

SCOMM

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THE UNITED STATES SENATE
ANCHORAGE, ALASKA 99501
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file 02

October 25, 1977

Senator Mike Colletta
Box 3188
Anchorage, Alaska 99501

Dear Mike:

Thought you would be interested in my comments on D-2.

With best wishes,

Cordially,

BIRCH, HORTON, BITTNER & MONROE



Ronald G. Birch

RGB/ah
enclosure

ADDRESS TO

ANCHORAGE CHAMBER OF COMMERCE

October 24, 1977

"THE IMPACT OF THE CARTER
ADMINISTRATION ON ALASKA'S DEVELOPMENT

BY:

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INTRODUCTION

THE CARTER ADMINISTRATION IS SEEKING TO IMPOSE A SERIES OF SOCIAL AND ECONOMIC CHANGES UPON OUR LIFESTYLE THAT ARE BROADER IN SCOPE AND EFFECT THAN ANY SIMILAR SERIES OF CHANGES SEEN SINCE THE NEW DEAL. THE PRESIDENT HAS PRESENTED TO CONGRESS, OR HAS INDICATED HE WILL PRESENT, SWEEPING LEGISLATIVE CHANGES WHICH WILL AFFECT OUR PUBLIC LANDS, OUR TAX PROGRAM, OUR ENERGY PROGRAM, AND OUR INTERNATIONAL POSTURE.

IT IS APPROPRIATE TO REVIEW JUST A FEW OF THESE TO INDICATE WHAT IS HAPPENING, WHAT IS THE PROGNOSIS, AND HOW IT AFFECTS US AS ALASKANS.

MY REMARKS TODAY WILL BE LIMITED TO SEVERAL SELECTED TOPICS.

1. THE D-2 LANDS ISSUE.
2. CERTAIN FACETS OF THE ENERGY PROGRAM DIRECTLY AFFECTING US WHICH HAVE PASSED THE HOUSE OF REPRESENTATIVES AND ARE PRESENTLY IN CONFERENCE WITH THE SENATE.
3. OUR URANIUM DEVELOPMENT PROGRAM, AND HOW IT AFFECTS ALASKA.
4. SOCIAL SECURITY.

I WOULD LIKE TO NOW TURN TO A DISCUSSION OF THE ALASKA PUBLIC LANDS ISSUE, WHICH MIGHT MORE APTLY BE TERMED THE BATTLE FOR ALASKA STATEHOOD, STAGE 3.

THE DECADE OF THE 50's WAS OUR BATTLE FOR STATEHOOD, THE BATTLE OF THE LATE 60's AND EARLY 70's WAS OUR BATTLE FOR A SETTLEMENT OF THE ALASKA NATIVE LAND CLAIMS ISSUE AND OIL DEVELOPMENT, AND IT APPEARS THAT THE BATTLE OF THE LATE 70's WILL DETERMINE THE FUTURE GROWTH, DEVELOPMENT AND LIFESTYLE OF EVERY ALASKAN.

WHEN WE DISCUSS THE D-2 ISSUE, THERE ARE NO GOOD GUYS OR BAD GUYS, BUT RATHER A SERIES OF COMPETING VALUE SYSTEMS THAT HAVE FOCUSED UPON ALASKA AS A MICROCOSM OF THE DEVELOPMENT VERSUS ECOLOGICAL PRESERVATION DISPUTE.

THERE ARE TWO PERCEPTIONS THAT ARE CLEARLY EMERGING ON THIS ISSUE. THE FIRST IS THAT ATTITUDES OF CONGRESSMEN AND SENATORS ARE NOT YET CAST IN CONCRETE, OTHER THAN THOSE WHO ARE VERY CLOSE TO THE ISSUE. THERE IS STILL SOME TIME FOR EACH OF THE COMPETING INTERESTS TO MAKE THEIR CASE HEARD, AND HEARD LOUDLY, ON CAPITOL HILL. THE SECOND IS THAT THERE IS NOT ENOUGH KNOWN ABOUT THE MINERAL POTENTIAL OF ALASKA TO MAKE MEANINGFUL, LONG-LASTING DECISIONS ABOUT EACH AND EVERY ACRE IN THIS STATE.

BOB LERESCHE, THE COMMISSIONER OF NATURAL RESOURCES, HAS COMPILED AN EXCELLENT INVENTORY OF ALASKA LANDS LISTING THE COMPETING VALUES ON EACH OF THE AREAS IN DISPUTE. ~~THIS~~ *LUPC* TOOL WILL PROVE QUITE VALUABLE IN THE MONTHS TO COME. DON YOUNG HAS BEEN FIGHTING A LONELY AND UPHILL BATTLE TO *LUPC* PERSUADE HIS FELLOW CONGRESSMEN THAT FUTURE DEVELOPMENT IN ALASKA SHOULD NOT BE FORECLOSED.

TONY MOTLEY AND CHUCK HAWLEY OF CMAL HAVE HAD A SIGNIFICANT IMPACT ON A GRASS ROOTS LEVEL IN GETTING THE DEVELOPMENT AND RESOURCE PART OF THE STORY TOLD. THE ALASKA STEERING COUNCIL, UNDER THE CO-CHAIRMANSHIP OF STEVE COWPER AND MIKE COLLETTA, HAS ATTEMPTED TO SYNTHESIZE THE COMPETING VALUES EXPRESSED IN THE STATE INTO A COHERENT SERIES OF PROPOSED AMENDMENTS TO THE D-2 LEGISLATION.

THE BATTLE WILL NOT BE RESOLVED THIS YEAR, BUT PROBABLY WILL BE ENACTED INTO LEGISLATION BY THE END OF 1978. I SUBMIT THAT THERE ARE CERTAIN PRINCIPLES THAT CANNOT BE ABROGATED BY THIS LEGISLATION, AND ON WHICH ALL ALASKANS MUST HOLD FIRM.

THE MOST IMPORTANT OF THESE IS THE PRECEDENCE OF THE STATE'S BEING ALLOWED TO SELECT ITS DOWRY OF 103 MILLION ACRES PRIOR TO THE IMPOSITION OF MASSIVE FEDERAL WITHDRAWALS. IT IS MY OPINION THAT THE STATEHOOD ACT IS A COMPACT, AND NOT SIMPLE LEGISLATION. OUR DOWRY, WHICH WAS THE CONSIDERATION FOR OUR ENTERING INTO THE UNION, CANNOT BE CHANGED LEGISLATIVELY EVERY TIME THERE IS A NEW CONGRESS.

SECONDLY, THERE MUST BE SOME WORKABLE MECHANISM INCLUDED IN THE ULTIMATE LEGISLATION WHICH WILL ALLOW FOR THE "UNLOCKING" OF ALASKA LANDS IF OUR NATIONAL INTEREST REQUIRES THE DEVELOPMENT OF RESOURCES ON THOSE LANDS. FEW OF US NEED TO BE REMINDED OF THE CHAOTIC CONSEQUENCES OF AN OPEC OIL EMBARGO SEVERAL YEARS AGO. THE DAY IS NOT TOO FAR AWAY WHEN MINERAL SUPPLYING NATIONS OF THE WORLD WILL BE FORMING THEIR OWN OPEC IN ORDER TO INFLUENCE THE PRICES, POLITICS AND DECISIONS OF THIS COUNTRY. JUST AS PRESIDENT CARTER TERMED OUR ENERGY CRISIS THE MORAL EQUIVALENT OF WAR, WE CANNOT GO INTO A WAR ON VITAL MINERAL RESOURCES

WITHOUT THE ABILITY TO UNLOCK THE RESOURCES CONTAINED IN OUR STATE. ONE ENCOURAGING SIGN ON D-2 LEGISLATION HAS BEEN CONGRESSMAN UDALL'S RECOGNITION OF THE NEED TO HAVE AN UNLOCK PROVISION. SECRETARY OF INTERIOR ANDRUS HAS PROPOSED A RATHER BYZANTINE FORMULA FOR LIMITED UNLOCKING WHICH IS UNWORKABLE AND INADEQUATE. CONGRESSMAN SIEBERLING HAS IMPROVED UPON THAT FORMULA TO THE POINT WHERE IT IS TOTALLY UNWORKABLE. I SUBMIT THAT ULTIMATELY THE LEGISLATION WHICH PASSES CONGRESS WILL HAVE A WORKABLE UNLOCK PROVISION. AS I STATED BEFORE, THE DIFFICULTY OF ARGUING THE D-2 ISSUE IS THAT MOST OF THE ARGUMENT IS BASED ON SUPPOSITION. UNTIL MINERAL EXPLORATION SURVEYS ARE COMPLETED IN OUR STATE, CONGRESS DOES NOT KNOW WHAT IT IS LOCKING UP, UNLOCKING, PRESERVING OR DESTROYING.

IT IS MY PROGNOSIS THAT AFTER MUCH DEBATE AND DISCUSSION, THE ULTIMATE VEHICLE WHICH WILL EMERGE WILL BE A SYNTHESIS OF THOSE VALUES HELD MOST DEAR BY THE PEOPLE OF ALASKA AND VARIOUS INTEREST GROUPS THROUGHOUT THE NATION. THIS WILL NOT HAPPEN BY ACCIDENT. IT IS INCUMBENT UPON EACH OF US TO SPREAD THE GOSPEL CONCERNING THAT WHICH WE ALASKANS DEEM MOST IMPORTANT.

ENERGY STATEMENT

I WOULD LIKE TO TURN NOW TO ENERGY POLICY, A SUBJECT THAT NEEDS NO INTRODUCTION TO ALASKANS. LET ME PREFACE THESE REMARKS BY SAYING THAT I INTEND TO CONCENTRATE ON THE PROBLEM AREAS FOR ALASKANS IN THE CARTER ENERGY PROGRAM, RATHER THAN ON THE GOOD POINTS. MY PURPOSE IN TAKING THIS APPROACH IS NOT TO RUIN YOUR LUNCH, BUT RATHER TO DIRECT YOUR ATTENTION TO PROBLEM AREAS THAT CONGRESS IS STILL CONSIDERING AND THAT CAN BE INFLUENCED BY THE EFFORTS OF ALL OF US.

ENERGY PRICING IS AT THE HUB OF THE ADMINISTRATION'S PROGRAM. ON A FEW DECISIONS, ALASKA HAS COME UP SHORT. THE CARTER NATURAL GAS PROPOSAL, WHICH WAS ADOPTED BY THE HOUSE OF REPRESENTATIVES, DEFINES PRUDHOE GAS AS OLD GAS AND THEREFORE SUBJECT TO PRICE REGULATION. AS YOU KNOW, THE PEARSON-BENTSEN GAS DEREGULATION BILL HAS PASSED THE SENATE AND IT WILL DEFINE NORTH SLOPE GAS AS NEW UNREGULATED GAS, BRINGING A MUCH HIGHER PRICE. HOPEFULLY, THE SENATE WILL PREVAIL ON THIS MATTER. ANYTHING WHICH DIMINISHES THE PRICE OF OUR GAS DIMINISHES THE PROSPECT OF A GAS PIPELINE.

MOVING OVER TO OIL, THE PRESIDENT'S DETERMINATION TO CONTINUE WELLHEAD PRICE CONTROLS IS LIKELY TO CAUSE THE EARLY RETIREMENT OF EXISTING COOK INLET PRODUCTION AREAS. COOK INLET OIL HAS BEEN DEFINED AS OLD OIL AND IS SHACKLED WITH THE LOWEST REGULATED PRICE, FIVE DOLLARS AND TWENTY-FIVE CENTS PER BARREL. AS A RESULT OF THE HIGH AND GROWING EXTRACTION COST, THIS FIELD WILL BECOME UNECONOMIC BEFORE ITS TIME, AND MUCH OIL WILL BE SHUT IN.

ANOTHER CORNERSTONE OF THE ADMINISTRATION'S

PROGRAM IS ADDED USE OF COAL. THE PRESIDENT HAS PROPOSED, AND THE HOUSE HAS ADOPTED, A TAX ON LARGE USERS OF OIL AND GAS AS A BOILER FUEL. THIS TAX WOULD SUBSTANTIALLY INCREASE FUEL COSTS FOR ANCHORAGE UTILITIES AND KENAI PETROCHEMICAL OPERATIONS. THIS ADDED COST WILL BE PASSED ONTO THE COMMUNITY AND WILL ALSO DAMPEN THE PROSPECTS FOR EXPANSION OF KENAI'S PETROCHEMICAL FACILITIES.

THE IMPACT OF THE PRESIDENT'S COAL CONVERSION PROGRAM ON ANCHORAGE UTILITIES MAY BE THE MOST SEVERE BLOW HIS PROGRAM PROMISES FOR ALASKA. UNDER THE PROVISIONS OF THE HOUSE BILL, BOTH MAJOR UTILITIES WILL HAVE TO COMPLETELY REBUILD THEIR FACILITIES IN ORDER TO BURN COAL AND WILL HAVE TO HIKE ELECTRIC RATES AS MUCH AS THREE HUNDRED PERCENT. A DISASTEROUS IMPACT IS SELF-EVIDENT. THE COMPANION SENATE BILL, IN SECTION 202, WOULD EXEMPT THE ANCHORAGE UTILITIES FROM THIS ONEROUS PROVISION. THE ANCHORAGE COMMUNITY SHOULD UNITE BEHIND AN EFFORT TO ENSURE THAT SECTION 202 SURVIVES THE UPCOMING CONFERENCE BETWEEN THE HOUSE AND THE SENATE.

BEFORE LEAVING UTILITIES, I WOULD LIKE TO MENTION THE STATUS OF THE PRESIDENT'S UTILITY RATE REFORM PROGRAM. UNDER HIS PROGRAM, PURCHASERS OF PEAK LOAD ELECTRICITY OR PURCHASERS WHOSE ELECTRICITY DEMAND ZONE RISES WOULD BE SUBJECTED TO THE HIGHEST ALLOWABLE RATES. THIS POLICY WOULD HIT HARD AT A GROWING COMMUNITY SUCH AS ANCHORAGE AND WOULD BE PARTICULARLY DIFFICULT FOR EXPANDING BUSINESSES. THE

HOUSE HAS ENACTED THE CARTER PROVISION REQUIRING TOP DOLLAR PRICING FOR PEAK LOAD AND INCREASED ELECTRICITY USERS. THE SENATE HAS REJECTED THIS PROPOSAL AND IT FACES A DIFFICULT TIME IN CONFERENCE.

I WILL SWITCH OVER TO SOME GOOD POINTS BEFORE THIS SPEECH BECOMES TOO GRIM. THE PRESIDENT'S GENEROUS TAX INCENTIVES FOR THE PURCHASE OF HOME INSULATION WILL BENEFIT ALASKANS GREATLY. SIMILARLY, THE FINANCIAL INCENTIVES CREATED FOR THE INTRODUCTION FOR WIND POWER AND SOLAR POWER GENERATING EQUIPMENT CAN BE PARTICULARLY BENEFICIAL TO A STATE THAT HAS A POPULATION AS SPREAD AND ISOLATED AS OURS.

IT WOULD BE INAPPROPRIATE TO DISCUSS WASHINGTON'S ENERGY POLICY AND NOT DEAL WITH NORTH SLOPE OIL DISTRIBUTION POLICY -- OR LACK OF POLICY. RATHER THAN DISCUSSING THE DISTRIBUTION IMBALANCE OR THE VARIOUS PIPELINE PROPOSALS, I WOULD LIKE TO TAKE A SOMEWHAT DIFFERENT SLANT. THE HARM CAUSED TO ALASKANS BY THE PRESIDENT'S REFUSAL TO ALLOW THE JAPANESE TO IMPORT OUR OIL HAS NOT BEEN FULLY UNDERSTOOD. NOT ONLY HAS PRESIDENT CARTER SUBSTANTIALLY LIMITED THE POTENTIAL MARKET FOR OUR PRODUCT, THEREBY REDUCING ITS WELLHEAD VALUE AND STATE TAX REVENUES, BUT HE HAS SET A DANGEROUS PRECEDENT THAT MAY PRECLUDE THE DEVELOPMENT OF A SUBSTANTIAL REFINERY AND PETROCHEMICAL INDUSTRY IN THIS STATE. AT PRESENT, THE STATE IS EXAMINING THE PROPOSALS SUBMITTED BY ELEVEN BIDDERS TO BUILD A REFINERY AND SATELLITE PETROCHEMICAL FACILITIES TO PROCESS STATE ROYALTY OIL. IF

REFINED PRODUCTS ARE TO BE PRODUCED IN THIS STATE FROM NORTH SLOPE OIL, THE JAPANESE AND PACIFIC MARKETS MAY NEED TO BE AVAILABLE. THE PRESIDENT'S DECISION TO DENY NORTH SLOPE OIL TO THE JAPANESE CAN EASILY BE EXPANDED TO INCLUDE NORTH SLOPE REFINED PRODUCTS UNDER THE AUSPICES OF THE EXPORT ADMINISTRATION ACT OF 1969. IF THE PRESIDENT EXERCISES THIS PREROGATIVE, THEN THE POTENTIAL FOR A REFINERY PETROCHEMICAL INDUSTRY IN THIS STATE WILL BE SEVERELY RESTRICTED IF NOT ELIMINATED.

URANIUM

ADDRESSING THE FUTURE OF THE URANIUM INDUSTRY IN ALASKA IS ANALOGOUS TO THOSE SPEAKERS WHO ADDRESSED SIMILAR FORUMS SOME TWENTY YEARS AGO CONCERNING ALASKA'S PETROLEUM RESOURCES AND POTENTIAL. AS WAS THE CASE THEN WITH OIL, ALASKA'S SIZE AND GEOLOGY STRONGLY INDICATE THAT SIGNIFICANT DEPOSITS OF URANIUM ARE LOCATED IN OUR STATE.

IN 1959, PRESIDENT EISENHOWER ANNOUNCED OUR ATOMS FOR PEACE PROGRAM. ESSENTIALLY, HE PROMISED THE COUNTRIES OF THE WORLD THAT THE UNITED STATES WOULD LEAD IN SUPPLYING TO THEM NUCLEAR TECHNOLOGY AND NUCLEAR SUPPLIES FOR PEACEFUL USE IN EXCHANGE FOR THEIR AGREEMENT NOT TO UTILIZE NUCLEAR DEVELOPMENT FOR NON-PEACEFUL PURPOSES.

THE PRESENT ADMINISTRATION IS SEEKING TO UNILATERALLY CHANGE THAT COMMITMENT AND IMPOSE A NEW MORALITY UPON THE SUPPLY AND DISTRIBUTION OF NUCLEAR POWER. WE HAVE ESTABLISHED LABYRINTHIAN PROCEDURES WITHIN THE VARIOUS EXECUTIVE AGENCIES AND THE NUCLEAR REGULATORY COMMISSION WHICH HAVE INORDINATELY DELAYED THE GRANTING OF LICENSES AND LOWERED OUR INTERNATIONAL CREDIBILITY AS A RELIABLE NUCLEAR SUPPLIER. UNFORTUNATELY, THIS PROGRAM COMES AT A TIME WHEN OTHER NATIONS, SUCH AS FRANCE, GERMANY AND JAPAN, ARE FULLY EQUIPPED TO SUPPLY TO FOREIGN PURCHASERS THE EQUIPMENT AND SUPPLIES NECESSARY FOR NUCLEAR DEVELOPMENT. RATHER THAN ACTING LIKE THE DON QUIXOTE OF NUCLEAR ENERGY, THIS ADMINISTRATION SHOULD BE WORKING WITHIN THE FRAMEWORK OF THE

INTERNATIONAL COMMUNITY TO ASSURE THAT THERE WILL NOT BE NUCLEAR PROLIFERATION AND TO PREVENT TERRORISTS FROM OBTAINING NUCLEAR WEAPONRY. UNFORTUNATELY, THIS COUNTRY HAS NOT BEEN SUCCESSFUL IN THAT ARENA, AND OUR ATTEMPTS TO UNILATERALLY IMPOSE OUR OWN CONSTRAINTS ARE LARGELY BEING IGNORED.

ADDITIONALLY, THE PRESIDENT HAS CALLED FOR A HALT TO OUR BREEDER REACTOR PROGRAM, WHICH WOULD REPROCESS SPENT LIGHT WATER REACTOR FUEL TO OBTAIN PLUTONIUM. HIS ANNOUNCEMENT WAS PREMISED UPON THE FEAR THAT WORLD-WIDE PRODUCTION OF PLUTONIUM WILL INCREASE THE POSSIBILITY OF ITS USE IN THE MANUFACTURE OF NUCLEAR WEAPONS BY TERRORIST GROUPS AND NATIONS CURRENTLY LACKING NUCLEAR WEAPON CAPACITY. HOWEVER, ALL OF THE PLUTONIUM-PRODUCING NATIONS HAVE TURNED THEIR BACKS ON US AND ANNOUNCED THAT THEY INTEND TO GO FULL SPEED AHEAD WITH THE DEVELOPMENT OF THE PLUTONIUM FUEL CYCLE FOR THEIR REACTORS.

IN ANY EVENT, ONE THING REMAINS ABUNDANTLY CLEAR. IF THE CARTER ADMINISTRATION PROGRAM CONCERNING NUCLEAR ENERGY IS TO SUCCEED, A CORNERSTONE OF THAT PROGRAM WILL BE THE ABILITY OF THE UNITED STATES TO PROVIDE URANIUM SUPPLIES TO OTHER NATIONS. THE PRESIDENT HAS NOT CALLED FOR THE ABOLITION OF NUCLEAR ENERGY, BUT MERELY FOR GREATER CONTROL OVER ITS PROLIFERATION. IF THE ADMINISTRATION'S PROGRAM DOES NOT SUCCEED, THERE WILL STILL BE A TREMENDOUS NEED FOR RAW URANIUM. UNDER EITHER SCENARIO, ALASKA WILL FIND ITSELF UNIQUELY SITUATED AS A SUPPLIER OF A VITAL ENERGY FEEDSTOCK TO THE REST OF THE WORLD.

BECAUSE OF THE ABOVE, ALASKA IS ON THE THRESHOLD OF A GREAT NEW PERIOD OF ECONOMIC OPPORTUNITY. GIVEN THAT PROBABILITY, WE HAVE AN IMPORTANT CHOICE TO MAKE. WE COULD LOCK UP THE RESOURCES, EITHER WITHIN D-2 DESIGNATIONS OR BY A POLICY DETERMINATION THAT URANIUM, IN AND OF ITSELF, IS AN EVIL. HOWEVER, THAT OPTION IS UNACCEPTABLE IN LIGHT OF THE ENERGY CRISIS WE ARE LIKELY TO FACE DURING THE COMING YEARS. WE COULD SIMPLY MINE THE URANIUM, AND SHIP IT OUTSIDE, AS WE HAVE WITH OUR RESOURCES SINCE TERRITORIAL DAYS. THIS WOULD BE GOOD FOR THE COUNTRY, BUT THE BENEFITS TO ALASKA WOULD BE THOSE OF EXPORTING ANY EXHAUSTIBLE RESOURCE. WE COULD BUILD LIGHT WATER NUCLEAR REACTORS OR BREEDER REACTORS TO GENERATE ELECTRICITY FROM THIS URANIUM. HOWEVER, WE ALREADY HAVE AN ABUNDANT INDIGENOUS ENERGY SUPPLY FROM OTHER MORE CONVENTIONAL SOURCES. ADDITIONALLY, THE UNRESOLVED QUESTIONS OF NUCLEAR WASTES FROM THESE PLANTS WOULD DETRACT FROM THE ATTRACTIVENESS OF THAT OPTION. THE REMAINING OPTION, TO MINE THE URANIUM IN ALASKA AND BUILD A URANIUM ENRICHMENT PLANT, WOULD NOT ONLY BE SAFE AND ENVIRONMENTALLY SOUND, BUT ALSO TREMENDOUSLY BENEFICIAL TO OUR STATE'S ECONOMY.

FOR MANY YEARS, THE BULK OF ALASKAN URANIUM EXPLORATION WAS CONDUCTED BY INDIVIDUAL PROSPECTORS WHO FOUND A NUMBER OF INTERESTING BUT UNECONOMIC DISCOVERIES. TO DATE, ALASKA HAS HAD ONLY ONE URANIUM MINE, LOCATED AT BOKAN MOUNTAIN IN SOUTHEASTERN ALASKA. THAT MINE HAS CEASED ITS OPERATIONS. DURING THE LAST FEW YEARS WE HAVE SEEN AN ACCELERATION OF BOTH PRIVATE AND GOVERNMENTAL URANIUM EXPLORATION IN ALASKA. THEY REVEAL OPTIMISTIC FINDINGS IN

SOUTHEAST ALASKA AND THE SEWARD PENINSULA. IN FACT, WITHIN THE LAST MONTH, THE U.S. BUREAU OF MINES REPORTED THE DISCOVERY OF SIGNIFICANT CONCENTRATIONS OF URANIUM NEAR THE HEADWATERS OF THE LITTLE CHAMPION CREEK ABOUT FIFTY MILES NORTHEAST OF FAIRBANKS. UNFORTUNATELY, THIS AREA IS MARKED FOR INCLUSION AS A WILD RIVER SANCTUARY IN THE ADMINISTRATION'S D-2 PROPOSAL PRESENTLY PENDING BEFORE CONGRESS. THOSE WHO FILE CLAIMS PRIOR TO FINAL PASSAGE OF THIS LEGISLATION WILL BE ALLOWED TO MINE THEIR CLAIMS UNDER HEAVY ENVIRONMENTAL AND LAND-USE RESTRICTIONS.

THIS URANIUM IN ALASKA WILL HAVE TO BE ENRICHED. URANIUM ENRICHMENT IS THE PROCESS THAT OCCURS PRIOR TO THE USE OF URANIUM IN LIGHT WATER NUCLEAR REACTORS. SIMPLY STATED, THIS PROCESS GLEANS RADIOACTIVE U-235 ISOTOPES FROM THE URANIUM CONCENTRATE THAT HAS BEEN EXTRACTED FROM CRUDE URANIUM ORE. WITHOUT U-235, THE REMAINING ORE LOSES ITS RADIOACTIVITY, IS NOT DANGEROUS TO MAN, AND CAN BE BURIED OR DISPOSED OF SAFELY IN MANY WAYS. THE ENRICHMENT PROCESS IS REALLY JUST A DISTILLATION OR FILTERING OPERATION THAT SEPARATES THE RADIOACTIVE MATERIAL USEFUL FOR FUELING NUCLEAR REACTORS FROM THE NON-RADIOACTIVE URANIUM WITH WHICH IT IS FOUND. THE END RESULT IS A PELLET WHICH IS EASILY TRANSPORTED IN TUBES FOR USE IN REACTORS.

AS OPPOSED TO THE U.S. BAN ON THE EXPORT OF PLUTONIUM, THE SHIPMENT OF ENRICHED URANIUM TO OTHER COUNTRIES FOR THEIR NUCLEAR REACTORS HAS ALWAYS BEEN THE

CORNERSTONE OF OUR INTERNATIONAL NON-PROLIFERATION POLICY. AT PRESENT, WE ARE THE WORLD'S DOMINANT SUPPLIER AND PLANS HAVE ALREADY BEEN ANNOUNCED BY THE ADMINISTRATION TO INCREASE OUR ENRICHMENT CAPACITY.

LET ME NOW DESCRIBE WHAT THE PROCESS OF ENRICHING ALASKA'S URANIUM WOULD ENTAIL. THE ORE WOULD FIRST BE MINED IN OPEN-PIT OR UNDERGROUND OPERATIONS AND TRUCKED TO A MILL WHERE IT WOULD BE CONVERTED INTO YELLOWCAKE. FROM THE MILL IT WOULD GO TO A CONVERSION PLANT WHERE IT WOULD BE TRANSFORMED INTO URANIUM GAS. THE GAS WOULD THEN BE SENT VIA TRUCK OR RAIL TO THE ENRICHMENT PLANT WHERE U-235 ISOTOPES WOULD BE EXTRACTED. AT NO TIME DURING THE ENTIRE PROCESS WOULD THERE BE ANY DANGER TO MAN OR HIS ENVIRONMENT. RADIATION LEVELS WOULD CONSTANTLY BE WELL BELOW FEDERAL STANDARDS. LAND USE WOULD BE MINIMAL. THE LARGEST USER, THE MINES THEMSELVES, WOULD ONLY NEED ABOUT 1800 ACRES A YEAR. MOREOVER, THE DISTILLED URANIUM, DEPLETED OF ITS RADIOACTIVE CONTENTS, WOULD BE STOCKPILED OR BURIED WITH NO HAZARD TO THE PUBLIC'S HEALTH. THE ENRICHED URANIUM WOULD THEN BE EXPORTED OUTSIDE THE STATE TO THE WEST COAST OR THE ORIENT.

THE BENEFITS TO BE DERIVED FROM LOCATING AN ENRICHMENT OPERATION IN THE STATE ARE ENORMOUS. FIRST, AN OPERATION PROVIDING SUFFICIENT ENRICHED FUEL TO SUPPORT THIRTY 100-MEGAWATT NUCLEAR REACTORS WOULD COST 3.8 BILLION DOLLARS TO BUILD. ITS ECONOMIC VALUE ON A YEARLY BASIS WOULD BE ABOUT EIGHT HUNDRED MILLION DOLLARS. WE COULD ALSO EXPECT AN INCREASE IN DIRECT EMPLOYMENT OF 5600 JOBS. THIS NUMBER INCREASES GREATLY IF INDIRECT AND CONSTRUCTION

EMPLOYMENT IS CONSIDERED. FINALLY, NOT ONLY WOULD WE BE PROVIDING A MUCH NEEDED SOURCE OF ENERGY BUT WE WOULD ALSO BE FURTHERING OUR NATION'S NON-PROLIFERATION POLICY. IN SUM, THE OPERATION WOULD GIVE ALASKA'S ECONOMY AND JOB FORCE A GREAT BOOST, WITH NO HAZARD TO THE ENVIRONMENT AND OUR HEALTH.

UNDER ANY SCENARIO, THE UNITED STATES GOVERNMENT IS COMMITTED TO THE CONSTRUCTION OF ADDITIONAL URANIUM ENRICHMENT PLANTS FOR THE NEXT FOUR DECADES. SEVERAL OF THESE PLANTS HAVE ALREADY BEEN COMMITTED TO OPERATIONS IN THE LOWER 48. THE TIME TO CONDUCT FEASIBILITY STUDIES, DETERMINE THE FEASIBILITY OF SUCH AN OPERATION IN ALASKA, AND ALERT THE FEDERAL GOVERNMENT TO OUR INTEREST IN POSSIBLY OBTAINING AN URANIUM ENRICHMENT FACILITY FOR ALASKA IS NOW.

**PROPOSED REVISION OF
SOCIAL SECURITY AMENDMENTS**

EVERY NEW PRESIDENT INHERITS COMPLEX PROBLEMS FROM HIS PREDECESSORS, AND JIMMY CARTER CAN NUMBER THE SOCIAL SECURITY HORNET'S NEST AS ONE OF HIS MOST UNPLEASANT CARRY-OVERS.

THE PRESIDENT'S PHILOSOPHICAL DILEMMA LIES IN TRYING TO PRESERVE CERTAIN COMMITMENTS OF A CIVILIZED, RATIONAL SOCIETY, SUCH AS A SOCIAL SECURITY SYSTEM, AN ADEQUATE MINIMUM WAGE, AND A SUFFICIENT WELFARE PROGRAM, WITHOUT SUFFERING HIGH UNEMPLOYMENT OR INTERNATIONAL DISLOCATIONS IN SOME OF OUR MAJOR INDUSTRIES--SUCH AS STEEL.

THIS DIFFICULTY IS PROBABLY BEST ILLUSTRATED BY OUR FLOUNDERING SOCIAL SECURITY SYSTEM. IN THEORY, THE SYSTEM SHOULD WORK. HOWEVER, LIKE MOST PYRAMID PROGRAMS, IF THE BASE DOES NOT EXPAND ENOUGH TO MEET THE GROWING APEX, THE PYRAMID WILL TOPPLE. THERE IS SIMPLY NOT ENOUGH MONEY GOING INTO THE SOCIAL SECURITY SYSTEM TO MEET THE OUTFLOW REQUIREMENTS. THIS PROBLEM CAN BE SOLVED PRINCIPALLY IN ONE OF TWO WAYS:

NUMBER ONE: THE LEVEL OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS CAN BE RAISED TO A POINT SUFFICIENT TO MEET THE CAPITAL OUTLAY; OR

NUMBER TWO: THE EMPLOYER CONTRIBUTION CAN BE RAISED
TO A POINT SUFFICIENT TO MEET THE CAPITAL OUTLAY.

UNFORTUNATELY, BOTH OF THESE ALTERNATIVES HIT
HARDEST IN ALASKA, YET ONE WILL HAVE TO BE CHOSEN. ALASKA,
BECAUSE OF ITS SUBSTANTIAL COST OF LIVING, PAYS HIGHER
SALARIES THAN ANYWHERE ELSE. AS A RESULT, THE RISING SOCIAL
SECURITY TAX BASE WILL GREATLY IMPACT THE ALASKA EMPLOYMENT
SCENE.

THE CARTER ADMINISTRATION HAS CHOSEN TO PLACE THE
VAST MAJORITY OF THE INCREASED CONTRIBUTION BURDEN UPON THE
EMPLOYER. THE MAJORITY MEMBERS OF THE SENATE FINANCE
COMMITTEE HAVE ADOPTED THE ADMINISTRATION POSITION, WHILE
THE MINORITY MEMBERS ARE STILL TRYING TO CAST THE BURDEN
EQUALLY BETWEEN EMPLOYER AND EMPLOYEE. IF THE MAJORITY
RULES, THE SENATE FINANCE COMMITTEE WILL APPROVE A SOCIAL
SECURITY FINANCING MEASURE THAT WILL TERMINATE THE EMPLOYEE
CONTRIBUTION AT APPROXIMATELY TWENTY THOUSAND DOLLARS, BUT
CONTINUE THE EMPLOYER CONTRIBUTION TO SEVENTY-FIVE THOUSAND
DOLLARS. TO ILLUSTRATE, THE ADMINISTRATION SUPPORTED
PROPOSAL WILL INCREASE THE EMPLOYER'S CONTRIBUTION FOR AN
EMPLOYEE MAKING THIRTY THREE THOUSAND DOLLARS PER YEAR FROM
NINE HUNDRED SIXTY-FIVE DOLLARS IN 1977 to TWO THOUSAND THREE
HUNDRED AND NINETY DOLLARS IN 1987. FORTUNATELY, THE HOUSE WAYS
AND MEANS COMMITTEE HAS ELECTED TO CONTINUE EMPLOYER-EMPLOYEE

PARITY. UNDER THE HOUSE PROPOSAL, AN EMPLOYER WOULD PAY THIRTEEN HUNDRED AND EIGHTY-FIVE DOLLARS FOR THIS EMPLOYEE, MORE THAN A THOUSAND DOLLARS LESS THAN THE CARTER SUPPORTED MEASURE.

NEITHER THE HOUSE NOR THE SENATE PROPOSALS RECOGNIZE THAT THE SOCIAL SECURITY PROGRAM PENALIZES ALASKANS FOR OUR HIGHER COST OF LIVING. PRESUPPOSING THAT ONE OF THESE TWO ALTERNATIVES IS AN INEVITABILITY, I PROPOSE THAT WE SHOULD SUPPORT A COST OF LIVING ADJUSTMENT ON RATE BASES AND ON SOCIAL SECURITY BENEFITS PAID BACK TO ALASKANS THAT WOULD COMPENSATE FOR OUR HIGH PRICES AND COSTS. ADDITIONALLY, WE SHOULD BE EXAMINING THE IMPACT ON OUR INDUSTRIES AND BUSINESSES OF A SOCIAL SECURITY CONTRIBUTION RAISED TO THE FIRST SEVENTY FIVE THOUSAND DOLLARS OF AN EMPLOYEE'S SALARY. I SUBMIT THAT THIS WILL HAVE A SEVERE IMPACT ON RAISES, NEW EMPLOYMENT, AND EXPANSION FOR EACH OF US.

CONCLUSION

THE PERCEPTION IN CONGRESS OF ALASKA AND ALASKANS HAS CHANGED DRAMATICALLY OVER THE LAST DECADE. BOB BARTLETT, ERNEST GRUENING AND RALPH RIVERS HAD TO PERSUADE THEIR FELLOW CONGRESSMEN THAT MONEY SHOULD BE SENT TO BENEFIT A REMOTE AREA; POOR; UNDERPOPULATED; SUFFERING FROM A HIGH INCIDENCE OF TUBERCULOSIS, EAR DISEASE; AND LACK OF DEVELOPMENTAL OPPORTUNITIES. WE HAD EARTHQUAKES, WE HAD FLOODS, AND TO GIVE TO ALASKA WAS AN ACT OF CHARITY.

TED STEVENS, MIKE GRAVEL AND DON YOUNG FACE A GROWING PERCEPTION THAT ALL ALASKANS ARE RICH BOOMERS WHO ARE CONTENT TO POCKET THEIR MONEY AND DESPOIL THE ENVIRONMENT. THE MORE EXPOSURE INDIVIDUAL MEMBERS OF CONGRESS HAVE TO ALASKA AND ALASKANS, THE MORE WE BENEFIT. THE QUALITY OF LIFE THAT BROUGHT US HERE AND KEEPS US HERE IS NOT SOMETHING WE READILY ARE WILLING TO SACRIFICE. THE MAIN PROBLEM WE HAVE IN WASHINGTON, D.C. IS IN PRESENTING THE TRUE ALASKAN PICTURE.

ON THE ISSUES I DELINEATED ABOVE, AND ON OTHER ISSUES CONFRONTING ALASKA, WE MUST USE A MULTIPLIER EFFECT. WITHIN OUR OWN INDUSTRIES, PROFESSIONAL GROUPS, LABOR ORGANIZATIONS, AND OTHER INTEREST GROUPS, WE SHOULD BE DISSEMINATING THE WORD TO OUR FRIENDS AND ACQUAINTANCES IN THE LOWER 48. THE D-2 ISSUE IS NOT A REGIONAL ISSUE, IT IS A NATIONAL ISSUE. THE DEVELOPMENT OF URANIUM RESOURCES IS NOT A REGIONAL ISSUE, IT IS A NATIONAL ISSUE. IN OUR TRAVELS AND CONVERSATIONS, WE SHOULD BE NOT ONLY SELLING ALASKA, BUT ASKING OUR FRIENDS IN THE LOWER 48 TO TELL THE ALASKA STORY TO THEIR CONGRESSMEN AND SENATORS.