPEAKER: You will if you're not making a living at it. And if you can't sell it - if it's not valuable. You see, you will drop out if you're not making a decent living out of it. It's like you drop out right now if the permit goes back into a lottery and you can't sell it.

UNIDENTIFIED SPEAKER: But for the first time you've got a real element of hope injected into this whole thing. That something is going to be done. And (indisc.) rehabilitation we are going to increase the fishery and I've got something to look forward to. And (indisc.) the attitude of everything.

UNIDENTIFIED SPEAKER: Another thing...like Allan said..that's commercial fishermen. And I'll bet you that if 75% of that turnover is among crew members rather than among skippers....

UNIDENTIFIED SPEAKER: No, this is gear. This is gear holders.

UNIDENTIFIED SPEAKER: Is this gear? Oh, he said commercial fishermen--that's why I (indisc.)

UNIDENTIFIED SPEAKER: I don't think we should even be considering the problem you talk about. About the conflict between gear and who should get what share of the fish because I know, I think that if we get into that we're trying to solve too many problems in one bill. And we've got that right now. It's terrible--I mean--the seiners want (indisc.) the gill netters. The possibility you're talking about wouldn't make it any worse than it is now.

UNIDENTIFIED SPEAKER: Well, the only reason -- I hate to see assessment based on that and get involved in that. (Indisc.) getting complicated with assessments (indisc.).

UNIDENTIFIED SPEAKER: Even if you did that, I don't think it would create it any worse because right now it's mostly just psychological. I was born a seiner and I hate gill netters. Whatever...(indisc.).

UNIDENTIFIED SPEAKER: I don't know whether we can focus in and decide on the basic philosophy of transferrability or not. Apparently, we've got completely free--transfer where you can sell to the individual at whatever market price you can work out with him or rather than a straight lottery... this three for one thing--that's almost a lottery. Well, I guess it is a lottery, really, isn't it? If every three that gets out - one gets in. But he gets in on lottery basically. And, then we've got the modified free where we're providing an incentive for him to sell out to the commission but he can sell out to the individual if he wants to and simply not make as much money when he does it. Now, do you have some other alternatives that we really want to look at?

UNIDENTIFIED SPEAKER: Let me make one more argument...in favor of the attrition, plan 3 and the lottery. And that is, that when we talk about the class of people...we talk about class of people...I think that that class would have a better change of getting into fishery the second generation if they could get into it by a lottery rather than having to buy their way in. Because, under the other system, under every one of the other systems, the second generation of fishermen is going to have to pay for his permit. Well, because I think that this ought to be of particular concern to you. (indisc.) I'm talking about the resident fisherman in Bristol Bay.

UNIDENTIFIED SPEAKER: Let's examine that. Now, that's one of your big points, Sam, and if we go to a lottery we take the financial requirement out of this thing. Now, I said at lunch and I'd like to see, maybe I'm wrong, but it seems to me that as soon as this fishery becomes something that is

limited, the reasonable expectation is to make a living out of it. If he has to buy a lottery ticker or buy a permit and that permit has value, then anybody with a decent credit rating or anybody that's a decent fisherman--if he has a decent credit rating-- can go to a bank and borrow the money he needs. Therefore, he doesn't have to be, doesn't have to (indisc.) himself. If he's simply a darn good fisherman he can go to a cannery. He can get cannery backing to buy this permit. Therefore, I don't think that simply because that permit has value, it's gonna close it to the guy that doesn't have the money but is a good fisherman. Now if I'm wrong, why....

UNIDENTIFIED SPEAKER: Let me make one other argument in favor of this system.

UNIDENTIFIED SPEAKER: Well now, wait a minute. Let's examine this point.

Let's see if we can come to some agreement on this point.

UNIDENTIFIED SPEAKER: I was gonna say something back to what you were saying just before that. In the fishery that I'm in, assuming that I were still in it, a lottery would be beautiful because I would assume that half the people who were applying wouldn't be the skilled fishermen. They'd be easier to compete with. You know, so (indisc.)

UNIDENTIFIED SPEAKER: The lottery coming out with that pool?

UNIDENTIFIED SPEAKER: Yes.

UNIDENTIFIED SPEAKER: (indisc.) have an experience factor.

UNIDENTIFIED SPEAKER: Well, the only way to learn fishing is to do it.

CHAIRMAN: Allan?

ALLAN: I think that I'd like to recall what Professor Fletcher said this morning when we were talking about freely transferrable permits. And that was that it seemed to him that the concept of freely transferrable permits

within the system was provisionally a bill prohibiting the (indisc.) high cost, etc., of the permit. And that does, it seems to me--that set of conditions prohibit going to the bank and getting the loan for that permit. Because essentially they might be (indisc.) because you've got a house that they will loan you money on. But it seems to me that it does put limitation on sources of funding that a person could obtain in order to get a permit.

CHAIRMAN: Dean?

DEAN: Back to this changing a permit by lottery, we also want to remember what we said about continuing to maintain the criteria in the long term approach. And if we fail to do that, well, this wouldn't necessarily make the thing appear legitimate before the courts.

UNIDENTIFIED SPEAKER: You couldn't maintain the economic dependent. In other words, your lottery, as I assume, would be among your qualified (indisc.).

UNIDENTIFIED SPEAKER: Your qualified applicants, right?

UNIDENTIFIED SPEAKER: There's one other advantage of a lottery. There's no way for somebody to buy out a man's right to fish. We were worried about, under an economic distress situation of canneries, or guys from Seattle or some place else, buying out the local resident's right to fish...and getting control of it. If it goes back to the State and is going out with the lottery, there isn't anybody who can pay anything for that to buy it. Which means that the local resident isn't going to be deprived of it during a particular distress (indisc.). There's one other point that I thought (indisc.) in favor of that system. It doesn't come to me now.

UNIDENTIFIED SPEAKER: The other side of it is that--say I wanted to get into commercial fishing. Say I've even got the money to buy the permit or whatever--how can I plan on whether I'm going to get into commercial fishing if I just have to wait until they draw the little light bulb with my number on it?

UNIDENTIFIED SPEAKER: You're not gonna buy a boat until you get your number.

UNIDENTIFIED SPEAKER: Yeah, I can't—that's it. Say I'm already in the fishery and I've to a permit for a particular kind of gear and the area that I'm in if I got another entry permit to fish another type of gear--the pattern of the migration of the fish would allow me to do that consecutively. How am I going to apply the expanse and better myself in the fishery if I have to wait again until they draw a little slip of paper with my name on it (indisc.) random water? If it had a deadening effect on anyone seeking to improve himself within the profession.

UNIDENTIFIED SPEAKER: I think the Professor was right. And that is...the price we want to pay for efficiency here on taking people out, you know... now I think that the most efficient fishery would be an absolute free transferrability like a piece of farmland and the devil take the highmost. You know. I think that's the most efficient. But I do think that we have an interest here in a class of people...and the entry of people (indisc.) you don't have a lot of (indisc.) in the fishery on a continuing ongoing basis. And it seems to me also that the lottery would tend to favor Alaskans a little bit over non-residents because it seems to me like the attrition in Bristol Bay for instance, you would have a lot more guys that came up and fished two or three years than you would a bunch of guys that make their residence in Bristol Bay, and want to fish. That is, they'd have a lot better chance of being selected. Now, I'm not sure that's true anymore. I don't know the facts out there, but

UNIDENTIFIED SPEAKER: Why does a lottery protect that class of people you're talking about?

UNIDENTIFIED SPEAKER: Well, it protects them from selling the right. We were talking about....what are you gonna do in a bad season?

UNIDENTIFIED SPEAKER: Yes, but it gives us absolutely no protection as far as the second generation of the fellow that's really out there, that really there's nothing else to do in that area except fish....

UNIDENTIFIED SPEAKER: Don't we agree? That if the second generation has to pay to get in that they may very well...that the control of the fishery will move away from the importunateness (sp) residents of say Bristol Bay-- is it going to go to the people that have money in Anchorage, Fairbanks, Kodiak....

UNIDENTIFIED SPEAKER: No, I don't accept that at all.

UNIDENTIFIED SPEAKER: You don't, huh?

UNIDENTIFIED SPEAKER: No.

UNIDENTIFIED SPEAKER: That wouldn't happen, huh? Why?

UNIDENTIFIED SPEAKER: Well, because again I think that a good fisherman who has grown up in the waters and we're talking about second generation now-- grown up in the waters reading no (indisc.) known to the cannery as a good fisherman and if he can't get credit elsewhere I think in all probability he can get credit through that cannery to buy that permit.

UNIDENTIFIED SPEAKER: Well, the canneries control him then, don't they?

UNIDENTIFIED SPEAKER: What?

UNIDENTIFIED SPEAKER: That's one of the things we're trying to get away from--- cannery control aren't we?

UNIDENTIFIED SPEAKER: Not necessarily. I say they do not necessarily control them to a certain degree.

UNIDENTIFIED SPEAKER: I suppose.

UNIDENTIFIED SPEAKER: But the thing is that the Anchorage, Fairbanks, Kodiak fishermen -- not so much in Kodiak -- and I'm not sure about (indisc.) the thing is that bank loaning policies are different throughout the State. You can get a loan for various things much easier in Anchorage than you can in Kodiak. And so the opportunity for people of equal qualification

in Anchorage is different than it is in Kodiak and definitely different from the Bristol Bay area. Now, if you narrow down his field for financing for instance in Bristol Bay (indisc.) fisherman's case where it is only the cannery because that's what it will come down to because my experience is that you just can't get money out of (indisc.) with the branches in a small town unless they had (indisc.) secured to at least 100% and what you (indisc.) that particular resident (indisc.) fishing record (indisc.) the opportunity to sit down and he can only go to the cannery, I don't know how they will do it now, but I feel certain that the canneries will control that man. The way they (indisc.).....

UNIDENTIFIED SPEAKER: In the first place, I think Dr. Fletcher made (indisc.) rather interesting. He did (indisc.) the fact that (indisc.) would preclude the canneries being able to loan the fishermen money at all and that is the only way you're ever going to be able to make sure that the canneries don't dominate the fishermen because in spite of who owns the license and who loans the money, you're going to have to (indisc.) to keep the man from going to the cannery in a lean winter and borrowing money from the cannery. They are going to their (indisc.) handle (indisc.) to see that you are actually accomplishing the end keeping the fishermen out from under its domination. And second, the CEDP (?) people that were in here the other day were extremely concerned about transferability within the ranks of their own family which, of course, is going to be completely precluded on a lottery basis. And you have got a gain-I think I've used the term before-- but if you've got 50 men and 5 licenses, you can go back every year for 30 years and never get a license on a lottery basis. And to use the analogy-- if you had to make entry into being at a cannery on a lottery basis, a guy just wouldn't be able to (indisc.).....

UNIDENTIFIED SPEAKER: That's about what it is.

UNIDENTIFIED SPEAKER: If I could say one other thing...only one single exception every fisherman I've talked with, and I've been talking with a lot of them, when they start talking about lotteries they just absolutely can't (indisc.) If there's anything that's going to defeat this bill from the fishermen's point of view I think the lottery would because they just can't.....

UNIDENTIFIED SPEAKER: Now, we're not talking about the existing fishermen..now we are talking about the second generation fishing gear.

UNIDENTIFIED SPEAKER: Everyone I've talked to has extreme reservations about it.

UNIDENTIFIED SPEAKER: One thing I think is a misconception is to think that the lotteries get away from control by the canneries...If I had a cannery-- what I'd do ... (indisc.) ...they're writing letters to guys who aren't (indisc.). If you want to go fishing, we'll give you the deal, my friend, and that's exactly what they are going to do. They are going to go out and find people to file for the lotteries.

UNIDENTIFIED SPEAKER: And for every unattached fisherman there will be ten cannery fishermen in there in the lottery -- so the chances are ten to one that somebody connected with the cannery will wind up with a ticket. Let me go on to Dean.

DEAN: I'm with John on his viewpoint till we get up to the lottery. I think I agree with Phil there (indisc.) viewpoint of the fishermen. They want to control who gets...they are going to want to be able to spell their-- through the commission perhaps, with the commission approving everything-- but this is about the only way they are going to be able to determine who follows them from their family and many fishermen are concerned with their (indisc.) Even so, I'm still not sure that we are going to be able

to sell the concept of free transfer because of the fear of domination by cannery interest, money interest or whatever.

UNIDENTIFIED SPEAKER: Mr. Chairman, would you explain to me exactly why you feel we have to consider the aspect of transferability at this point in time?

CHAIRMAN: Well, I didn't think we did prior to today but after the time we've spent with Fletcher here it seems to me that this is such an integral part of the whole thing so that you would give a court an opportunity to look all the way down the road to see that we are not simply creating a interim period here and that we're going to (indisc.) the details of the ultimate objective later and in doing so extend the interim transitional period year after year after year and in effect create a closed class. It would seem to me that he was pretty definite that we had to do more than that. We had to put forth the (indisc.) plan but maybe not (indisc.) but at least in pretty substantial outline before the court would be able to find in our favor.

UNIDENTIFIED SPEAKER: What I hear is that we've been going around and around (indisc.) and we have to do something and I'm just wondering how important at this point in time the matter of transferability is. If you can guarantee it (indisc.). John, we can have a moratorium for a reasonable period of time, but the court is going to require that the legislature act in good faith and Dr. Fletcher feels that to undergo a constitutional test which would stand a constitutional test, that we do have to have something in the bill regarding transferability. And, in any case, you know the legislature is a good thing (indisc.) assuming that you do have a moratorium here. I'm concerned about time schedule (indisc.). Another possibility would be to make out a (indisc.) that vehicle in the next year (indisc.)..... Let me ask John. John, if you knew absolutely that the (indisc.) got the highest bid--every guy wanted to go--would you vote for the bill? If

you knew that was going to the way it was going to work, would you vote for it?

JOHN: I don't know.

CHAIRMAN: Well, you see here's the problem. I don't know either. But then the question is, do you want to vote for a bill which is gonna to lead to that? You need to know now what that plan is to know whether or not you want the bill, don't you? Well, maybe you don't (indisc.) well, maybe so..In my mind I'm not sure that I want limited entry unless I think I understand how it is going to function. You see that's how I look at it...this is the most basic part of the functioning of it, really.

UNIDENTIFIED SPEAKER: (Indisc.) completely transferable or not the basic assumption of having gotten into limited entry will be of benefit either way.

UNIDENTIFIED SPEAKER: If it would stand, but I think that the problem. Now when I came in here this morning I had thought that that's what we better do in view of the time element and the rest of it charge the commission to come back within no more than two years to present recommendations to the legislature on the transferability. In the meantime, we've done a two year moratorium. We can do what needs to be done with transferability at that time. And I believe I understood Fletcher to say that this bill wasn't satisfactory in terms of the law.

UNIDENTIFIED SPEAKER: You asked him and he couldn't give any (indisc.)

I was thinking about a year to guarantee that we participate to make sure that we were (indisc.)

UNIDENTIFIED SPEAKER: If it's any help (indisc.) similar question during break this morning and Fletcher was a little bit more definite (indisc.) two years. The Professor sort of backed off and though..well..Price said, "How about a year?" The Professor said, "Well, we will be far better off with

six months". and tje general indication was that it was his feeling that you could probably get away with a moratorium for about six months but it had to be justified with a temporary transitional device that you needed for administrative purposes while you were getting through whatever it took you to get on with the business of your limited entry program.

UNIDENTIFIED SPEAKER: Course, there's no way that could be..just six months.. because the legislature doesn't meet for another six months.

UNIDENTIFIED SPEAKER: That's right. I think (indisc.) the power to offset (indisc.) and also that it should be covered with a detailed legislative letter of intent in other words to document as being indicated (indisc.) they can do it. In various ways they do it presently, but there was a need to document. It seems to me that regardless of which way we go on the transferability we're not going to be able to solve the problems of the class of people that we are most interested in. It's not a legitimate legislative objective under this bill if you're going to have to go outside of this bill with another piece of legislation making available loans or whatever to really accomplish what we are trying to do in transferability.

(Indisc.) my initial thinking would be to (indisc.) bill rather than wait...

UNIDENTIFIED SPEAKER: Yeah, that's right.

CHAIRMAN: Dave?

DAVE: (Indisc.) ...that's the feeling I get.

UNIDENTIFIED SPEAKER: Yeah, I think we are going to have a lending program and something like that. To my mind, I think we need to solve this question as a part of the key "part of our problem" here.

CHAIRMAN: I do, too. I think we have to really and maybe the best way to accomplish that is to (indisc.) an awful long time today and I don't know whether we're going to accomplish a whole lot more now. Maybe what we

had better do is to understand as best we can the various transfer proposals...you can go back and take each one of them and draw up your list of plusses and minuses for each one of them. I'll do the same. Everybody that's interest, do the same, and let's find out then which ones are valid advantages and which ones are valid disadvantages. What I may put down as an advantage, after discussion, we may find is not an advantage and vice versa, and so on. And maybe we can come back then and make some sense out of this thing.

UNIDENTIFIED SPEAKER: Mr. Chairman, (indisc.) hear from Dr. Fletcher again?

UNIDENTIFIED SPEAKER: It's about the politics of this thing...talk about the fishermen (indisc.) You really have to have the people in Fairbanks and Anchorage (indisc.) and there is one thing about a lottery and that is it (indisc.)....

CHAIRMAN: I don't know whether it is or not, John, I'm not sure.

(Indisc.)

UNIDENTIFIED SPEAKER: Here's the thing about it. If you don't have a lottery, then you (indisc.) the accusation about you gave away the fishing resource.

CHAIRMAN: Well now wait a minute.

UNIDENTIFIED SPEAKER: To who? To a particular group of people...would be like giving away the timber resource to the timber users and the oil resource to the oil people, and the rest of it. But as long as there's some way for other people to enter and they probably won't -- but to some extent they will -- it had to be given away because all citizens and everybody else has an equal access to it and rich or poor you don't have to buy your way--you're not going to do nothing. It's a public resource..you're going to be harvesting a public resource...ther's not enough resource to go around

for all the people who want it so flip a coin and the guy that's lucky gets to harvest the resource and the guy that's unlucky gets to be a (indisc.).

UNIDENTIFIED SPEAKER: I don't see how (indisc.) use the legislators (indisc.) (laughter)....

CHAIRMAN: Do you really think there is that much difference in a liquor license...do you really think that, therefore, a liquor license owner should be able to really sell that to anybody he wants to..to his son.. pass it on in the family, generation after generation, where it's a franchise -- a public franchise again...that's limited where only a certain number of people can get them that he can transfer his down the line to his own kin....

UNIDENTIFIED SPEAKER: You know if I thought liquor licenses were really the important (indisc.) as this, I guess it would be worth the hassle.

CHAIRMAN: Well, now wait a minute...it's the principle that's important.

UNIDENTIFIED SPEAKER: The principle is different because.....

UNIDENTIFIED SPEAKER: Well, one is a resource and the other....(indisc.)

CHAIRMAN: The opportunity is certainly being given over, is it not? Otherwise, why do you limit them to one to every 2500 people?

UNIDENTIFIED SPEAKER: Well, I think it's sort of a privilege to have a license for booze.

CHAIRMAN: Well, I do, too. Very definitely.

UNIDENTIFIED SPEAKER: I just don't see how the two can possibly fit together... in the same package.

UNIDENTIFIED SPEAKER: It's difficult because one is a resource and you can't say the people are a resource.

CHAIRMAN: If you didn't have the people you wouldn't have any (indisc.) to drink it.

(Indisc.) (Laughter)

UNIDENTIFIED SPEAKER: I think we are getting closer...you'll never please everybody, that's for damn sure.

UNIDENTIFIED SPEAKER: Well, I was going to say this, Mr. Chairman. You're going to have to plan to get down to where we are going to have to do on this committee what you do on every committee and go down the room and vote.

CHAIRMAN: That's right.

UNIDENTIFIED SPEAKER: You know and the majority is going to control.

CHAIRMAN: Let's be as intelligent and well-informed as we can before we reach that so.....

UNIDENTIFIED SPEAKER: Something I would like to know....to what extent can we load the deck in terms of the applicants in that lottery? Surely, we can have some basic requirements, have some experience in that it won't just fall to anybody--especially somebody who's on the outside and just wants to take a chance. They'd have to be here in Alaska at least....
(indisc.) (laughter).

CHAIRMAN: We have these three things as of right now....(indisc.)

CHAIRMAN: Lowell, the thing that we do at the present time under one of these work drafts is we set up priorities for that applicant pool based in a mixture of these three things -- the extent of past and present participation in the area of fishery or in similar fisheries, approved training program pertaining to commercial fishery, ability when intent to participate actively in the fishery and a mix of those three things would determine where an individual went in his ranking in this applicant pool. And then the highest ranking is eligible.

UNIDENTIFIED SPEAKER: The past reliance he said was not...that was a grandfather right to determine original entry. He said that after you once got into it.....

CHAIRMAN: We're talking about experience and ability factor. We're not talking about economic factors. The extent of past and present participation (indisc.) area fishery when similar fisheries -- not reliance on...

UNIDENTIFIED SPEAKER: It's a matter of education--experience, skill, etc....

CHAIRMAN: Then, that's what you're talking about, Lowell. This type of thing.

LOWELL: Yeah.

UNIDENTIFIED SPEAKER: It's unfortunate we can't put a resident's requirement in there...

UNIDENTIFIED SPEAKER: If we could do that, all our problems would be solved.

UNIDENTIFIED SPEAKER: We need a lottery among this type of pool.

CHAIRMAN: A lottery (indisc.) this pool?

UNIDENTIFIED SPEAKER: This is why I don't understand the difference between a lottery and property right in that we're going to have more people... In other words, I assume everyone in that pool would be desirous of a license and I don't see where we're going to get more people because all of a sudden the licenses are ...(indic.) made the argument that if you have a pool, then all these extra people to come in there but they've got to be qualified, you know.

UNIDENTIFIED SPEAKER: Well, would your canneries bring in people who are....

UNIDENTIFIED SPEAKER: But, he said we couldn't limit it to a certain year. We couldn't say just those who fished in 1972 are eligible.

UNIDENTIFIED SPEAKER: No, but I mean some sort of qualification of enough experience...

UNIDENTIFIED SPEAKER: You could go back over a period and pick up all kinds of people that have fished who might not be fishing now--they're actually

qualified and could get into the pool.

UNIDENTIFIED SPEAKER: I see. I don't know.

UNIDENTIFIED SPEAKER: Isn't he saying that there would be an incentive under this scheme for anybody other than really interested fishermen fishing in Alaska or even applying in this lottery? If he gets a permit, he can't sell it--he can't transfer it--he's only interested in using it so it's certainly going to favor the Alaskans.

CHAIRMAN: Oh, I don't know. Why do you think so? You've got this very large number of (indisc.) residents who come up every year and a half for many years as helpers on boats if nothing else..not the gear fishermen...not the gear holder, but the helper and all of those would certainly be members of this pool.

UNIDENTIFIED SPEAKER: There are probably more of them than there are resident Alaskans that are (indisc.) to qualify and their (indisc.) of the lot comes around you just figure its probability there will be more of them than in the fishery than the Alaskans (indisc.).

CHAIRMAN: And they continue to hire outsiders as their helpers on the boat so they continue to be come eligible for (indisc.) pool or the applicant pool....

UNIDENTIFIED SPEAKER: There's a reason for hiring outsiders. You get a lot better workers on a lot...

CHAIRMAN: Now, careful, (indisc.) (laughter)

UNIDENTIFIED SPEAKER: I think--I have also felt maybe we could have different ways for different types of gear, different types of situations--and it seems like my impression -- I didn't hear everything that was said -- but we have a lot more flexibility and we could, in other words, how do you get experience on a set that size if you don't have a permit? Now, there's

differences as similar sort of things with trollers or gill netters--
since you don't have the opportunity for experience there could be more
of a (indisc.) whereas you have maybe three or four crewmen on a seine
boat which brings up this -- some of these constitutional -- (indisc.).

UNIDENTIFIED SPEAKER: Maybe this is something we are going to have to write in.

I don't know what the mix should be.

CHAIRMAN: Okay. Very good. Appreciate your being with us this long while.

UNIDENTIFIED SPEAKER: Maybe we ought to check the tape and find out how it's
going along.

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