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ALASKA'S GROWTH AND FUTURE CHOICES --
STATEWIDE POLICY ISSUES FOR THE ALASKA PUBLIC FORUM PROGRAM

DRAFT

Alaska Growth Policy Council
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CONTENTS

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September 24, 1976

Introduction

In his "State of the State" message of January, 1976, Governor Hammond had the following things to say about individual citizens' involvement in public decisions affecting their own future and Alaska's:

> Alaskans are perhaps the most involved, interested and curious citizens in these United States - and perhaps the world. This interest stems, I believe, from an ingrained desire to make our dream of Alaska - as it was and as we'd have it be - a product of and a program for Alaskans...
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> . . . . . .
>
> Since no one man has the only road map, what we need up here are many alternative visions of where Alaskans want to go, and from this amalgamation put forward positive images of tomorrow. The major question is, of course, what kind of Alaska do we want, both for ourselves and for our children's children?...
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> . . . . . .
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> So we could promote anticipatory democracy. "Anticipatory" because we'd better start anticipating the future, rather than just permitting it to come about. "Democracy" because unless we find ways to involve thousands of Alaskans in the process, we'll find the future staked out by a handfull of corporate, political, academic and other elitists, each of whom has carefully looked after number one while no one is taking time to look out for the public as a whole.

The Governor went on to point out that the Alaska Growth Policy Council and Public Forum Program "are tools designed to solicit public input," and that he had directed the Council to initiate the Forum program

> to determine what the people think our goals should be - first, to formulate the questions, and then ask Alaskans such things as: what's your view on population growth? should we industrialize more rapidly? emphasize renewable resource enhancement and utilization? place more weight on recreational tourism? encourage or discourage community development in areas now uninhabited? build a petrochemical industrial complex? and many, many more.

The Growth Policy Council has followed the Governor's directions. It has established an extensive program of research and survey work, public information, and citizen participation in state government decision making. The program is highlighted by a series of regional and statewide workshops in which people in all parts of the state will meet to consider and express their views on critical policy issues facing the State of Alaska. These issues and the basic choices to be made are described in detail below. The choices on these issues -- the development and uses of Alaska's oil wealth, land use planning and management, human resources development, the role of government and its relationship to the people, and state growth policy generally -- will largely determine the future of Alaska. For underlying all of these issues is the question posed by Governor Hammond: what kind of Alaska do we want, both for ourselves

and for our children's children?

Because the choices to be made are so fundamental, the clearest possible expressions of public needs and preferences are essential to guide state decision makers. And it is to facilitate such public expressions and involvement that the Alaska Public Forum Program has been established. There are three major goals to be achieved through the Alaska Public Forum:

- To inform Alaska citizens of critical problems and opportunities facing the state, of basic choices to be made, and of the consequences of key decisions that must be made in the next few years.

- To assure every interested citizen an effective voice in shaping the future of the state, an opportunity to be heard on basic decisions which will be made on issues of oil wealth, land use, human resources, and government.

- To make government more responsive to concerned citizens throughout Alaska, to tune government to the expressed needs of an informed public.

At the heart of the Alaska Public Forum Program, therefore, is a series of basic policy issues and specific choices on which citizen viewpoints are sought by legislative and executive officials of state government. This paper provides background information on those issues and tentatively identifies the choices that can be made. All of the issues and choices presented have important implications for future patterns of growth in Alaska: how much, how fast, and what kinds of growth we want and where we want it to occur. They all point to the basic issue of how large a role state government should have in managing growth, controlling its effects, and achieving agreed upon social objectives that petroleum wealth will make possible. And they all relate to the overriding question of what kind of future Alaska we want.

The purpose of the Alaska Public Forum Program is to assist Alaskans to better understand the problems of Alaska's growth and to participate more directly with state government in finding solutions to them. The Forum is intended primarily as a means of strengthening the two-way communication between Alaska's people and their state government. It is thus an extension of the democratic process and a supplement to normal channels of communication, such as campaigns, elections, letters, and personal contacts between citizens and government officials. If it functions well, the Alaska Public Forum will facilitate citizen involvement in state government's efforts to meet the challenges of growth in Alaska, and it will enable government to better inform the people

of the problems to be met and the choices they can make.

This paper consists of three sections. The first describes the general background of Alaska's growth since statehood, and presents some projections of future population and economic growth. The second section presents a series of selected statewide policy issues and related choices. These, or revisions and refinements of them, will be the subjects of public discussion and response in regional workshops in all parts of the state; through newsletter, newspaper, and other media distribution; and in a statewide workshop and TV "town meeting" to be held in mid-1977. Since this paper is still a working draft subject to comments, criticisms, and revisions, the final section indicates the general kinds of responses that would help make it most useful for informing the public and soliciting their views on the role that state government should play and the course it should chart toward Alaska's future.

Alaska's Growth

This section provides an overview of growth in Alaska, including past patterns and future projections, and discusses some emerging growth policy issues that must be dealt with by state government in the next few years. In general, the picture that comes into focus shows an Alaska in rapid transition from a struggling new state in the early 1960's to an oil-rich boom economy in the 1970's and 80's, where problems of growth and opportunities for dealing effectively with them are as challenging as they are unprecedented.

This history of economic development in Alaska suggests a recurring pattern of generally unguided responses to major external forces of change, with the benefits of development flowing disproportionately to "outsiders." First it was furs, then gold and the fisheries, followed by the massive defense build-up of World War II and the Cold War of the 1950's. In what respects and to what extent will the new era of development, based on the production of potentially vast petroleum resources, prove to be different? Will the people of Alaska and their leaders and institutions have greater influence in determing the nature, rate, and consequences of development than they have been able to exert in the past? If, in the petroleum era, the state government is a major owner of the resources and the great wealth they represent, there might be reason to expect that now the State of Alaska can effectively negotiate if not independently chart its future course of

growth and capture its fair share of the benefits. How fast the state develops its petroleum resources and how it chooses to use the wealth they produce will have a very large impact on the shape of Alaska's future.

But it also must be recognized that the State of Alaska is not the sole, or even the dominant resource owner, nor can Alaska be insulated from national and world forces which determine energy development policies. The federal government, now as in the past, is the biggest landlord and resource manager in Alaska and likely will remain pre-eminent in the future. Native corporations created under the Alaska Native Claims Settlement Act are also establishing their places in the development process. And as federal and state governments and Native corporations look toward development of the resources they own, they are bringing the international petroleum industry into the process. It is not clear what Alaska will look like in the future, what kind of place it will be to live. What does seem clear is that the scale of development will be much larger and the consequences for Alaskans at least as far-reaching as any previously experienced.

The Setting for Growth

There was a serious question in the early 1960's whether the new State of Alaska might survive economically. Its economy, which was dependent on federal government expenditures and a few unstable resource extraction industries, was capital poor, high cost, and

underdeveloped. Steady growth in the values of fisheries and forest product industries production, however, were indicators that, by the mid-1960's, the state could survive, though not in any high style. What made the difference during that period was the onset of major oil and gas production from the Kenai-Cook Inlet fields.

By the end of the decade, the wellhead value of production from Kenai-Cook Inlet had surpassed the values of production from the fisheries and forest products industries, rising to an amount almost equal to the values of fisheries and forest products combined. (See Table 1.) This, of course, was merely the prelude to what would follow the Prudhoe Bay discovery in 1968, when Alaska would move into the top ranks of the oil-rich regions of the Western Hemisphere.

During the 1960's, Alaska's population and economy grew at a relatively rapid pace:

- The population increased from 237 thousand in 1961 to 302 thousand in 1970, an increase of 28 percent.
- Civilian employment rose even faster, from 68 thousand to 105 thousand, for a 55 percent increase.
- The total market value of all goods and services produced in the state (Gross State Product) doubled, rising from $681 million in 1961 to $1.4 billion in 1970.

- Total state government revenues amounted to only $46 million in 1961; they were almost six times higher, $260 million, in 1970 (not counting the one-shot $900 million sale of Prudhoe Bay leases in that fiscal year).

- Recurring state government revenues from oil and gas production at Kenai-Cook Inlet rose from $4 million in 1961 to $39 million in 1970. (See Table 2.)

The basic push to Alaska's economy was provided at the end of the decade by oil and gas production from the established fields, and this was reinforced by the early gearing up for Prudhoe Bay developments.

Alaska was thus enjoying a steady upward pace of growth at the end of the 1960's, based on increasing values of natural resources production, with oil and gas taking the lead. But the stage was re-set for a major leap with the Prudhoe Bay discovery, and the question for the 1970's and beyond became one of whether the state is capable of managing and accommodating the massive surge in wealth and growth that petroleum development is now bringing to Alaska.

The surge began with the discovery of oil at Prudhoe Bay in 1968. This was followed in quick succession by the state's $900 million sale of Prudhoe Bay oil leases, passage of the Alaska Native Claims Settlement Act by Congress, the start of construction of the

$8 billion trans-Alaska oil pipeline, planning for a Prudhoe Bay gasline, and the federal government's announcement of an accelerated OCS oil and gas leasing program weighted heavily toward Alaska offshore regions. Thus, the Prudhoe Bay discovery was but the first of a current series of massive developments now changing the face of Alaska.

Pressures for development of Alaska's oil and gas resources multiplied rapidly after the Prudhoe Bay discovery, due largely to the settlement act and the national and world-wide energy crisis. The settlement act awarded over 40 million acres of land and $1 billion to Alaska's Native Eskimos, Indians, and Aleuts in compensation for their aboriginal claims to most of the land of Alaska. Organized into profit-making corporations under the Act, Native leaders now have obligations and strong incentives to develop the resources on their lands, and to enter into other forms of profit-making enterprise. Further, the settlement act removed one major legal block to construction of the pipeline from Prudhoe Bay and made it possible for the state to resume efforts to select its own 103 million acre entitlement under the Statehood Act.

Thus, in addition to compensating Alaska Natives for their aboriginal claims, the settlement act triggered a massive reallocation of land in Alaska. Native village and regional corporations would select over 40 million acres, the state would proceed to select its 103 million acres, and the federal government would designate up to 80 million acres of public domain as additional

national parks, wildlife refuges, forests, and wild and scenic river areas. And all of these land designations and selections would be scattered and interspersed throughout most of the state rather than falling into neat blocks. This land transaction in itself would have been a major event and force of change in Alaska even if no oil had been discovered.

Then came the energy crisis--the sudden increase in oil prices and the withholding of oil exports by the Arab nations and other members of the Organization of Petroleum Exporting Countries. Since the United States was heavily dependent on these exports, these events led to a series of emergency measures by the federal government having even greater significance for Alaska. The most important is the accelerated Outer Continental Shelf (OCS) oil and gas leasing program. Nine of the twenty-four lease sales under the program have been scheduled for Alaska offshore areas within a three-year period. Further, exploration was renewed in U. S. Naval Petroleum Reserve No. 4 (now National Petroleum Reserve, Alaska) west of Prudhoe Bay on the North Slope, an area that may itself contain as much oil or more than Prudhoe Bay's 10 billion barrels.

Also about this time, Congress passed the trans-Alaska Pipeline Authorization Act and related legislation that removed the second major legal block to pipeline construction. Permits were soon granted and construction of the trans-Alaska oil pipeline began in

the spring of 1974.

Finally, the federal Bureau of Land Management in the same year undertook a "primary corridor system" study in Alaska as a basis for the reservation of easements across public and prospective Native lands, with particular emphasis on transport needs for "high value energy resources" development. The trans-Alaska oil pipeline and the prospective gas pipeline from Prudhoe Bay may thus be only the first of a series of pipeline utility and related "corridors" that would criss-cross the state.

Thus, by early 1974, interests in Alaska petroleum resources and prospects for large-scale development had multiplied. Now, it was not only the state and major oil companies looking at the North Slope. It was also the federal government looking to the development of both onshore and offshore oil lands as a means of increasing domestic energy supplies and reducing dependence on imports. And it was the Native regional corporations making plans to develop the commercial values of lands, including oil and gas resources, granted them by the settlement act. Meanwhile, trans-Alaska pipeline construction was bringing boom conditions to Alaska.

Petroleum development, like the larger growth cycle it has set in motion, is also self-reinforcing. Prudhoe Bay and the pipeline have "opened up" the North Slope, the adjacent seas, and lands along the pipeline corridor to new federal, state, and Native corporation leasing and exploration activity. NPR-Alaska activities are similarly

likely to encourage further developments on northwestern and western Alaska lands and seas, since it is generally easier and cheaper to extend development from existing areas, and to share or expand transportation facilities than to open new and isolated areas. And the geologically promising oil lands of Alaska are widespread. In the future, this "opening up" of Alaska lands may also help make possible large-scale development of other mineral resources such as coal, copper, tin, lead, and other commodities that are now uneconomic to develop.

For fiscal reasons, Alaska's state government has added its own push to the growth momentum. The state operating and capital budgets expanded rapidly after the $900 million sale of Prudhoe Bay leases in 1969. The budget doubled a year later and then kept climbing, requiring the state to draw on the "investment" fund established with the Prudhoe Bay money.

Soon after the state received the $900 million, the decision was made to start spending part of it to expand and improve public services and facilities. It was anticipated at this early stage that the trans-Alaska oil pipeline would be completed by 1973, and that state oil royalties and severance taxes would fairly quickly restore the initial drawdowns from the fund. Thus, the fiscal 1971 General Fund budget of $321 million (not including federal and other restricted and special purpose funds) was double the previous year's budget of $162 million. The next biggest overall increase,

a 26 percent rise, occurred in the fiscal 1975 General Fund budget, due mainly to pipeline construction impacts. As a result of these successive increases, the fiscal 1976 General Fund budget was over three times larger than the pre-lease sale budget of fiscal 1970.

In general, increases were made across the board in state programs, with the largest and most expensive programs--in education, health and social services, public works, highways, and debt service--accounting for the largest dollar increases. However, since expenditures in all other program areas were also substantially increased, these "big programs" did not increase their proportions of the total General Fund budget over the 1970-1976 period. (See Table 3.)

These General Fund program increases account for the largest share of the drawdowns from the original $900 million, as well as from the estimated $330 million in capital gains and interest generated by major investments of the lease sale money. Smaller amounts were put into various state loan and mortgage programs (under $100 million for housing, veterans, small business, municipal, and similar loans) and invested in the stock market (about $18 million) in which losses of about $7 million were incurred.

While the fund was emptying and higher plateaus of state expenditures were being created, delays occurred in pipeline construction and there were no new oil revenues to replenish the fund. The result was that a "fiscal gap" was opened for the two-year period

before Prudhoe Bay oil and revenues from it would begin to flow in late 1977. In response, state officials had to examine additional sources of income, including a tax on oil reserves and the leasing of additional areas for oil exploration. The situation now appears to be in hand, given the reserves tax and general increase in tax revenues generated by the growth accompanying the pipeline boom. But the strains are still there, and the schedule for completing the pipeline is still uncertain and critical to the state's short-term fiscal health.

Even if state officials had been more determined to make the $900 million last a while longer, pressures for ever-increasing expenditures could not have been easily resisted. Prudhoe Bay developments, the settlement act, trans-Alaska pipeline construction, and the national energy crisis set off boom conditions in Alaska--rapid increases in economic activity and employment opportunities, the prospect of higher incomes, expansion of trade and service enterprises, and, drawn by the new jobs and income opportunities, heavy migration into Alaska. As a result, "impact" conditions had to be met and demands on public services and facilities grew, while the costs of government and everything else in the over-heated economy continued upward. And all of this was on top of a long contained backlog of public facility and service needs in the new and still underdeveloped state.

Thus, dating roughly from the winter of 1973-1974 when pipeline construction activities began in force, and as a result of

all the conditions outlined above, Alaska's growth took off in a new surge. And the end is not yet in sight. Looking again at the indicators used to summarize 1960's growth in Alaska, bringing them up to 1975, and projecting them out to 1990, we see the following:

- A total population of 384,400 in 1975, an increase of 27 percent over 1970, almost doubling to over 700,000 by 1990.

- Total civilian employment of 164,500 in 1975, an increase of 57 percent over 1970, doubling to almost 330,000 by 1990.

- A Gross State Product of $1.8 billion in 1975, a relatively small increase over 1970, more than tripling to $5.7 billion by 1990.

- State oil and gas revenues of $62 million in 1975, again a relatively small increase over 1970, skyrocketing to $2.3 billion by 1990--an amount approaching forty times the total oil and gas revenues in 1975!

- And total state revenues of $506 million in 1975, almost double those of 1970, increasing by another ten times to $4.8 billion by 1990! (See Table 4.)

The fast growth in population and employment between 1970 and 1975 can be attributed almost fully to pipeline construction and

anticipation of it, with a large part of this growth occurring in 1974 and 1975. Since Prudhoe Bay oil will not begin to flow until 1977 or after, and other growth-inducing developments are expected in the future, the other indicators (gross product and state revenues) that are largely dependent on such events do not show their greatest growth until later.*

Emerging Policy Issues

It should by now be clear that the central issue for public policy making in Alaska is not whether the state should grow or should remain as it is. Alaska is already growing rapidly and it is inevitable that it will continue to grow in the future. Even if nothing else happened, events already underway -- most importantly the developments at Prudhoe Bay with all their consequences -- are sufficient to guarantee a high rate of growth for at lease the next ten to twenty years. The crucial policy issue facing Alaskans today is: to what extent and how should Alaska's growth be moderated and directed to serve social objectives and the broad public interest.

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*A word of explanation about the statistics presented above: The numbers for 1970 and 1975 are, of course, reasonably firm ones. The projections to 1980, 1985, and 1990 can only be characterized as good guesses. They are based not only on what is now in sight (e.g., Prudhoe Bay oil and new state revenues from it) but also on assumptions about additional developments (e.g., federal OCS leasing) and key factors (e.g., the future price of oil). There will always be room for argument and disagreement about such projections. Some may come out with lower figures and others with higher ones. The above projections are considered to be within the range of likely events and are based on generally conservative assumptions.

While growth is inevitable, its rate, level, and quality are not. The effects of growth on individuals, families, and communities, on the countryside and on fish and wildlife habitats and resources, are not foreordained. Growth can be a blessing or a curse, or it can be some varying mixture of both. And whether we see it and experience it as good, bad, or indifferent depends on what we want in life for ourselves and for our children, on what we give priority to, and on what we value. In other words, choosing the kind of future we want to see is possible -- recognizing that there are some basic "inevitabilities" and "realities" -- and the act of choosing is above all a value judgement.

This means that there are few "right" or "wrong" answers. Rather, there are better or worse choices we can make, with "better" or "worse" being dependent on what it is we value or want. The notions of right or wrong, or correct or incorrect, come in mainly after we have decided where it is we want to go. It is then that we try to select the "right" or "most effective" means that will get us there.

For example, if you place high value on the personal relationships and experiences of small community life, you will not move to downtown Anchorage, and you probably will not favor locating a major industrial complex in or near your town or village. On the other hand, if you place high value on having a wide choice of goods and services and of different job opportunities, and you like the faster pace of urban life, you will not move to a small

rural community and you may favor an expansion of the industrial and commercial base of your city and growth in its population.

In reality, we often want contradictory or inconsistent things--for example, both urban economic opportunities and rural wilderness and recreational experiences. In such cases, "trade-offs" often have to be made: you would give up just as much of one -- and no more -- to get a certain amount of the other. For example, from your small town or village you might move temporarily to the city to make more money and to enjoy the city's entertainments, but you would stay only part of the year and return home to live the rest of the year. Or, you might live permanently in the city and put up with driving ten miles in moderate traffic to reach a favorite rural recreational spot. But if you had to drive fifty miles in heavy traffic on weekends to compete for a spot on a stream bank, you might reconsider whether the benefits of urban life and the growth of the city were compensating adequately for the "bads."

These examples also point to decisions that can be made by government that may be supportive or not of our personal preferances and choices. Government can influence the rate, directions, and types of community growth and the availability and quality of rural recreational experiences through planning and zoning and other land use controls. It can promote new industrial and commercial development and jobs through tax breaks and loans and through expenditures on basic facilities such as ports, roads, and utilities.

It can moderate or discourage such developments by using the same means in lesser or opposite ways. It can increase the amount and improve the quality of education, health care, and recreational opportunities through expenditures on those programs and through reforms in how they are administered. And much more.

It is as often the case with government as with individuals that trade-offs will need to be made between competing "goods" as well as between "goods" and "bads." Further, for government it gets more complicated because it must not only try to accomodate the sometimes conflicting wants of individuals, but also to meet and reconcile the competing values of different population groups. And it must try to accomplish this in the context of forces, some of them national and international in scope, that it may have little or no control over.

We have already seen some of the changes and the prospects for growth that the national energy crisis and the discovery at Prudhoe Bay have brought to Alaska. But the basic point remains that Alaskans generally are still in a position to make some very important choices about what they want and what the future will bring. And state government, with the resources it controls and the wealth it will have, can be a powerful tool that Alaskans can use to shape the future they want.

Alaska is undoubtedly going to be called upon to contribute a large share of the energy resources required to meet national

policy goals. But Alaskans (as well as other U. S. citizens) also place high values on outdoor recreation, wilderness, subsistence life-styles, and protection of wildlife. Programs of land use planning and management, resource conservation, and environmental protection will be required in the face of pressures for a rapid rate of resource extraction and increasing demands on air, water, and land resources. The need for adequate fish and wildlife and other environmental protection is particularly critical because of the limited biological carrying capacity of Alaska's arctic and sub-arctic climes.

Exhaustion of the state's petroleum resources and wealth is possible within the period of one or two generations. To what extent can or should state policy makers attempt to slow the rate of oil and gas extraction? How much of the public revenue generated by that extraction should be invested in renewable resource industries, such as fisheries, forestry, and agriculture? in small business? in industrial development? How much revenue should be saved and invested for use by future generations? How much should be expended on education, health, housing, transportation and other community facilities and services?

The needs and interests of both current and the growing number of new inhabitants of Alaska have to be accommodated. As employment opportunities and incomes increase, larger numbers of migrants are attracted to the state. The result is that the jobs and economic

benefits are spread thinner, unemployment persists, and the average individual realizes a smaller gain. Some people experience many of the costs of growth and few of the benefits. They may directly experience the congestion and crowding, the higher prices, the increased crime, the family crises and breakdowns, and other problems that typically accompany economic booms. Others may find themselves in a position to take direct advantage of boom and growth conditions by increasing their incomes, avoiding many of the social costs, and enjoying a wider range of choice in commercial goods, services, and recreation.

Demands for public goods and services also grow with the population that is attracted by the economic opportunities based on resource development. At the same time, and often with a lag as has occurred in Alaska (the "fiscal gap" problem), the resource development generates the public revenues necessary to meet the expanded demand. Expenditure of these revenues then not only increases the level of services but also yields increases in economic activity (through creation of new jobs and incomes), which attracts additional population and, hence, stimulates additional public expenditures. With resource development generating both the growth and the revenues necessary to meet the new needs and demands accompany that growth, government size, complexity, and expenditures also increase.

The questions arise: How much is enough? Can or should the process be slowed? Can or should government itself be limited while the basic source of its expansion -- resource development -- continues at a rapid rate? Regardless of what might be done about the size of government bureaucracies and budgets, are there ways of restructing state and local governments, defining their roles, and allocating their responsibilities so as to make them more effective and more responsive to the people? Perhaps the most basic question about government is: How much responsibility do the people of Alaska want their state government to take in meeting the social and economic problems of growth, in promoting or discouraging developments in the private sector, in protecting valued lifestyles, and in achieving some balance of environmental protection and resource development? In short, what do Alaskans want their state government to do, or to avoid doing, in making Alaska the kind of place they hope it will be?

In summary: Decisions must be made over the next few years that will affect the rate and quality of growth of communities and regions, the quality of the natural environment, and the well-being of all Alaskans. Many of the forces of growth in Alaska today are not under the control of state government. But the state does have means of influencing 1) the rate of growth through its own resource development and fiscal decisions, 2) the kinds and locations of growth through its regulatory, taxation, and expenditure powers, 3) the social and economic opportunities and well-being of Alaskans

through the ways in which oil revenues are saved, invested, and spent in the years ahead, and 4) the effectiveness and accountability of government structures and programs through structural and administrative reforms.

Future Choices

If the basic issues before Alaskans are:

- What kind of future Alaska do we want? and
- What role should state government play in getting us there?

then, how best can the people's values and preferences be determined and communicated to state and other policy makers?

It would be difficult to give direct answers to these two general questions about a preferred future and the state's role. This is because they are very broad questions and they are subject to a whole variety of meanings and interpretations. We need to know more specifically what it is about the future and the state role that most concerns people, that is possible to achieve given the tools the state has available and the general growth path Alaska is already on, and that can give clear guidance to state policy makers during the next few years when so many more specific decisions must be made.

Yet, it would be a mistake to ignore those general questions, because people's general ideas about them reflect the fundamental goals and values that give real meaning to the more specific choices that will be made. How can we decide, for example, whether the state government should take certain actions to increase private sector jobs unless we first know whether 1) the kind of industrial development required to create the jobs is consistent with the kind

of Alaska we want to see, 2) job-creation is something we want state government to take responsibility for, and 3) expansion of employment is really at or near the top of our list of priorities?

A solution to this problem of how to get clear guidance from the people on specific policy questions without losing sight of the underlying issues of citizens' goals and values is to approach these latter issues indirectly: to formulate more specific policy questions that have clear implications for Alaska's growth and quality of life in the future. People have to know that if state government does or does not do "x", then the kind of growth they may experience and their preferences and satisfactions may be affected for good or ill, or not at all.

The following sections of this paper have been prepared with that purpose in mind.

- First, four basic "issue areas" have tentatively been selected for attention--the development and uses of Alaska's oil wealth, human resources development, land use planning and management, and government and the people;

- Second, each of these issue areas is introduced with some general comments on how it ties into the broader matters of state growth and quality of life discussed earlier in this paper;

- Third, within each issue area specific problems are identified that state government must deal with in the next few years; and

- Fourth, specific choices that can be made to deal with these problems are presented, and background information needed to understand the choices and their implications is provided.

The general plan of this presentation, then, is to move in logical steps from the broad and general to the specific and concrete, making it as clear as possible at each stage how one level relates to the next. We have already discussed the broad background and present context of growth in Alaska, and looked at some projections of future growth. We have also considered how people's basic values and goals may determine both their more specific choices and their feelings about whether growth and change, and the public decisions that might be made, are "good" or "bad" for them. Now is the point where we look at some of those possible state government decisions that can shape Alaska's future.

Oil Wealth

How Alaska uses its oil wealth -- both the resources themselves and the money the state will get from them -- will probably have the profoundest effects on Alaska's future growth and quality of life. Both the rate at which the state leases its oil and gas

resources and the ways it uses the revenues from oil and gas development can powerfully influence: 1) the general rate of state population and economic growth, 2) the kinds of economic development that occur, and 3) the social and economic well-being of individual Alaskans.

The greatest long-term effects will come through the uses of petroleum revenues. Leasing decisions in the shorter-run bring temporary boom conditions to individual communities directly affected by petroleum exploration and development activities such as at Prudhoe Bay and related pipeline construction. But the state's accumulation and uses of large-scale revenues over a longer period of time can either fuel and accelerate growth, or, through withholding them from the economy, slow or moderate the growth that would otherwise occur. Of course, the rate of leasing by the state will also determine the rate at which new revenues will become available for expenditures or savings.

The people of Alaska are the owners of the oil and gas and, through their state government, they authorize private industry -- through the selling of leases, for which the state receives "bonuses" -- to locate it. The industry's reward for finding the oil and gas is their opportunity to produce, transport, process, and sell the oil and gas for profit. Once oil and gas is found and produced, the industry pays severance, property, and income taxes, and makes royalty payments for that portion of the oil and

gas to which the state retains ownership rights. The state also has the option of taking the royalty oil and gas "in kind" and making it available for use within the state or selling it for export.

The federal government and Native corporations also likely own oil and gas resources in Alaska, and the federal government is already committed to a rapid rate of leasing on the Outer Continental Shelf. Leasing in the National Petroleum Reserve may follow. Federal and Native leasing will also have both short-term and long-term growth impacts in Alaska.

The state thus controls a large amount of oil and gas and will control large sums of petroleum revenues. The rate at which it leases new and yet undiscovered fields, the rate at which it saves and spends the revenues, and the specific ways it chooses to spend, are the most important overall growth management tools it possesses.

Petroleum Leasing--It is not known how much additional oil and gas remains to be discovered and produced on state lands. The best estimates now available suggest that the state probably does not own the equivalent of another Prudhoe Bay, a "super giant" field of 10 billion barrels of oil. However, we have seen that Prudhoe Bay alone will produce enormous sums of money for the state, and ensure a high rate of growth. It will do this for probably the next twenty years. If additional fields are found, which is likely, Alaska may be able to count on a flow of petroleum revenues and continued petroleum-based growth for thirty years, but probably not much longer.

The state can slow the rate of growth to some extent by restricting the sale or leasing of oil and gas on state lands. Or, it can speed the rate of growth by a rapid rate of leasing. This would be on top of the growth already generated by the leasing it has already done, and on top of the growth that will be stimulated by leasing likely to be done by the federal government and Native corporations.

Another thing that the state might do is take some amount of royalty oil "in kind" and make it available within the state for industrial development, such as petrochemicals, refining, power generation, etc. This, of course, would support a certain kind of growth, and it ~~would probably~~ might require that the state sell the oil and gas at less than its market value in order to ~~promote~~ attract such industrial development.

CHOICE ONE: Should the state attempt to slow the rate of growth by restricting the sale or leasing of its own oil and gas resources, keeping them in the ground for future use?

FAVOR OPPOSE NO OPINION

CHOICE TWO: Should the state attempt to make its "in kind" royalty oil and gas available to private industry, at below market value if necessary, for development of petrochemical plants, refineries, power plants, etc. in Alaska?

FAVOR OPPOSE NO OPINION

Petroleum Revenues--Expenditure of petroleum revenues by the state has the greatest long-term growth effects because the money enters Alaska's economy and generates additional jobs, income, and hence, migration from outside. On the other hand, the state can slow the rate of growth by saving large amounts of petroleum revenues instead of spending them or otherwise letting them enter directly into Alaska's economy.

The proposed Permanent Fund could be used as such a method of saving. If it is to be used in this way, the petroleum revenues saved would be invested largely outside the state in such things as U. S. government securities, earning perhaps eight to ten percent or more a year in interest. (See Table 5 for some estimates of Permanent Fund principal and earnings, based only on Cook Inlet and Prudhoe Bay oil production, at a twenty-five percent savings rate for certain petroleum revenues.)

These Fund "earnings," in turn, could also be used for different purposes: They could be put back in the Fund and used to build up further earnings. They could be distributed directly as cash payments or "Permanent Fund dividends" to all Alaskans. They could be transferred to the General Fund and used to support state on-going programs, or simply to increase the amount available in the General Fund to spend or hold. And to the extent that any of these ways of using petroleum revenues --either directly or as earnings --lessens the need for tax revenues, the state could cut income taxes.

Instead of using the Permanent Fund as a "savings account" with earnings, the state could use it as a "loan fund." In this version of the fund, the money would be invested in Alaska for several purposes. These could include "infrastructure" development (ports, power plants, other utilities) the costs of which would be paid back by the users, like paying back a loan over time. Or loans could be made directly to attract or support such industries. The industries assisted in these ways could include any type that Alaskans want -- either renewable (fisheries, timber, agriculture) or non-renewable (mining, various kinds of manufacturing, etc.), small business or big, housing and construction, or others.

If the Fund is used as a "loan fund" in these and similar ways, it will probably make lower earnings, and it will clearly promote faster growth, than if it is used as a "savings account." This is bacause the money, as loans, would be used directly in Alaska, and it would help support developments that could not otherwise afford the higher interest rates that would be required by private banks, for example. Or the assisted businesses, industries, etc., may not even be able to qualify for such private loans because of high risk or simply because the funds are not available for the types of activities that the Fund might assist. Thus, the loans in this sense would have to involve subsidies (e.g., below market interest rates, state guarantees, etc.) to those assisted by them.

Whether the Permanent Fund is used as a savings account or a loan fund or both, it will of course take money that would otherwise be available to support on-going education, health and social services, highways, public safety, municipal revenue sharing, and all other programs of state government. And the larger the amount saved or loaned, the less would be available for such other on-going state programs. While money spent through such programs in Alaska serves public purposes determined by the State Legislature and Executive in each year's General Fund budget, it also adds its own push to the state's rate of growth, as we have already seen.

Instead of putting large amounts of petroleum revenues into the Permanent Fund, they could be allowed to build up in the regular General Fund. In this way, the State Legislature and Executive could decide, with a much larger amount of money available, how much should be used for on-going state programs, for capital expenditures, etc., just as they do at present. They could also decide how much to leave in the General Fund to grow and carry over from year-to-year. These General Fund "balances" make earnings, too, through short-term investments and by drawing interest in commercial bank accounts. And the earnings here, too, could be used for purposes similar to earnings under the "savings account" and "loan fund" versions of the Permanent Fund discussed above.

The above leads to petroleum revenue questions dealing with Permanent Fund size, use of the Fund as a savings account or as a loan fund, and use of Fund earnings.

CHOICE THREE: What should be done with the estimated $1 to $2 billion and more per year that the state will get from Prudhoe Bay and other oil production?

A. Put all of the state's petroleum revenues into the Permanent Fund and permit only the earnings to be transferred to the General Fund.

B. Put half the petroleum revenues into the Permanent Fund and half into the General Fund.

C. Put one-quarter or less of total petroleum revenues into the Permanent Fund and put all of the rest into the General Fund.

D. I don't favor the Permanent Fund at any level.

CHOICE FOUR: Which concept of the Permanent Fund would you favor most or give priority to?

A. Permanent Fund as "savings account."

B. Permanent Fund as "loan fund."

C. Neither

CHOICE FIVE: To the extent that the Permanent Fund is used as a loan fund in Alaska, how would you like to see the money used?

A. To build power plants, ports, utilities, and other infrastructure that will help support industrial development.

B. To support development of renewable resource and related industries (fisheries, forestry, agriculture, tourism).

C. To support development of other businesses and industry in Alaska:

1. small business, housing construction
2. mining
3. manufacturing

D. No opinion.

CHOICE SIX: What should be done with Permanent Fund earnings?

A. Put back into Permanent Fund.

B. Transfer to General Fund.

C. Distribute as cash payments or dividends to Alaskans.

D. Cut personal income taxes.

E. No opinion.

Land Use Planning and Management

Petroleum development and revenue policies will affect both the rate and the quality of growth in Alaska. State land policies on the other hand, while having little direct affect on the rate of growth, can have an important affect on quality -- on where,

when, and what type of development occurs. And like petroleum policies, state land policies are strongly affected by what the federal government and Native corporations do in their own areas of ownership and jurisdiction.

The Alaska Native Claims Settlement Act granted over 40 million acres of federal public domain to the Native people. It also set aside another 80 million acres for possible inclusion in national parks, forests, wildlife refuges, and wild and scenic rivers ("d-2" national interest withdrawals). In addition, passage of the Act enabled the state to resume part of its own selections of over 100 million acres granted in the Statehood Act. (However, additional state selections were again halted in 1974 when the remaining federal public domain was withdrawn pending completion of Native selections and issuance of regulations affecting allocation of federal "public interest" or "d-1" lands under the settlement act.) Finally, the act helped make it possible for construction of the trans-Alaska oil pipeline construction to begin, removing the legal block that the claims issue represented.

The settlement act thus initiated a massive redistribution of land, set the stage for a vast increase in state and private ownership of land in Alaska, and helped open the way to the development and transport of energy and other natural resources.

At statehood, almost 100 percent of Alaska lands were owned by the federal government. Less than 500 thousand acres were in private hands, most acquired under the federal Homestead Act, and most in and around communities and along existing road networks. Today, 70 percent of Alaska lands are in federal reserves, the state has selected about 18 percent, and the Natives are completing their selections of over 11 percent of Alaska lands. (See Table 6.) When the state completes its selections, which must occur by 1984, it will have about 29 percent of the lands of Alaska, Native and other private holdings will amount to about 12 percent, and the federal government will still own the majority of the land, about 60 percent. (See Table 7.)

The resulting land ownership pattern will at best resemble a mosaic, but probably look more like a bizarre jig-saw puzzle of a thousand pieces of all possible sizes. This presents major problems of rational land use planning and management in Alaska. Watersheds, shorelines, fish and wildlife, subsistence patterns, transportation and utility systems, and many other affects of different land use activities do not conveniently stop at or confine themselves within legal boundary lines. The problem becomes more acute as we look ahead to a continuing period of rapid growth, bringing a higher level of competing demands for land, water, and other resource values, and increased access to remote areas of Alaska.

The state thus faces several critical policy issues in the area of land use planning and management in the years ahead. They include problems of state land selection, management, and disposal; cooperative federal-state-private land use planning and management; energy facility siting; mining and mineral development; pipeline routing; recreational and transportation easements; and community development. The following discussion of policy choices focuses on state land selection and disposal issues, and some critical land use planning problems facing Alaska generally.

State Land Selection and Disposal*--Since statehood, the state has generally selected lands with potential for a variety of human uses and, in the early years, acquired many small holdings near the larger communities. In more recent years, selections have been made of much larger blocks of land with mineral potential in remote areas. Most vacant land in and around communities was and is not available for state selection. By the time of statehood, most such lands had already been acquired by private parties under the federal homestead law. Consequently, most state-selected acreage is in rural areas quite beyond the range of most cur ent urban economic and population growth.

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*Some of the discussion of this section was adapted from Janet McCabe, Agenda for State Lands, Part II, Joint Federal-State Land Use Planning Commission, Anchorage, Alaska, 1975, pp i-iv.

In 1975, privately owned land in Alaska totaled about 1 million acres, with the majority of it located in the south central region. While the Alaska Native Claims Settlement Act adds almost 44 million acres of private land to the total, not much of this land is likely to be available for sale to other private parties for several years. The extremely slow pace of federal patenting to the Native owners is one reason for this. (The state itself has obtained patent to only about 16 million acres of the 70 million acres it has selected so far.) Federal lands are presently not available for private acquisition (beyond Native selections) nor are they likely to be in the foreseeable future. Without considering Native lands, Alaska land in private ownership equals about 2.5 acres per capita. Including Native lands, there are about 111 acres of private land per capita.

Land used for private purposes is located primarily in the southcentral, southeast, and interior regions. About 88 percent of the state's population lives in these areas, with concentrations in the Anchorage and Fairbanks areas accounting for 57 percent of the total population. Residential and private recreation land use is, therefore, also fairly concentrated. This concentration is emphasized by the fact that most of this land area even of the Anchorage and Fairbanks Census Divisions is unoccupied.

State land transferred to private ownership since statehood totals 124,200 acres, equivalent to an area of about 14 miles by 14 miles. Another 323,000 acres has been leased to private parties.

The greatest demand for state land has been from purchasers seeking land for investment purposes, either to hold speculatively or to subdivide and resell. Most of the land that the state has sold or leased still stands vacant.

A well-known state land disposal program in recent years was the open-to-entry program, which proved extremely difficult to administer and tended to invite public abuse (e.g., multiple holdings, speculative withholding, etc.). Also, it appears that the program fostered a scattered and wasteful pattern of land subdivision, and that it did not adequately reserve land in public ownership for public access and waterfront use. The state has recently been attempting to buy back land alienated under the program in order to privide such access.

The state has in some instances sold or leased property under terms requiring development consistent with an improvement plan and schedule. In locations suited to immediate development, this method has helped prevent speculative holding. Also, there are indications that leasing, instead of sale, as a disposal method has possibilities of reducing speculative acquisition, retaining some measure of control over land use, and allowing the state to share in revenue gained through rising land values.

The following two questions pose choices concerning state land selection and disposal policies.

CHOICE ONE: What do you think is the most important consideration in the state's selection of lands remaining under the statehood entitlement?

A. Potential mineral development.

B. Private residential and recreation sites.

C. Public recreation, wilderness, and scenic areas.

D. No opinion.

CHOICE TWO: What should the state's responsibility be for making state lands available for use by private parties?

A. Maximum amount should be transferred to private ownership.

B. Selective amounts should be available for private use under restrictions.

C. State should retain ownership over all or most of its lands, but make them selectively accessible for recreation and similar uses by the public.

D. No opinion.

Land Use Planning Problems--The Alaska Native Claims Settlement Act, together with the Statehood Act, directly allocate and reallocate a total of 250 million acres, or two-thirds, of the total land area of Alaska. They do this not in accordance with any comprehensive plan for the rational and efficient use and protection of the land, but in terms of a broad array of mostly unrelated political, legal, and economic considerations, past events, and established ownership rights. The result is a complex pattern of scattered and interspersed holdings by the state, over 200 Native regional and village corporations, many federal agencies, several municipalities, and numerous private individuals.

While these land owners are mostly independent of one another, their uses of the land often are not. What one owner does to develop or protect his area can have repercussions on the adjacent owner's area. A pipeline corridor and access road near a small, remote settlement will certainly be felt here. The effectiveness of habitat protection on private lands can affect hunting and fishing or wildlife preservation programs on adjacent state and federal lands. Logging on federal lands may affect the fisheries downstream. And so on. All of this is to indicate the apparent need for some kind of cooperative land planning and management among independent land owners.

Effective cooperation may also mean that different owners will at times need to accept restrictions on what they do on their own land. The state, for example, may need to provide for additional

restrictions on mining and mineral development on some of its own lands in order to help protect resources on adjacent lands that might be affected by such access and use. Or, the state may need to withhold certain lands from selection by municipalities or sale to private parties in order to assure the protection of adjacent hunting and fishing areas. Or, the state may need to allow transportation access or a pipeline utility corridor through a wilderness, park, or wildlife area to support mineral development on federal or private lands.

In exchange for such actions by the state, federal and private owners would similarly need to accept certain restrictions on uses of their own lands. Such cooperative arrangements might ultimately take the form of statewide and regional land planning and management organizations in which all parties will participate. Both the State of Alaska and the Joint Federal-State Land Use Planning Commission have proposed such cooperative planning and management institutions, which would include at least the federal and state land owners.

CHOICE THREE: Should the state enter into strong cooperative land planning and management arrangements with federal and, possibly, private land owners?

FAVOR OPPOSE NO OPINION

Federal oil and gas leasing and subsequent development of the Outer Continental Shelf around Alaska will require that substantial support facilities be developed onshore. Such facilities include 1) supply and service bases, 2) local materials, supply -- sand and gravel, fresh water, etc., 3) platform fabrication sites, 4) submarine pipelines and landfalls, 5) crude oil storage and marine terminals, 6) liquified natural gas plants, 7) and, possibly, small refineries and petrochemical plants.

Activities associated with these facilities will advance and decline with the life of the offshore oil and gas fields. A service base, for example, can begin small as exploration commences, suddenly boom into a 50 acre, 24 hour-a-day complex as oil is discovered and developed, or fold up altogether if fields prove too small or even dry.

These support activities will require land and water resources in and near coastal communities. They will bring in many new workers for construction jobs and require fewer for operations. They will result in at least some unavoidable degree of air and water pollution. Familiar boom conditions, including crowding, housing shortages, excess demand for public services and facilities, price increases, and other such effects may be felt.

But there will be benefits for affected communities as well as costs. Jobs and incomes will be created, at least some portion of which will directly or indirectly flow to local residents, and

retail trade and services establishments will expand. The property tax base will grow and help provide the revenues to neet the new public needs (though adequate local revenues may not materialize until sometime after the needs arise). Some local residents will not only enjoy direct economic benefits, but they will also like the new character and pace of the community. Some resident young people may stay in the community rather than leave and seek their opportunities elsewhere.

Not all of the support facilities and activities are likely to be concentrated in just one or two locations, however. They may be dispersed to the most favorable locations in terms of proximity to different offshore fields, availability of sites, requirements for deep water ports, etc. Generally, the locational decisions made by the private companies involved will be in accordance with their determinations about what is most economical, profitable, and convenient, given technological requirements and the availability of suitable sites. Their locational and other decisions will not necessarily be made in terms of what is best for the community, its residents, and the natural environment. That is not their responsibility as businessmen, although they may well be willing and sometimes even eager to comply with such "public interest" criteria, provided such criteria are clear, reasonable, and applied equitably.

If such criteria are to be effectively developed and applied, this will require planning and enforcement by state and local governments. And this will mean that oil and gas support facilities would be allowed in some areas the companies might have chosen independently, but not in others. Both the benefits and costs, the "goods" and the "bads" of OCS development to local communities and coastal areas will be distributed differently than if there were no state and local facility site planning and effective controls.

CHOICE FOUR: To what extent should ~~state and~~ local governments control the locations of major ~~support~~ facilities for the exploration, development, and production of oil and gas?

A. Companies should be able to select sites without restrictions by state and local governments.

B. State and local governments should plan for and select sites that conform as closely as possible to state and local public interests.

C. No opinion.

Human Resources Development

Alaskans face serious social problems as well as major opportunities in what is likely to be a sustained period of rapid growth. This long-term growth will continue to be interspersed with short-term boom conditions that are felt with particular intensity in individual communities and regions.

Many of these problems and opportunities, and some of the policy choices that go with them, have already been discussed. We have seen that the long-term growth of Alaska will bring many changes and require many adjustments in our family, community, and work lives. One of the great potential benefits, or opportunities, of this petroleum-based long-term growth is the enormous revenues that the state will receive. And, in connection with the "Permanent Fund" idea, we have discussed how these revenues might be used both to influence the state's overall growth and to benefit Alaskans. Both benefits and costs of abrupt "boom town" growth in local communities have also been mentioned -- the new jobs and income, but also the crowding, family disruption, and other social costs.

All of this implies that we have already been dealing indirectly with issues of "human resources development" -- the changing problems as well as opportunities for the growth and fulfillment of individual Alaskans. Here we will focus more directly on some human resources issues emerging from state growth and change and some of the policy choices they may present.

Education, Health Care, and Incomes--If the state does realize anywhere near the revenues projected for the next twenty years or more, it will be in a position to do some rather far-ranging and innovative things in the field of human resources development. The state could subsidize the costs of a college education and career training and retraining for all interested and qualified Alaskans

by making the University a tuition-free institution, for example, and by providing generous grants to individuals going elsewhere for education and career training programs. It could provide support for a comprehensive health care system, covering a significant share of the costs of an "Alaska Health Maintenance Organization," which would concentrate on preventive care for all Alaskans who choose to participate. And it could follow through on the idea of "Permanent Fund dividends" by distributing a portion of the revenues derived from natural resources development to all Alaskans as shareholders in the state and its resource wealth.

A great deal of work, of course, would need to be done in designing such programs, determining their costs at different levels of support, and assessing their likely results and effects. There clearly would be some difficult problems and objections to consider. There would be objections to the state's taking on any further such responsibilities, particularly of such a magnitude. There is the question of whether such support should be provided only on a need and ability to pay basis, if at all. And there is the real difficulty of such programs themselves attracting migration to the state, which, along with adding to general growth pressures, spread program benefits thinner and raise their costs higher. The question is whether Alaskans think it would be worth looking further into such possibilities to see if state government should seriously pursue them in the future.

CHOICE ONE: Should the state look into the possibility of establishing some major new human resources development programs in the areas of education, health, and personal incomes?

FAVOR OPPOSE NO OPINION

Social Impacts--Many Alaskans have already experienced some of the more severe social impacts of rapid and large-scale development. Fairbanks, Valdez, and other communities along the route of the trans-Alaska pipeline have felt the direct effects, both good and bad, of the pipeline construction boom during the past two years. Here we will focus on some of the social problems that go with impact conditions.

A wide range of social problems accompanied the pipeline construction boom, particularly during its peak period. There were severe housing crises in some of the communities along the pipeline corridor. There were reports of increased family breakdowns and inadequate care of children. In Fairbanks, for example, the divorce rate, juvenile arrest rate, and cases of child neglect rose substantially. So did violent and non-voilent crime. Native villages also appear to have experienced some serious social problems as a result of pipeline construction. In many villages, it appears that a large proportion of men left for pipeline jobs. Native organizations became concerned about such problems as food and fuel

shortages in the villages. In both Native and urban communities, increases in alcohol-related violence has been reported.

Social problems occurring in pipeline construction "boom towns" and other affected communities are likely to be repeated with other major petroleum development projects in the future, including Outer Continental Shelf leasing, development of the National Petroleum Reserve (Pet 4), and construction of other oil and gas pipelines across Alaska.

Does the state have a special responsibility to help impact communities through their crisis periods? Should there be a great deal more planning for social impacts in local communities throughout the state, which seem subject to many common and repeated problems? The state could help individual communities anticipate and prepare for their problems, based on experience of similar conditions in communities elsewhere in the state. And it could follow up with concentrated impact assistance to communities during peak periods, until local communities are able to catch up better with developments.

The knowledge and experience gained in handling social impact problems in a more organized and systematic way, with state guidance and assistance, might even carry over into more effective approaches to dealing with chronic, long-term social problems such as alcoholism, child neglect, crime, etc., that are only aggravated during severe impact periods. The state should be in an increasingly strong

position financially to provide such assistance as new petroleum-related revenues become available.

On the other hand, one could take the position that social impact problems are short-term, that benefits and costs may balance out over the longer run, and that individuals as well as communities are better off helping themselves rather than depending on the state to help them through such troubles. Besides, any such efforts are costly and would require money that might better be spent to improve education, health, social service and other on-going programs, or money that might be saved rather than spent at all.

CHOICE TWO: What should be the state's responsibility toward communities experiencing severe social and other problems of impact?

A. The state should help communities plan for impact, and then move in with all possible forms of assistance when impacts hit.

B. The state should provide assistance to impact communities through its regular programs, but otherwise let the communities work through their own problems.

C. No opinion.

Alcohol Abuse--Alcoholism and alcohol abuse is not merely an impact problem in Alaska. It is chronic and long-term, and it is often intensified under impact conditions. Per capita consumption of alcohol in Alaska increased by 29 percent between 1960 and 1970. In 1970, per capita consumption was 44 percent above that for the U. S. as a whole. While fatal traffic accidents attributable to alcohol accounted for 57 percent of the national total, 75 percent of Alaska accidents involved alcohol. More than half of all arrests in the state were alcohol-related between 1960 and 1970.

In Alaska, as elsewhere, programs in the field of alcoholism and alcohol abuse are directed mainly at treating the individual problem drinker after the fact, and then helping him or her on an individual basis. While many individuals have undoubtedly been assisted through their problems at least temporarily, and such efforts are necessary, there has been no apparent progress in reducing the overall problem through these "remedial" treatment programs alone.

There is a different approach to the alcohol problem, one that focuses as much on the drink as on the drinker. It supplements rather than substitutes for remedial treatment, and it emphasizes methods of cutting down the consumption of alcohol in the first place. It is a strong "preventive" approach. It considers alcohol a "potentially dangerous drug" and alcohol abuse as a social health problem of great urgency and critical proportions.

In this approach, the state would attempt to reduce overall per capita consumption on the assumption that this would reduce the overall incidence of abuse leading to bad health, accidents, crime, violence, and death. The state might stiffen penalties for driving under the influence of alcohol (as has the Municipality of Anchorage). It might strictly limit the conditions under which alcohol could be sold -- where, what hours, to whom, etc. -- and strictly enforce such limits. And it might substantially raise taxes on alcoholic beverages, which might both discourage purchases by some, as well as raise additional revenues to help cover some of the costs of the problem and of the programs for dealing with it.

Among the possible objections to such an approach are first, that nobody really knows for sure if it will work, whether it might really succeed in cutting alcohol consumption, lowering alcohol abuse, and reducing some of the worst social problems. Further, it would increase the intervention of the state in individual decisions and require more restrictions on and closer monitoring of the sellers. And, besides, it all sounds rather harsh.

CHOICE THREE: What should the state do about the problem of alcohol abuse in Alaska?

A. The state should view alcohol as a "potentially dangerous drug" and take strong preventive action as well as continue necessary remedial efforts.

B. The state should continue the remedial programs only and try to improve them.

C. The state should cut back on its alcoholism programs altogether.

D. No opinion.

Subsistence Lifestyle--The rural Alaska subsistence issue is often thought of as a fish and game rather than as a "people" matter or as a human resources development problem. Actually, fish and wildlife management can be viewed as only a technical component, a means of dealing with a much broader set of concerns. For many Alaskans, including non-Natives as well as Natives, subsistence hunting, fishing, and gathering can be seen as part of a whole way of life in rural areas.

Viewed in such "life-style" terms, subsistence involves not only fish and game management, but also significant issues of rural development, long-term cultural change, transitions from subsistence to "mixed" economies in Native villages, and natural resource development issues generally.

The speed of growth and change in Alaska directly and indirectly affects people in all parts of the state. Some of these changes in work and occupational patterns, increases in cash incomes, and greater mobility from region to region and village to city, are on-going, long-term events regardless of petroleum development, the Alaska Native Claims Settlement Act, and rapid growth of the state generally. But it seems clear that rural lifestyles, too, are affected by these major developments, and there are increased pressures on rural communities, environments, and natural resources as a result of them.

Major land areas of Alaska are being reallocated to new owners and uses, and competition for limited land, water, fish and wildlife, and other resources is increasing with the overall growth of the state. This presents problems to state resource managers, particularly as natural events and human pressures result in short and long-term depletions of certain fish and wildlife populations and deterioration of their habitats. Most people are familiar with the long-term depletion of Alaska's salmon population and the recent severe decline in the size of the Arctic caribou herd.

In the light of these general and specific events affecting rural communities and lifestyles, as well as the fact that there are competing demands from commercial and recreational users on limited fish and wildlife population, what is the state's responsibility? The state could support and protect subsistence and mixed economics

in rural Alaska, for example, by giving hunting and fishing priority to those who actually depend on subsistence for some significant part of their living, who can show a need, or whose hunting and fishing is an integral part of their general pattern of life in rural areas.

Some of the greatest difficulties of such a policy lie in deciding who qualifies and in justifying more restrictions on competing users. And this would need to be done at the same time that increased efforts are devoted to maintaining fish and wildlife populations on a sustained yield basis and protecting the natural environment that produces them.

CHOICE FOUR: What position should the state take on the issue of subsistence?

A. It should develop a strong policy and program that gives much greater priority to subsistence users on the basis of such factors as rural residence, need, and life-style.

B. It should treat subsistence users of fish and wildlife resources like any other users.

C. No opinion.

Government and the People

Development of Alaska's oil and gas resources brings growth--growth in the population and economy; growth in needs and demands for public services, facilities, and regulation; and growth in the public revenues required to meet the new needs and demands. All of this translates directly into growth in the complexity and size of state government.

It is not difficult to react quite negatively to growth in "bureaucracies" and government "spending." But the matter can be kept in perspective if it is recognized that, to some extent, growth in the size of government and its budgets is a direct result of a larger population, increased demands for public goods and services, greater complexity in the economy and society, and inflation, as well as growth in the revenues available to spend.

This does not mean that the General Fund budget necessarily had to double the year following the Prudhoe Bay lease sale, of course, or that state expenditures have grown only in direct proportion to population growth. They have, in fact, risen much faster than the population. Total state expenditures in 1970 were about $1,000 per capita. In 1975, they were almost $2,000 per capita. This was an expenditure increase of 100 percent while the population grew by about 27 percent. But such figures do not tell the whole story of escalating needs and demands, or of the state's assumption of a larger share of the costs of public education, for example.

Nor do they tell us whether state government was spending the "right" amounts, in relation to current and past unmet needs, before the $900 million became available.

The fact nonetheless remains that state government is growing and that it is likely to grow larger in the future. Although this may not in itself be bad, particularly if it meets real needs and performs efficiently and effectively, it does suggest that it might be time to consider whether government in Alaska--both state and local levels--might be better structured to meet future needs and to assure accountability and responsiveness to the people. Looking toward the next decade and more of rapid growth in Alaska, it may now be time to consider some basic changes in both state and local government structures and how they operate. Three areas to look at are 1) the allocation of functions and finances between state, borough, and city levels, 2) local government development in the unorganized borough (all of the area outside of the organized boroughs) and 3) reforms in services delivery systems.

Functions and Finances--The present distribution of functions and finances between state, borough, and city levels is not necessarily the ideal one, if such could be defined. From one point of view, it could be defined as one that maximizes accountability and responsiveness to the people; from another, one that maximizes efficiency; and from still another, one that is effective in performance and results. While we would like to have all of these, a little efficiency may need to be sacrificed if responsiveness is

increased, for example, and other such "trade-offs" might also need to be made. Responsiveness might be increased if local government assumed functions now provided in all or some areas of Alaska by the state.

Alaska's state government finances or administers all or a very large part of government functions that elsewhere are considered local or shared state-local responsibilities, for example, public safety, local road construction and maintenance, various health and social services programs. In recent years, state government has assumed a growing share of the costs of local public education. Further, there have been significant increases in the funds provided to local governments through the Municipal Services Revenue Sharing Program, which encourages local governments to perform certain functions locally.

In several Alaska boroughs, there continues to be some difficulty in determining whether the borough or the city or cities within it should have certain functions and powers.

The following are some possible choices about these issues.

CHOICE ONE: What level of government should be responsible for the provision of: provide (administer):

	State	Borough	City
A. Education			
B. Police protection			
C. Public health			
D. Zoning			

CHOICE TWO: What level of government should finance:

	State	Borough	City
A. Education			
B. Police protection			
C. Public health			
D. Local roads			

Regional Government--Most of the rural areas of Alaska are unorganized, that is, there are no borough governments as there are in urban areas and on the North Slope. This is considered by many to be both inequitable and inefficient. According to this argument, the inequities are that residents in unorganized areas have less opportunity to participate in public decision making that effects them, and that they do not participate on the same basis as residents in organized areas in paying for services that both receive, e.g., education or police protection. Inefficiency (and ineffectiveness) is believed to stem from the fact that existing service delivery mechanisms (cities and state regional offices) are not well equipped for or adequately familiar with varying rural conditions and needs.

Three major alternatives for extending regional forms of government to unorganized areas have been proposed: First, establish organized boroughs with essentially the same basic powers (education, taxation, planning and zoning) and structures (assemblies, school boards, planning commissions, etc.) that the urban boroughs have.

Second, divide the single unorganized borough into several "Unorganized boroughs," which would have some degree of local autonomy. The legislature could delegate any municipal power to it that an unorganized borough was ready for, including taxing authority. Like organized boroughs, the unorganized boroughs would have specific boundaries, powers, and a governing body responsible for more than one municipal function. Third, establish service areas with governing boards under the authority of the state legislature. Such a service area could provide any municipal service and taxes could be levied, but the powers and functions would need to be approved by the state legislature.

Assuming that local people in the areas affected would have an effective voice in determining the form and timing of regional government for them, what do you think is the best approach?

CHOICE THREE: What kind of regional government should be extended to presently unorganized areas of Alaska?

A. Organized boroughs

B. Unorganized boroughs

C. Service areas

C1. None

D. No opinion

Services Delivery--Social service programs administered at the

state level, even if through regional offices, are often handicapped by distance from and lack of familiarity with local conditions and needs, particularly in rural areas. It has been suggested that effectiveness, and possibly efficiency, might be improved if the administration of programs in such areas as alcoholism, child care, assistance to the elderly, and health care, were carried out by local people in the local areas themselves.

There are regional non-profit planning and social service organizations in most areas of the state now without regional government. There are also organized city governments in most villages of 100 or more population. The suggestion is that, wherever possible and where there is a local interest, social service program administration, accompanied by adequate financing, be delegated to such local and regional entities. It may be that such an approach would cost more, but the argument is that programs would more than make up for this in increased effectiveness and in responsiveness to the people.

Concerning state government agencies and programs generally, it has also been suggested that a fairly comprehensive decentralization and regionalization of them be undertaken. The purpose would be to bring them closer to the people and to make them better attuned to different regional conditions and needs. The idea is that each major region of the state should have a regional center where all state agencies significantly involved in the area would

have offices and services located there. Again, higher costs may accompany increases in accessibility and responsiveness.

CHOICE FOUR: Should the state wherever possible delegate administration of social service programs to local governments and contract with non-profit organizations? ~~even if this costs more?~~

FAVOR OPPOSE NO OPINION

CHOICE FIVE: Should state government be decentralized so that every region has one major government center where all relevant state agency programs are located? clarify regional concept

FAVOR OPPOSE NO OPINION

Next Steps

This paper will undergo extensive review and comment before a final draft is prepared for distribution throughout the state and for use in regional and statewide workshops. In order to improve its usefulness, reviews and responses to this paper are needed particularly along the following lines:

1. Issue selection--Are the issue areas and policy choices that have been tentatively selected both manageable for public education and discussion purposes and central to problems of growth and change in Alaska? Do the issues and choices relate to critical issues within the potential control of state government? Can they lend themselves to discussion and deliberation in workshops by people without technical backgrounds and limited or no experience in the subject matter? What issues and choices should be added? Deleted? Why?

2. Issue presentation--Are the issues and choices presented objectively, accurately, and at an appropriate level of generality? How should the issues and choices be reformulated, keeping in mind that interested lay people and not experts and technicians are the primary audience? How should the questions themselves be reworded?

3. Information needs--Does the background information on Alaska's growth adequately set the stage for the discussion of issues

and choices? What additional or different background information is needed to assure adequate understanding of Alaska's growth and of the particular issues, choices, and their implications? Can such new information be presented in a clear, simple, and relatively brief format without undue distortion or oversimplification? Does the information presented in this paper meet those criteria?

Table 1. Value (in millions) of Alaska Natural Resources Production, 1960-1970

Year	Oil & Gas	Other Minerals	Fisheries Products	Forest Products	Agricultural Products	Furs	TOTAL
1960	1.5	20.4	96.7	47.3	5.4	4.8	176.1
1962	31.7	22.5	131.9	52.3	5.8	4.3	248.5
1964	35.5	30.6	140.9	61.0	5.5	4.4	278.0
1966	50.4	35.9	197.3	73.7	5.5	7.0	369.8
1968	191.1	30.6	191.7	94.8	5.3	6.0	519.5
1970	250.0	30.0	150.0	108.0	5.0	6.0	549.0

Table 2. Alaska Population and Economic Growth 1961-1970

Year	Population	Civilian Employment (annual average)	Gross Product (in millions)	State Gas & Oil Revenues (in millions)	Total State Revenues (in millions)
1961	236,700	67,700	$ 681	$ 4	$ 46
1965	265,200	82,100	830	16	163
1970	302,400	105,000	1,371	39	260

Table 3. Increases in Education and Other Major General Fund Expenditure Categories, FY 1970-1976

Budget Categories	Amounts		Percentages of Total		Percentage Change
	FY 70	FY 76	FY 70	FY 76	1970-1976
Dept. of Education	$ 43.6	$146.9	26.9%	27.4%	236.9%
State Operated Schools	3.5	19.[illegible]	2.2	3.6	445.7
University of Alaska	11.9	34.1	7.4	6.4	186.6
Total of Education	$ 59.0	$200.1	36.5%	37.4%	239.2%
Health & Social Services	$ 23.8	$ 63.0	14.7%	11.9%	168.5%
Public Works	15.8	41.7	9.8	7.8	163.9
Highways	13.0	34.0	8.0	6.3	161.5
Bond Committee	9.0	36.9	5.6	6.9	310.0
All Other	41.3	160.3	25.5	29.8	288.1
Total General Fund Expenditures	$161.9	$536.9	100.0%	100.0%	231.6%

Table 4. Alaska Population and Economic Growth 1970-1990

Year	Population	Civilian Employment (annual average)	Gross Product (in millions)	State Gas & Oil Revenues (in millions)	Total State Revenues (in millions)
1970	302,400	105,000	$1,371	$ 39	$ 260
1975	384,400	164,500	1,754	62	506
1980	460,200	212,400	3,595	1,205	1,975
1985	568,000	263,100	4,717	2,048	3,442
1990	702,100	329,200	5,728	2,339	4,840

Table 5. Permanent Fund Principal and Earnings
1976-1990

Fiscal Year	Petroleum Revenues Subject to Permanent Fund* (millions)	25% Contribution to Permanent Fund (millions)	Permanent Fund Balance (millions)	Permanent Fund Earnings at 8% (millions)
1976	$ 41.6	$ 10.4	$ 10.4	$ .832
1977	38.8	9.7	20.1	1.608
1978	448.2	112.1	132.2	10.576
1979	568.2	142.1	274.3	21.944
1980	780.0	195.0	469.3	37.544
1981	881.4	220.4	689.7	55.176
1982	1,001.0	250.3	940.0	75.200
1983	1,172.0	293.0	1,233.0	98.640
1984	1,269.5	317.4	1,550.4	124.032
1985	1,334.3	333.6	1,884.0	150.720
1986	1,397.8	349.5	2,233.5	178.680
1987	1,447.6	361.9	2,595.4	207.632
1988	1,430.7	357.7	2,953.1	236.248
1989	1,336.7	334.2	3,287.3	262.984
1990	1,294.4	323.6	3,610.9	288.872

*Bonuses, royalties, and federal shared revenues from Cook Inlet and Prudhoe Bay only. Thus, severance tax income is not included, nor are any potential revenues from additional state oil and gas leasing.

Sources: Department of Revenue data, July 1976, for FY 1976 through FY 1985. ISER extrapolations for FY 1986 through FY 1990.

Table 7. Alaska Land Status After State Selections

	Millions of Acres	
	Amount	Percent
Total Area	375.3	100.0%
Federal Reserves	226.1	60.2
Native and Other Private	44.7	11.9
State Lands Selected	104.5	27.8

STATE OF ALASKA

MEMORANDUM

TO: Commissioners
Governor's Office Staff

DATE: August 10, 1977

FROM: Fran Ulmer, Director
Policy Development and Planning
Office of the Governor

SUBJECT: Public Forum Questions

Attached is a first draft of the Public Forum's presentation of the Permanent Fund: a background paper explaining the Fund and the questions which could be presented by the Forum.

On Monday, August 15 at 3:00 p.m., the Permanent Fund Public Participation Working Group will meet to discuss proposed changes in the issue paper and questions. Your participation by attendance or written comment would be appreciated.

Thank you.

FAU/ljs

Attachment

I. INTRODUCTION

The intent of this background paper is to further inform Forum participants about the Alaska Permanent Fund - how it evolved, present management, possible future roles, and investment and management options for its principal and earnings. This paper also describes in greater detail the main issues to be resolved for drafting the legislation to implement the constitutional amendment. These issues form the basis for the questions which are being asked in this year's Forum.

An overwhelming majority of Alaska voters approved an amendment to the State constitution last November which provides that at least 25 percent of certain State non-renewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the Legislature designates as eligible for Permanent Fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the Legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the Fund and use of the Fund's earnings. A great deal of work has already been accomplished

by the Administration and the Legislature in developing background information for these proposals. The Administration, through the Department of Revenue, has already consolidated their efforts into a "discussion bill," HB 298, described later in this paper. Research and analysis continues as policy makers prepare for the debate which will take place during the 1978 session.

The Public Forum will play a large role in this debate. In addition to research on technical questions, policy makers also seek information on how the public views the issues pertaining to the Permanent Fund. They must find out wnere the public wants to go before they can devise institutions and policies which get us there. Thus the Public Forum will be used as a major vehicle to uncover public opinion, and people's ideas, on how to make the Permanent Fund work toward our common visions for Alaska.

II. THE PUBLIC FORUM

Before we explore the details of the Permanent Fund, some information about the Public Forum and last year's results will help put this year's questions and discussion into perspective. Who participated in the Public Forum last year? What did they have to say about out oil wealth, and the Permanent Fund?

To paint a visual image of the 3,714 Alaskans from Metlakatla to

Barrow who addressed the current issues facing their State through the Public Forum workshops or questionnaire would be nearly impossible.

They were as diverse as the spectrum. The youngest was 13 years old. The oldest was 94. They were whalers, doctors, teachers, school children, government workers, homesteaders, bookkeepers, fishermen, and waitresses. The responses were weighted most heavily in the professional-technical category. And twice as many men as women participated.

Length of residency seemed a strong indicator of commitment to the State and its future. Nearly two-thirds of the Public Forum participants have been residents of the State for ten years or more. And at least a third have lived in Alaska for over 20 years. Overwhelmingly, it was this segment of the population who chose to speak, and desired to be heard by the men and women who have some influence in the decision-making process. What did they have to say?

Throughout Alaska there was resounding concern for renewable resource industries. They were ranked, by a wide margin, as the highest priority for Permanent Fund money and the second highest priority for all additional oil and gas wealth.

This concern for renewable resource industries transcended community, regional and professional boundaries. However, the definition of those industries was colored by regional perspectives, ranging from

aquaculture and experimental farms to utilization of solar and tidal energy.

Alaskans participating in the Public Forum also wanted to preserve the integrity of the Permanent Fund. They wanted to insure that it indeed remains a "permanent" fund. Their second choice of "save it" reflects the desire for secure investments - those with guaranteed earnings and high returns. (Furthermore, there was considerable support in the second half of this question for increasing the size of the Permanent Fund by increasing the percentage of revenues flowing into it.)

Each of the five regions expressed differing degrees of concern for the options listed under the Permanent Fund question. (Table 1.)

While loans to renewable resource industries drew substantially high votes across the board, it was clearly the coastal respondents who out-distanced all others in their support for this option. Considering their economic base, that interest is probably equated with fishing and possibly forestry activities.

The Southwest had a higher percentage of people who marked "Loans to Communities" as their first choice. This option had healthy encouragement state-wide. However, while some communities in the State desired this option, many may not have sufficient tax base to repay such a loan.

Like hand in glove, Interior and Southcentral followed each other closely in the degree of importance they attached to each choice for

the Permanent Fund monies. On the whole, they tended to be more supportive of industrialization which was not a large vote getter state-wide.

While Alaskans were eager to use the Permanent Fund to support what many described as a potentially "risky" business with long-term benefits - i.e., making loans to renewable resource industries - some also wanted immediate, tangible proof of our new wealth. (Table 2.)

They favored tax cuts. Under the question of use of surplus oil and gas revenues which are not included in the Permanent Fund, this was the only option which exceeded "Loans to Renewable Resource Industries" in popularity.

Interestingly, tax cuts received the highest bid from those who did not attend the Public Forum workshops but merely filled out a Forum questionnaire.

This seems to indicate that when people gathered to bounce ideas back and forth, they tended to relinquish personal desires for communal benefits. The wide discrepancy in percentages on tax cut votes between questionnaire respondents and meeting-goers was made up in the workshops by stronger support for loans to communities, community revenue sharing, community grants and loans to renewable resource industries.

There was significant concern expressed for community assistance through community loans, community revenue sharing, and grants and

State services. Communities seemed to desire greater control over local services.

Industrial loans (i.e., loans to non-renewable resource industries) did not accrue substantial support. Loans to individuals, which lies at the bottom of the list of options percentage-wise, appeared to the majority of participants the least desirable investment.

This year's Public Forum will explore further the many questions about the Permanent Fund by building on these results. What did Alaskans mean by renewable resources? What goals and objectives lie behind Alaskans' support for such industries? The Forum will also address a number of other questions critical to the upcoming effort to draft legislation, including the problem of management of the Fund, accountability of the Fund's managers, whether the highest possible rate of return should be the investment objective, and whether or not the Fund should be used to subsidize certain industries or projects. The following brief history of the Fund should provide background useful for the consideration of these questions.

III. EVOLUTION OF THE PERMANENT FUND

The Permanent Fund idea in Alaska gained popularity only after the $900 million North Slope lease sale in 1969. Following this sale, the Brookings Institute conducted a series of seminars concerning "The

Future of Alaska." More than 100 Alaskans were invited to attend, explore some of the major emerging policy issues, and set future goals and a practical policy plan for Alaska's future. The participants agreed that the "Alaskan way of life" should be preserved. They defined this life-style as one which combines the conveniences of technology innovation with the opportunity and values of living as close to nature as possible.

After the Brookings seminars, several bills were introduced in the 1970 legislative session to establish some sort of "permanent fund" with the $900 million. However, other more immediate uses for the money were judged to be more important, and no permanent fund was established.

The 1974 Legislature passed a bill creating the Alaska Renewable Resources Development Fund. This legislation provides that not less that five percent of non-renewable resources income will be deposited in a seperate fund beginning July 1, 1978. Monies can be appropriated from the Fund only for capital and operating expenditures for the rehabilitation, enhancement, and development of renewable resource programs.

Another bill, which would have created a permanent fund by statute, passed the Legislature in 1975. However, because the creation of such a fund by statute instead of by constitutional amendment would never be truly "permanent," the Governor vetoed it and introduced House Joint Resolution 39, requiring a vote by the people to adopt a

constitutional amendment to establish the Alaska Permanent Fund. The voters approved that amendment in November 1976 by a margin of nearly nine to one.

The amendment lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals, royalty sale proceeds, Federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund.

Understanding the difference between Permament Fund principal and the income the investment of principal earns is important. The principal represents Alaska's mineral wealth transformed into dollars through the sale of natural resources to private developers. The only restriction on the use of the principal of the Fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The major task of the Administration and the Legislature is to determine to what specific uses (i.e., investments) these dollars should be put, and how to accomplish it. Last year's Public Forum response was to use the Fund for renewable resources. This year we seek to clarify this response, and ask some additional questions on how to achieve your objectives.

If the Fund is invested wisely, the income produced by the investment will yield a fairly certain recurring return on Fund investments. The income from these investments will be deposited in the State's General Fund unless otherwise provided for by law. Government decision makers must determine where and how to use the Fund's earnings which, unlike

use of the principle, need not produce income.

As with the $900 million North Slope lease sales, many pressing needs exist for the billions of dollars which the State will receive in revenues from North Slope oil production and from future sales, leases, royalties and taxes from other areas. Nevertheless, these riches present a serious dilemma as well as a momentous opportunity for your government and the future of Alaska.

The problem is that our mineral sale revenues have recently been financing about 60 percent of State expenditures. Since oil and gas deposits are finite, this source of money is ultimately limited. This situation is of great concern to the Governor. The State is presently deliberating how to move from a dependence on this single unreplenishable source of funding to sources based exclusively on continuing State economic activity, without substantially reducing services, disrupting the growth of the Alaskan economy, or saddling the populace with a large tax burden in the short run. Although substantial oil revenue seems assured for at least ten years (with possible interuptions), how will we pay for government if revenue from mineral sources ultimately declines?

The opportunity presented by these oil revenues lies with how much oil revenue is used for State expenditures and how much is placed in the Permanent Fund. The constitutional amendment provides that <u>at least</u> 25 percent of these oil revenues be placed in the Permanent Fund, which leaves up to 75 percent for the General Fund (from which State

expenditures are made). It will be up to the Legislature to decide, by either fixing in the enabling legislation or on a year to year basis, whether more than 25 percent should go into the Fund. This will depend on the need for State expenditures, the amount of oil revenues coming in relative to that need, and on the uses to which the Permanent Fund will be put. If we use most of our oil wealth to finance ongoing State Government, it will meet public needs but it will also serve to increase our financial dependence on oil. Thus, part of the future role of the Permanent Fund will undoubtedly be to either supplement the General Fund with earnings from Fund investments or to help create a tax base to provide new State revenue sources or some mix of the two.

The role of the Permanent Fund in this context is the focus of this part of this year's Public Forum.

The Governor anticipated voter approval of the Permanent Fund amendment, and in August of 1976, he temporarily expanded the membership and duties of the State Investment Advisory Committee. The Committee is charged by statute to advise the Commissioner of the Department of Revenue on investment policy for the State. He appointed additional members from the general public and the legislative and executive branches and directed the entire body to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

The State Investment Advisory Committee identified several key issues

which required resolution, conferred with consultants, and produced a draft bill proposing a structure for the Permanent Fund. To arrive at its findings, the Committee examined consultants' reports on many of the resource-based monetary funds and development banks throughout the world.

In March of 1977, this proposal was introduced in the State House to begin debate on the structure of the Permanent Fund. The bill (HB 298) would structure the Permanent Fund essentially as a development bank. Such a structure is premised on the belief that enough money will accumulate in the Permanent Fund, and that this money can be successfully applied, to allow diversification of the Alaskan economy. The development bank as proposed by the SIAC would have a two-tiered management system, a policy board with overall policy-making power, and a committee under the policy board to approve specific investment proposals. The bill gives the president of the Fund's corporation strong executive power and principal responsibility for presenting investment proposals of at least 40 percent of the Permanent Fund in high-grade securities, up to 30 percent in Alaska development loans, and up to 30 percent in community projects and private dwellings.

A second proposal was developed from the original SIAC proposal which differs in level of funding and provision for confirmation of policy board members. House Bill 298 calls for deposits of 50 percent of proceeds from bonuses, mineral lease rentals, royalties, and Federal mineral revenue-sharing payments, while House Bill 300 includes 100

percent of bonus payments and the same percentage from other sources. Except for the policy board appointment power of the Governor (which is subject to legislative confirmation only under the provisions of H.B. 300), either proposal would operate the Fund rather independently from the executive or legislative branches of State Government.

In 1977, the Legislature passed an interim Permanent Fund management bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the Commissioner of the Department of Revenue to invest Permanent Fund money into various "money-market instruments," such as U.S. treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. By July 1, 1977, more than $3.9 million had accrued to the Permanent Fund and been invested.

During the 1977 legislative session, the Speaker of the House and the President of the Senate appointed special committees to consider alternative proposals for the Permanent Fund during the legislative interim. The committees, like the Administration, will gather and distribute information, listen to public opinion, seek expert advice, consider how the Fund should be administered, establish major goals for the Fund, and present their recommendations to the full Legislature in January of 1978. Both the Administration and the committees are making efforts in the areas of public education and participation to learn what Alaskans want their Permanent Fund to be. The Public Forum is a

major part of this effort.

IV. THE FUND'S RELATIONSHIP TO THE CONSTITUTION AND OTHER STATE FUNDS

Oil and minerals are a removable portion of Alaska's statehood entitlement of its citizens - past, present, and future. This non-renewable wealth is now being extracted and transformed into another form of wealth - money. The decision to keep a portion of that wealth in a renewable status through dedication to the Permanent Fund provides an opportunity to protect that wealth from being spent and lost to future generations.

The form of the wealth is changing, yet the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The Legislature must decide into what income-producing assets Permanent Fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. As discussed above, a significant portion of State expenditures presently relies upon oil wealth. The Legislature has

already stated that one objective of the Fund is to diversify the State economy. As oil wealth declines, the Permanent Fund may bear the responsibility of supplementing the General Fund through income from Fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the Legislature appropriates money from the General Fund to finance State activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all State revenues from all sources. The Legislature is the only body empowered by the constitution to make appropriations (subject to veto by the Governor) from the General Fund for whatever purposes the Legislature deems proper.

The objectives of some of these activities may be similar to certain proposed uses of the Permanent Fund. For example, the State currently maintains loan programs to meet a variety of public needs, ranging from businesses to senior citizens housing and home loans. (See Appendix 1.) Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

The State also posseses extensive bonding powers and can pursue major projects by issuing general obligations or revenue bonds. Special purpose agencies, such as the Alaska Power Authority, can (with legislative approval) provide for the financing of specific facilities.

The State additionally has mechanisms, such as the Municipal Bond Bank, to assist local governments borrowing money to achieve their objectives.

These various tools should be considered as we ponder alternative Fund uses so that we can best match tools with objectives. Provisions for coordinating the Permanent Fund and other government activities will be a crucial element in developing the enabling legislation.

V. OBJECTIVES FOR PERMANENT FUND INVESTMENT

The people of Alaska should establish the overall objectives for their Permanent Fund. State Government can only achieve this through public meetings like the Public Forum and other public participation, information and participation programs. We need to know <u>your</u> priorities to write Permanent Fund enabling legislation.

The response to last year's Public Forum tells us that Alaskan's most desire an expansion of the State's renewable resource industries. This year we seek to clarify both what people meant by renewable resource industries and to uncover what objectives, or visions for Alaska, lie behind this desire. Renewable resource industries mean many things to many poeple, and each industry can imply different goals to different people. If you can not tell us what it is about resource industries that you find attractive and important, we will

try to design the enabling legislation to reflect your wishes.

As you think about your objectives and prepare to answer the questions on the Permanent Fund, consider the following:

Many of the proposals for in-state investment may involve an interest subsidy; that is, the money is loaned at lower interest, in greater quantities or at "easier" terms than borrowers can obtain from private lenders. If this occurs, the Fund would probably earn a lower return than the market rate, unless the General Fund made up the difference (which has been proposed).

Subsidies may only make sense if the loan or guarantee launches an in-state enterprise that not only repays the loan, but also creates new individual tax sources to cover the original subsidy as well as the cost of additional State and local government services and environmental and social costs generated. If no such in-state opportunities exist, the Permanent Fund cannot create them. In-state investments must be thoroughly evaluated to separate the winners from the losers.

Another point to ponder is that objectives often conflict. Although different strategies may pursue the same objectives, each lends itself to the achievement of some more than others and even some to the exclusion of others. For example, a strategy which seeks to distribute Fund benefits directly to individuals, such as consumer loans, will fail to provide public facilities, such as through loans

to municipalities. Likewise, strategies which seek to guide the State's economy through economic diversification, for example, may not maximize the income from Fund investment.

Some other possible "tradeoffs" are:

employment vs. immigration

economic diversification vs. environmental degradation

size of state government vs. quantity and quality of public services

Tradeoffs are inevitable. As you think about your objectives for the Permanent Fund, think about the tradeoffs involved.

VI. OBJECTIVES FOR THE CONTROL AND MANAGEMENT OF THE PERMANENT FUND

A common concern of many Alaskans after realizing the potential dollar magnitude of their Permanent Fund is who will control this wealth. The only other fund of similar or larger size in State Government is the General Fund. As discussed earlier, the constitution requires that all appropriations from the General Fund be made by the Legislature and be subject to gubernatorial veto. After appropriation by the Legislature, some agency of the executive branch usually administers General Fund money. (The court system, University of

Alaska, and Alaska Housing Finance Corportation are examples of some of the exceptions.)

The State constitution requires that the Legislature determine what kind of investments are eligible for Permanent Fund money. However, the day-to-day management of the money may be delegated to an agency in the executive branch (as it is presently) or to an organization or organizations outside the legislative and executive branches.

The two critical management questions are: How much control over policy should be delegated by the Legislature to another agency or agencies? To what extent will the managers in those agencies be accountable to the people of Alaska, either directly or through their elected officials?

If the Legislature simply directs the managing agency to diversify the Alaskan economy by making sound investments in Alaska's renewable and non-renewable resources (one of the investment guidelines in HB 298), a great deal of discretion is left to the managing agency as to what is a sound investment, what resources to invest in, and which individuals or corporations will receive financing. For example, Fund managers may decide to invest in a multimillion dollar hydroelectric project, or they could use the same money for home loans to individual Alaskans.

Permanent Fund managers must be accountable to elected officials and the public, but at the same time, they should not be vulnerable to

political and special interest pressures. If the loan-making process is to be shielded from political influences by insulating Fund managers from policy directives of elected officials, a large degree of both responsiveness and accountability to the public will be lost.

Current proposals call for appointment of managers by the Governor (one adds confirmation by the Legislature) with removal only for cause. The State Investment Advisory Committee discussed the possibility of elected members, but a brief look at Alaska's highly centralized government (with only the Governor, legislators, and Lieutenant Governor being elected) indicates why this probably would not be consistent with the State Constitution.

"Politics" will not necessarily be kept out of loan decisions by placing experts on a board which is not accountable to the executive branch or the Legislature. Clear and widespread notice to the public about the types of loans that qualify, how loans are applied for and granted, disclosure requirements for decision makers, publishing list of loans or guarantees made, and regular auditing by the executive and legislative branches of government might provide at least a partial remedy to the control and accountability problems.

An alternative to the highly centralized management structure proposed in HB 298 would be for the Legislature to provide for the administration of the Permanent Fund under the existing constitutional power of appropriation: The Legislature, with approval of the Governor, would designate eligible investments by law. The

Legislature annually would pass an investment bill for the Permanent Fund, much like the budget bill for the General Fund. The Permanent Fund investment bill would apportion available Permanent Fund money among the eligible investments.

Funds deposited in the Permanent Fund would temporarily be invested in liquid and secure money-market instruments pending each year's investment bill, as is now being done with Permanent Fund receipts. The Legislature might choose to create new types of financial intermediaries and designate them as eligible for loans or loan guarantees in order to meet Alaska's changing capital needs. For example, the development bank corporation proposed in HB 298 could be one of the new financial intermediaries designated as an appropriate recipient of Fund money. The organization of the Fund may profoundly affect how the Fund performs, but the organization should reflect - not determine - the goals of the Fund. Goals established today may not be those held by tomorrow's Alaskans. There must be built into any Permanent Fund structure both the ability to protect the principal of the Fund and responsiveness to meet changing goals.

APPENDIX 1

The following current State loan programs and activities are potentially eligible for Permanent Fund investment (i.e., they are "income-producing"):

1. The Scholarship Loan Program provides loans to Alaska residents for post-secondary vocational and academic training with a forgiveness incentive to remain in Alaska after completing school;

2. The Fisheries Enhancement Revolving Loan Fund supports loans to non-profit organizations or individuals for the development of hatcheries;

3. The Municipal Bond Bank Authority is an independent public corporation established to assist communities in Alaska to develop needed public facilities by marketing general obligation bonds. The bond bank will purchase these bonds, offering its own revenue bonds to the public bond market;

4. The Division of Business Loans administers five revolving loan funds and two public corporations - the Small Business Revolving Loan Fund, the Tourism Revolving Loan Fund, the Commercial Fishing Revolving Loan Fund, the Child Care Revolving Loan Fund, the Water Resources Revolving Loan Fund, the Alaska State Development Corporation, and the Small Business Development

Corporation. These five loan funds enable qualified businesses and public utilities to obtain long-term financing for developing, expanding, or modernizing their operations;

5. The Veterans Affairs Revolving Loan Fund makes loans to qualified Alaska national guardsmen and veterans in Alaska. These loans may be used to purchase, refinance, build and remodel homes, farms, businesses, and multiple dwellings. In addition, a qualified veteran may receive a loan for education, fishing, mining, or personal use;

6. The Agricultural Revolving Loan Fund provides long-term, low interest loans to promote rapid development of agriculture as an industry throughout the State;

7. The Senior Citizen Housing Development Program provides loans and grants to municipalities, housing authorities, and other non-profit local sponsors to stimulate new housing construction and for rehabilitation of existing units for senior citizens;

8. The Alaska State Housing Authority (ASHA) and the Alaska Housing Finance Corporation (AHFC) are operated by the State for public and low-cost housing programs and State-supported financing for low- and moderate-cost private sector housing development. Currently, ASHA receives most all of its funding from the U.S. Department of Housing and Urban Development, and currently manages housing units throughout the State. AHFC makes or buys

mortgages on low- or moderate-income housing, insures mortgages, and makes home improvement loans and loans for other associated costs of home ownership, including down payments, to qualified persons or developers. In addition, the State has established 13 regional Native housing authorities with powers essentially similar to those of ASHA. The Federal Government provides virtually all of the funds for these activities, so State participation is minimal and limited to insured short-term loans; and

9. The Alaska Power Authority is designed to promote the development of hydroelectric and fossil fuel power sources for domestic Alaska usage. The Authority is generally empowered to issue bonds and notes to finance power development activities in the State, with the debt being secured by the projects themselves or by the earnings or these projects. This program is still in the formative stages and has yet to issue bonds.

PERMANENT FUND QUESTIONS

I. In order to refine last year's Public Forum results regarding the use of Permanent Fund monies, please indicate one area that you would like to see emphasized for investment of part of the Permanent Fund.

A. Inside the State:

1. fisheries;
2. alternative energy development -
   - large scale;
   - small scale;
3. agriculture;
4. mineral extraction;
5. tourism;
6. other industry (please specify) _____;
7. timber; and
8. other _____.

B. Invest Outside:

1. If it would produce a higher rate of return on the money invested; and
2. Other _____.

II. Now that you have indicated your preferred area, will you please tell us why you chose this area?

A. It would create more jobs;

B. It would give me an opportunity to make more money;

C. It would give the State the highest return on the Permanent Fund investments;

D. It would not encourage more people to come to Alaska;

E. It would not harm the environment;

F. It would increase the availability of Alaskan resources for in-state use;

G. It would promote more Alaskan ownership and control of business;

H. It would lessen government intevention in business; and/or

I. Other _____.

III. How should the State go about using the Permanent Fund (or other State loan programs) to intervene in the economy to achieve the objectives determined for it?

A. Market interest rate loans to any enterprise which can pay back the loan plus interest (first come, first served);

B. Market interest rate loans to a certain set of enterprises specified by statute;

C. Lower than market interest rate loans to a cetain set of enterprises, specified by statute;

D. State organizations to assist certain sectors collectively, on a

fee for sevice basis, to provide such services as marketing, organization, information, technical aid, research efforts, etc.;

E. Joint ventures with private enterprise for the State to share ownership, control, and profit potential; and

F. State owned and operated corporations in a certain set of enterprises chosen by the Legislature.

IV. Accountability and Control.

Permanent Fund policy will have to be set by someone. These policy makers will be responsible for carrying out the intent of the enabling legislation through the actual operation of the Fund. Because the Permanent Fund is public money, those who set policy must be accountable to the public. With which of the following alternatives would you feel most comfortable?

A. A State agency accountable through the Governor and the Legislature by means of statutes, the budget process, etc;

B. A board appointed by the Governor and serving at his pleasure;

C. A board appointed by the Governor for a specified length of service;

D. A board appointed by the Governor and comfirmed by the Legislature;

E. A board chosen from various segments of the political spectrum (an example would be two members from the Administration, two from the Legislature, and three from the general public);

F. A board directly elected by the public; and

G. Other _____.

Now that you have indicated your preference, please tell us why you chose it.

A. I trust the Governor to choose wisely;

B. I trust the Legislature to choose wisely;

C. I trust the Governor and the Legislature working together to choose wisely;

D. I want broad representation;

E. I think direct representation of political interests is good;

F. I want maximum opportunity to choose the board;

G. I want the board insulated from politics; and

H. Other _____.

LOAN FUND ACTIVITY IN FY 76

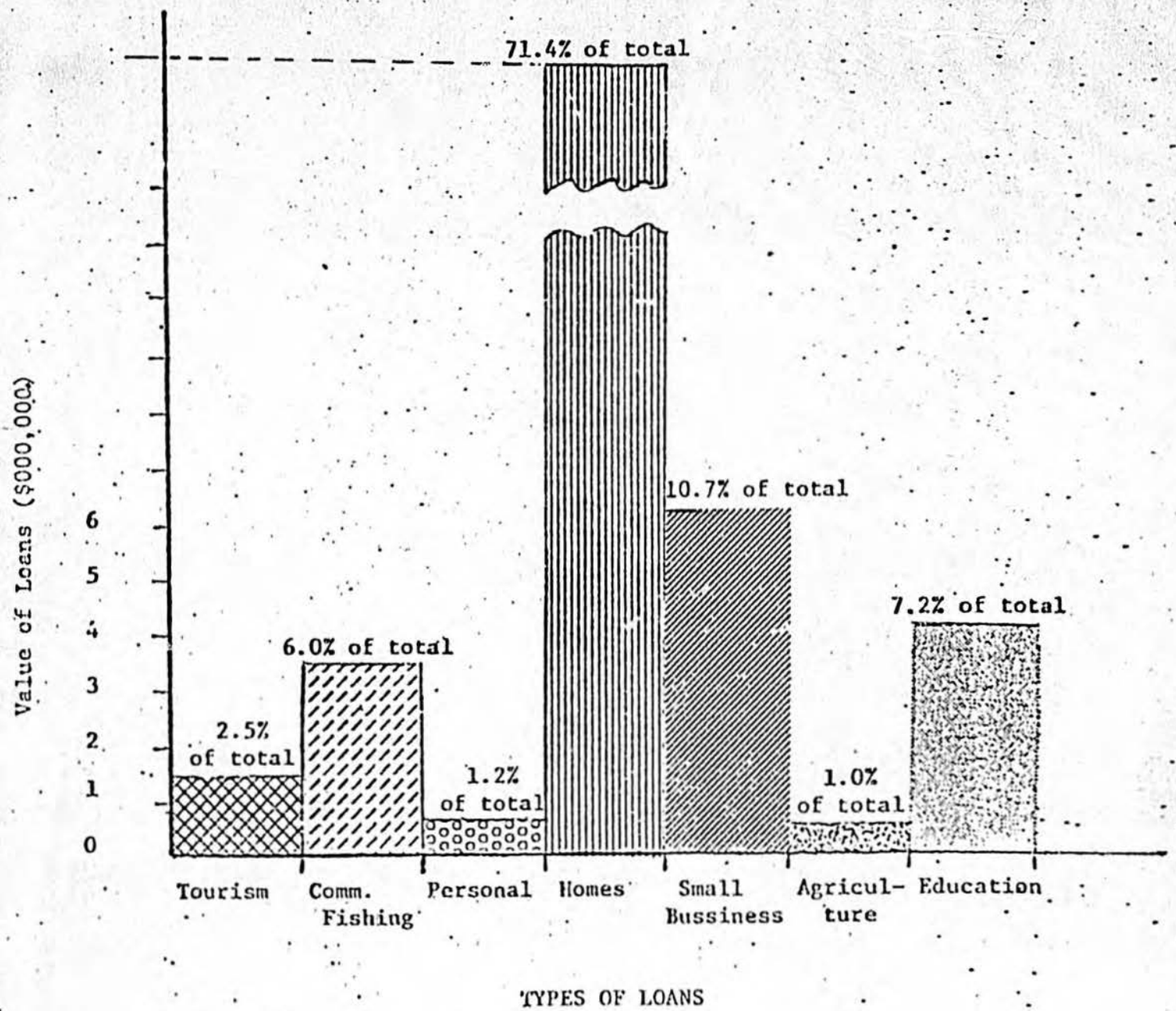


TABLE 6A

Oil and Gas Revenues

(Statewide percentages)

Forests, leases, + royalties

Question 1A → PERMANENT Fund (25%)

EXCESS WEALTH (75%) ← Question 1B.

* 1. Loans for Renewable Resources	36%
2. Save it	26%
3. Loans to Communities	14%
4. Loans to Industry	10%
5. Loans to Individuals	9%
6. Other	5%
	100%
Total # respondents	3237

1. Tax cuts	28%
*2. Loans for Renewable Resources	20%
3. Save it	12%
4. Community Revenue Sharing	11%
5. Other	8%
6. Cash payments	5%
Use for State Services	5%
Loan to Industry	5%
#1. Loan to Communities	3%
Loan to Individuals	3%
	100%
Total # respondents	3187

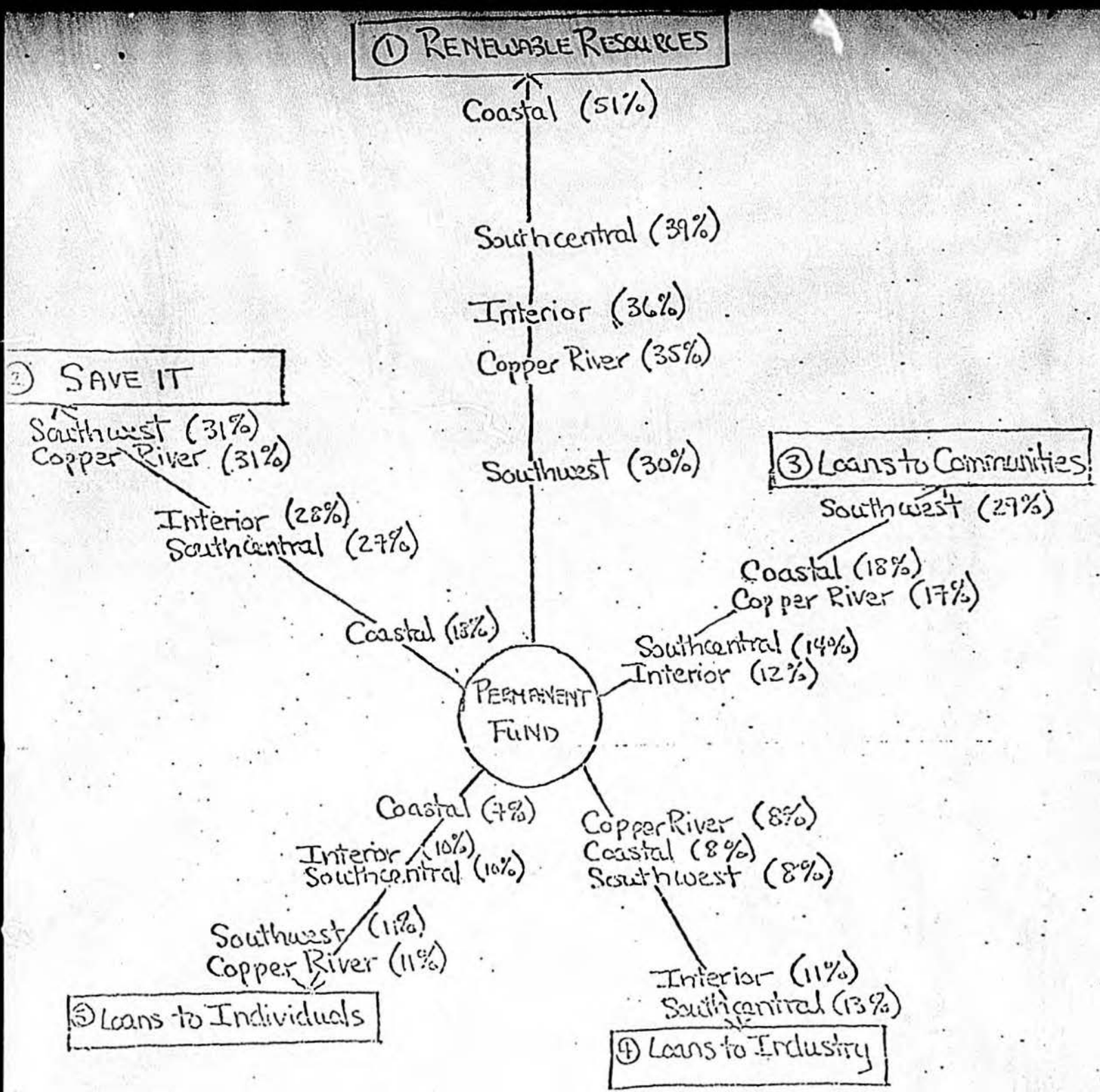


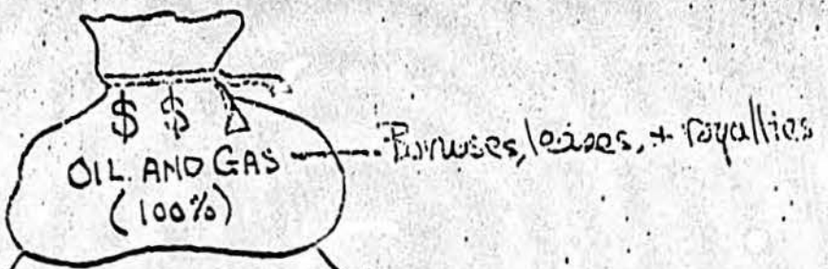
TABLE #1

ALLOCATION OF PERMANENT FUND
REGIONAL PREFERENCES
(Percent Distributions)

TABLE 2

OIL AND GAS REVENUES

(Statewide percentages)



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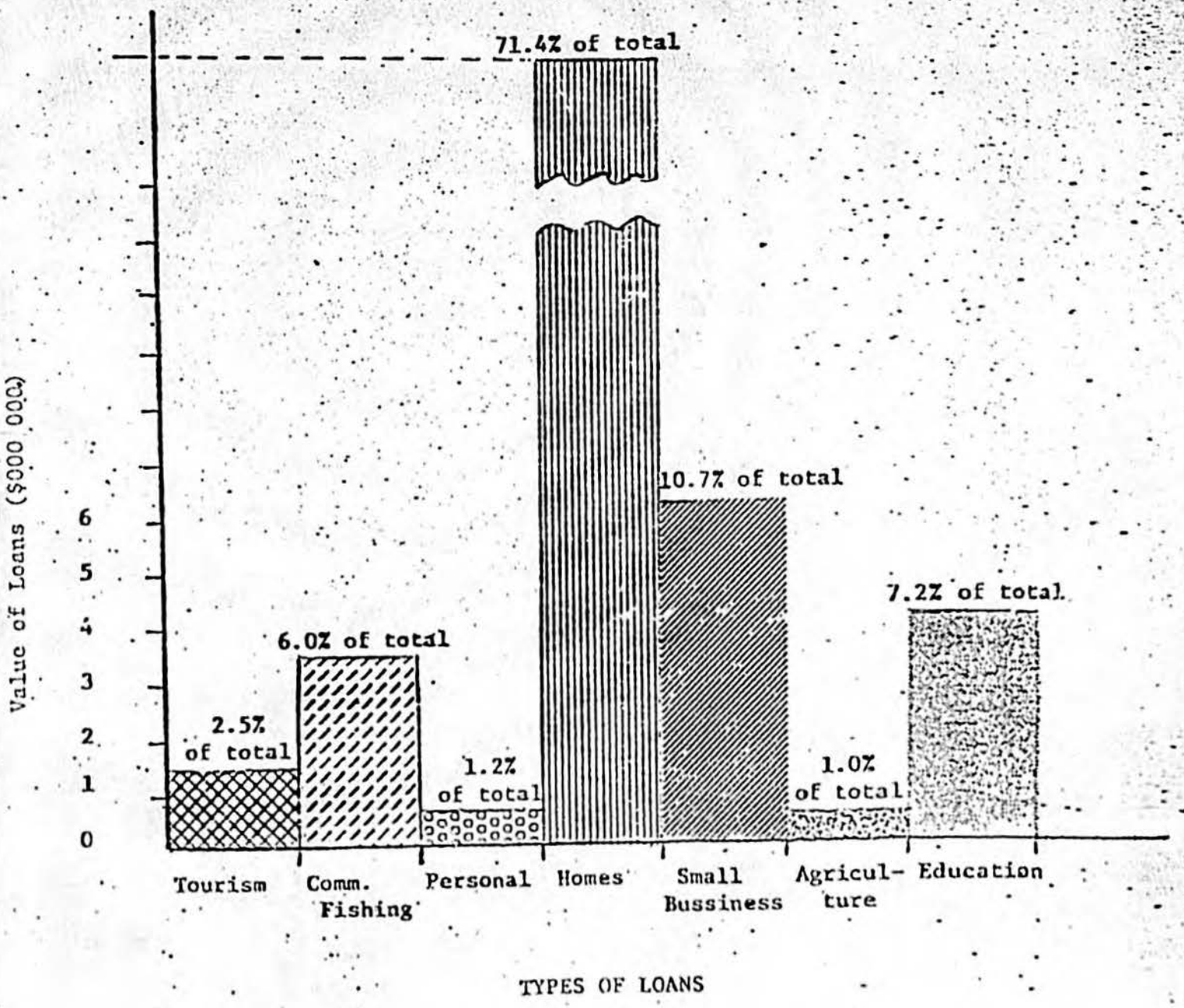
LOAN FUND ACTIVITY IN FY 76



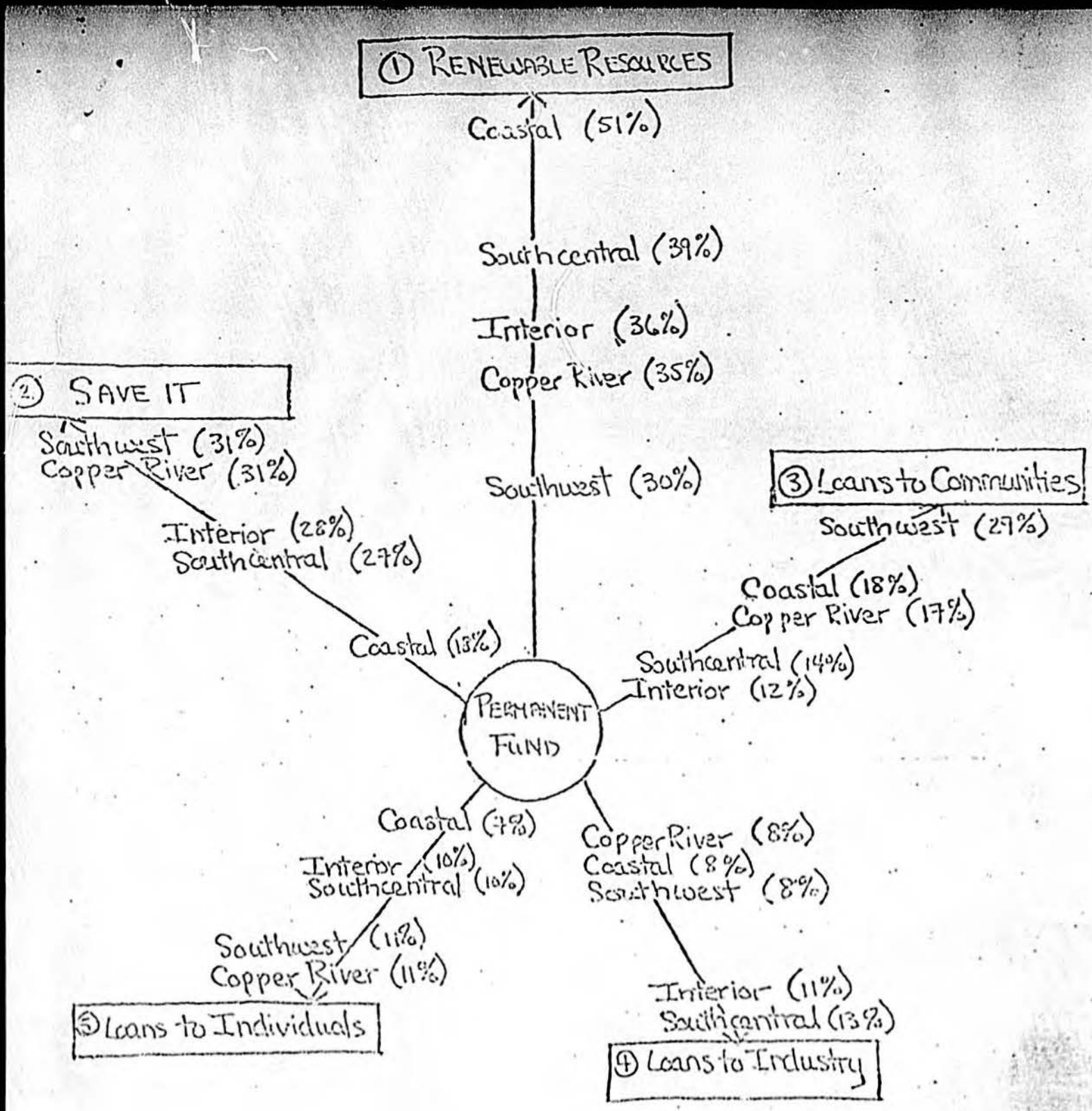


TABLE #1

ALLOCATION OF PERMANENT FUND
REGIONAL PREFERENCES
(Percent Distributions)

TABLE 6

OIL AND GAS REVENUES

(Statewide percentages)

Royalties, leases, + royalties

Question 1A → PERMANENT Fund (25%)

EXCESS WEALTH (75%) ← Question 1B.

* 1. Loans for Renewable Resources	36%
2. Save it	26%
3. Loans to Communities	14%
4. Loans to Industry	10%
5. Loans to Individuals	9%
6. Other	5%
	100%
Total # respondents	3237

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Use for State Services	5%
Loan to Industry	5%
7. Loan to Communities	3%
Loan to Individuals	3%
	100%
Total # respondents	3187

ALASKA PERMANENT FUND

An overwhelming majority of Alaska voters approved an amendment to the state constitution last November which provides that at least 25 percent of certain state nonrenewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the legislature designates as eligible for permanent fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the Permanent Fund and use of the fund's earnings. A great deal of work has already been accomplished by the administration and the legislature in developing background information for these proposals. The administration, through the Department of Revenue, has ~~already~~ consolidated ~~their~~ its efforts into a "discussion bill," HB 298, described later in this section. Research and analysis continues as policy makers prepare for the debate which will take place during the 1978 session.

The Public Forum will play a large role in this debate. In addition to research on technical questions, policy makers also seek information on how the public views the issues pertaining to the Permanent Fund. They must find out what the public wants before they can devise the most effective institutions and pol-

icies to meet these goals. Thus, the Public Forum will be used as a major vehicle to draw out public opinion and ideas and stimulate discussion on how to make the Permanent Fund work toward our common visions for Alaska.

The amendment to the constitution lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals, royalty sale proceeds, federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund.

Understanding the difference between permanent fund principal and the income the investment of principal earns is important. The principal represents Alaska's mineral wealth transformed into doallars through the sale of natural resources to private developers. The only restriction on the use of the principal of the fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The major task of the state administration and legislature is to determine to what specific uses (i.e., investments) these dollars should be put and how to best administrate the fund. Last year's Public Forum response was to use the fund for renewable resources. This year we seek to clarify this reponse and ask some additional questions on how to achieve your objectives.

* Move to p. 3

~~If the fund is invested wisely~~, the (interest) income produced by the investment will yield a fairly certain recurring return on fund investments. Unlike the principal, the interest is not restricted to "income-producing" use. ~~The income from these investments~~ will be deposited in the State's General Fund ~~unless otherwise provided for by law~~. Unless otherwise provided for by law, interest

Government decision makers must determine where and how to use the fund's earnings which, unlike use of the principal, need not produce income.

As with the $900 million North Slope lease sale, many pressing needs exist for the billions of dollars which the State will receive in revenues from production of oil at Prudhoe Bay as well as from future slaes, leases, royalties, and taxes from other areas. Nevertheless, these riches present a serious dilemma as well as a momentous opportunity for your government and the future of Alaska. * (Insert from p. 2)

The problem is that our mineral sale revenues have recently been financing about 60 percent of state expenditures. Since oil and gas deposits are finite, this source of money is ultimately limited. The State is presently deliberating how to move from a dependence on this single unreplenishable source of funding to sources based exclusively on continuing state economic activity without substantially reducing services, disrupting the growth of the Alaskan economy, or saddling the populace with a large tax burden in the short run. Although substantial oil revenue seems assured for at least 10 years (with possible interruptions), how will we pay for government if revenue from mineral sources utlimately declines?

The opportunity presented by these oil revenues lies with how much oil revenue is used for state expenditures and how much is placed in the Permanent Fund. The constitutional amendment provides that at least 25 percent of these oil revenues be placed in the Permanent Fund, which leaves up to 75 percent for the General Fund (from which state expenditures are made).

The legislature will decide, by either fixing in the enabling legislation or on a year-to-year basis, whether more than 25 percent should go into the Permanent fund. This will depend on the need for state expenditures, the amount of oil revenues coming in relative to that need, and on the uses to which the Permanent Fund will be put. If we use most of our oil wealth to finance the general operations of state government, it will meet public needs but will also serve to increase our financial dependence on oil. Thus, part of the future role of the Permanent Fund will undoubtedly be to either supplement the General Fund with earnings from fund investments or to help create a tax base to provide new state revenue sources of some mix of the two.

The role of the Permanent Fund in this context is the focus of this part of this year's Public Forum.

The governor anticipated voter approval of the permanent fund amendment, and in August 1976 he temporarily expanded the membership and duties of the State Investment Advisory Committee. This committee is charged by statute to advise the Commissioner of the Department of Revenue on investment policy for the State. The governor appointed additional members from the general public and the legislative and executive branches and directed the entire body to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

The State Investment Advisory Committee identified several key issues that required resolution and conferred with consultants' reports on many of the resource-based monetary funds and development banks throughout the world.

In March 1977 this proposal was introduced in the State House to begin debate on the structure of the Permanent Fund. The

bill (HB 298) would structure the Permanent Fund essentially as a development bank. Such a structure is premised on the belief that at least part of the money that accumulates in the Permanent Fund can be loaned to promote instate enterprises that will help diversify the Alaskan economy. The development bank, as proposed by the State Investment Advisory Committee, would have a two-tiered management system, a board with overall policy-making power, and a committee under the policy board to approve specific investment proposals. The bill gives the president of the fund's corporation strong executive power and principal responsibility for presenting investment proposals of at least 40 percent of the Permanent Fund in high-grade securities, up to 30 percent in Alaska development loans, and up to 30 percent in community projects and private dwellings.

A second proposal was developed from the original committee proposal which differs in level of funding and provision for confirmation of policy board members. While HB 298 calls for deposits of 50 percent of proceeds from bonuses, mineral lease rentals, royalties, and federal mineral revenue-sharing payments, HB 300 includes 100 percent of bonus payments and the same percentage as HB 298 from other sources. Except for the policy board appointment power of the governor (which is subject to legislative confirmation only under the provisions of HB 300), either proposal would operate the fund rather independently from the executive or legislative branches of state government.

In 1977 the legislature passed an interim Permanent Fund manage-

ment bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the commissioner of the Department of Revenue to invest Permanent Fund money into various "money-market instruments," such as U.S. treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. By July 1, 1977 more than $3.9 million had accrued to the Permanent Fund and been invested.

THE FUND'S RELATIONSHIP TO THE CONSTITUTION AND OTHER STATE FUNDS

Oil and minerals are a removable portion of Alaska's statehood entitlement. This nonrenewable wealth is now being extracted and transformed into another form of wealth--money. The decision to keep a portion of that wealth in a renewable status through dedication to the Permanent Fund provides an opportunity to protect that wealth from being spent and lost to future generations.

The form of the wealth is changing, yet the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The legislature must decide into what income-producing assets Permanent Fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. As discussed above, a significant portion of state expenditures presently relies upon oil wealth. The legislature has already stated that one objective of the fund is to diversify the state economy. As oil wealth declines, the Permanent Fund may bear the repsonsibility of supplementing the General Fund through income from fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the legislature appropriates money from the General Fund to finance state activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all state revenues from all sources. The legislature is the only body empowered by the constitution to make appropriations (subject to veto by the governor) from the General Fund for whatever purposes the legislature deems proper.

The objectives of some of these activities may be similar to certain proposed uses of the Permanent Fund. For example, the State currently maintains loan programs to meet a variety of public needs, ranging from businesses to senior citizens housing and home loans. Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

OBJECTIVES FOR PERMANENT FUND INVESTMENT

The people of Alaska should establish the overall objectives for

their Permanent Fund. State government can only achieve this through public meetings like the Public Forum and other public participation and information programs.

The response to last year's Public Forum tells us that Alaskans most desire an expansion of the State's renewable resource industries. This year we seek to define what you had in mind as renewable resource industries and to uncover what objectives or visions for Alaska lie behind this. Renewable resource industries mean many things to many people, and each industry can imply different goals to different people. If you can tell us what it is about resource industries that you find attractive and important, ~~we~~ it will ~~say~~ help to design ~~the~~ enabling legislation ~~to~~ that reflects your wishes.

As you think about your objectives and prepare to answer the questions on the Permanent Fund, consider the following points.

Many of the proposals for instate investment may involve an interest subsidy; that is, the money is loaned at lower interest, in greater quantities, or at better terms than borrowers can obtain from private lenders. If this occurs, the fund would probably earn a lower return than the market rate unless the General Fund made up the difference (which has been proposed). Subsidies may only make sense if the loan or guarantee launches an instate enterprise that not only repays the loan, but also creates new individual tax sources to cover the original subsidy as well as the cost of additional state and local government services and environmental and social costs generated. If no such instate opportunities exist, the Permanent Fund cannot create them. ~~Instate investments must be thoroughly eval~~

~~used to separate the winners from the losers.~~

Another point to ponder is that objectives often conflict. Although different strategies may pursue the same objectives, each lends itself to the achievement of some more than others and even some to the exclusion of others. For example, a strategy which seeks to distribute fund benefits directly to individuals, such as consumer loans, will fail to provide public facilities, such as through loans to municipalities. Likewise, strategies which seek to guide the state's economy through economic diversification, for example, may not maximize the income from fund investment.

Tradeoffs are inevitable. As you think about your objectives for the Permanent Fund, think about the tradeoffs involved.

OBJECTIVES FOR THE CONTROL AND MANAGEMENT OF THE PERMANENT FUND

A common concern of many Alaskans after realizing the potential dollar magnitude of their Permanent Fund is who will control this wealth. The only other fund of similar or larger size in state government is the General Fund. As discussed earlier, the constitution requires that all appropriations from the General Fund be made by the legislature and be subject to gubernatorial veto. After appropriation by the legislature, some agency of the executive branch usually administers General Fund money. (The court system, University of Alaska, and the Alaska Housing Finance Corporation are examples of some of the exceptions.)

The state constitution requires that the legislature determine what kind of investments are eligible for Permanent Fund money. However, the day-to-day management of the money may be delegated to an agency in the executive branch (as it is presently) or to an organization or organizations outside the legislative and executive branches.

The two critical management questions are: How much control over policy should be delegated by the legislature to another agency or agencies? To what extent will the managers in those agencies be accountable to the people of Alaska, either directly or through their elected officials?

If the legislature simply directs the managing agency to diversify the Alaskan economy by making sound investments in Alaska's renewable and nonrenewable resources (one of the investment guidelines in HB 298), a great deal of discretion is left to the managing agency as to what is a sound investment, what resources to invest in, and which individuals or corporations will recieve financing. For example, fund managers may decide to invest in a multimillion dollar hydroelectric project, or they could use the same money for home loans to individual Alaskans.

Permanent Fund managers must be accountable to elected officials and the public, but at the same time, they should not be vulnerable to political and special interest pressures. If the loan making process is to be shielded from political influence by insulating fund managers from policy directives of elected officials, a large degree of both responsiveness and accountability to the public will be lost.

Current proposals call for appointment of managers by the Governor (one adds confirmation by the Legislature) with removal only for cause. The State Investment Advisory Committee discussed the possibility of elected members, but a brief look at Alaska's highly centralized government (with only the Governor, legislators, and Lieutenant Governor being elected) indicates why this probably would not be consistent with the State Constitution.

"Politics" will not necessarily be kept out of loan decisions by placing experts on a board which is not accountable to the executive branch or the Legislature. Clear and widespread notice to the public about the types of loans that qualify, how loans are applied for and granted, disclosure requirements for decision makers, publishing list of loans or guarantees made, and regular auditing by the executive and legislative branches of government might provide at least a partial remedy to the control and accountability problems.

An alternative to the highly centralized management structure proposed in HB 298 would be for the Legislature to provide for the administration of the Permanent Fund under the existing constitutional power of appropriation: The Legislature, with approval of the Governor, would designate eligible investments by law. The Legislature annually would pass an investment bill for the Permanent Fund, much like the budget bill for the General Fund. The Permanent Fund investment bill would apportion available Permanent Fund money among the eligible investments.

Funds deposited in the Permanent Fund would temporarily be invested in liquid and secure money-market instruments pending each year's investment bill, as is now being done with Permanent Fund receipts. The Legislature might choose to create new types of financial intermediaries and designate them as eligible for loans or loan

guarantees in order to meet Alaska's changing capital needs. For example, the development bank corporation proposed in HB 298 could be one of the new financial intermediaries designated as an appropriate recipient of ~~F~~und money. The organization of the ~~F~~und may profoundly affect how ~~the Fund~~ it performs, but the organization should reflect — not determine — the goals of the ~~F~~und. Goals established today may not be those held by tomorrow's Alaskans. There must be built into any Permanent Fund structure both the ability to protect the principal of the ~~F~~und and responsiveness to meet changing goals.

PERMANENT FUND CONTROL QUESTION --- DRAFT TWO

Permanent Fund policy will have to be set by someone. ~~One suggested management structure involves to boards --- an investment board to make decisions on spefici investment proposals and a policy committee to set broad guidelines for the investment board.~~ two specific. Because the Permanent Fund is public money, those who set policy must be accountable to the public. Which of the following ~~policy board~~ possibilities do you prefer?

1. A board appointed by the governor and responsible to him?

2. A board appointed by the legislature and responsible to it?

3. A board appointed by the governor and responsible to him and the legislature?

4. A committee of the legislature being the policy board?

Who do you trust

How much you willing to pay.

1. WEALTH MANAGEMENT

The issue of wealth management, how the state raises funds and spends them, relates to all state activities and to nearly any question which might be posed to the public through the Forum. Virtually every public meeting abounds with suggestions for things the state should do or should provide, i.e. ways for the state to allocate its revenues. However, oil wealth has recently been financing about 60% of state expenditures. (Explain what makes up the 40%, the 60%, and how this situation has evolved.) Since these revenues result from the sale and development of non-renewable publicly owned resources (Explain non-recurring nature) , it is clear that this currently painless method of financing state government cannot continue indefinately. (Explain the prospects for oil revenue decline - time horizon).

The other side of the equation, state expenditures, present an equally difficult problem. As population increases and costs rise, upward pressures are exerted against expenditure ceilings as attempts are made to maintain current service levels. (Explain rate of expenditure growth and give projections).

This then is the wealth management question. How can the state adjust its revenue/expenditure situation to assure a stable, long - run government sector, where sufficient revenue comes in every year to pay for state expenditures ? As state oil reserves are depleted over time, we may face the difficult task of moving the financing of state expenditures from a non-recurring to a recurring source of revenue.

The creation of the Permanent Fund has been viewed by some as a partial solution to the wealth problem, since the Fund assures that a portion of the wealth will be preserved. (Discuss percentage contribution, different projections of principle, and implications for the general fund). However, even though the interest earnings from Fund investments will represent a recurring revenue source, (give different amounts under different assumptions) these earnings will not be

Accountability

CRA
JM & MS — Report on appropriate local input alternatives control and ~~management~~ study (TO BE COORDINATED WITH BERGOM'S WORK) (Page 66 BD)

Structure

Daniels* 1. Refinement of proposal to create: (Page 95 BD)

Technology Development Corporation
Intermediate and Long-term FINANCING AGENCY
Community Development Finance Corporation
Central Development Bank (Cooperative Bank)

2. ~~Also.~~ Decentralization Question FOR ADDIE
3. GENERAL DISCUSSION OF ACCOUNTABILITY IN ORGANIZATIONS AROUND THE WORLD.

* WE UNDERSTAND BERGOM IS DOING THESE THREE TASKS.

large enough to bridge the gap which would result from declining oil revenues. (Give projected gaps given different expenditure levels and ~~40%~~ NON-MINERAL tax revenues). Also, there is little evidence that the state, through intervention in the private economy, has the ability to assure the growth of a tax base large enough to replace oil income. (Expand) Thus, as oil revenue allows state government to grow larger, this potential fiscal crisis also grows larger. The following question asks you to think about this problem.

Q. At present approximately 60% of state expenditures are financed with oil wealth. Since, in all liklihood, state expenditures will continue to grow as oil wealth declines, how would you rank the following methods for bringing state revenues and expenditures into balance in the future?

_____a. Put as much oil revenue as possible into the Permanent Fund, invest it in maximum return investments, and use the earnings to help pay for state expenditures.

_____b. Try to stimulate those ~~industries~~ enterprises which would hopefully increase tax receipts to a greater extent than they increase state costs.

_____c. Let future residents worry about paying for state expenditures if and when oil revenues decline.

_____d. Raise existing taxes. Specify type: _____ personal income
_____ excise
_____ business
_____ other

_____e. Reduce certain types of state expenditures. Specify area of reduction: _____

_____f. Set a ceiling on state expenditures.

276-5262

IN STATE, OUT STATE

2. THE PERMANENT FUND

The response to last year's Public Forum indicated that Alaskans favor the expansion of renewable resource industries. Forum participants chose "Loan it to develop renewable resource industries" most frequently as their preferred use of the state's new oil and gas money. (Expand with an analysis of last year's results).

Of in state, which most favor?

Q. a. In order to refine this response please indicate which sector of the state's economy you would like to see supported through the Permanent Fund. Along with your choice, please specify some examples of the types of enterprise you envision.

ALTERNATIVE ENERGY (HYDRO, COAL, SOLAR) RESID. _____

~~Hydroelectric power~~ development ~~and~~ related industry _____

Mineral Extraction _____

? → ~~Primary Processing~~ INDUSTRY SUCH AS OIL REFINING, COAL OR EXPORT OR ELECTRICITY, ALUMINUM, ETC. (mineral ~~or renewable resource~~)

Timber _____

Fishing/aquaculture _____

Recreation/Tourism _____

Agriculture _____

INVEST OUTSIDE

b. What was your objective for selecting that particular sector? Please ~~rank~~ check those aspects of concern to you which you feel the state should address.

~~Provides employment~~ " would create more jobs

~~Increases personal income~~ " " give me an opportunity to make more money

~~Increases (or doesn't decrease) recreation potential~~

~~Promotes varied lifestyles~~

~~Stimulates overall economic development~~

" would promote more ~~Increases~~ Alaskan ownership of business

" would increase availability of Alaskan resources for in-state use

" would ~~Preserves environmental quality~~ (be natural)

~~Minimizes migration into Alaska~~ " would encourage more people to come to Alaska

~~Promises long-term community and job stability~~

c. How should the state go about using the Permanent Fund (or other state loan programs) to intervene in the economy to achieve ~~public purposes~~?

a. Market interest rate loans to any enterprise which can pay back the loan plus interest.

b. Market interest rate loans to only a certain set of enterprises chosen by the legislature.

c. Lower than market interest rate loans to a certain set of enterprises chosen by the legislature.

d. State organizations to assist certain sectors collectively, on a fee for service basis, to provide such services as marketing, organization, information, technical aid, research efforts, etc.

e. Joint ventures with private enterprise for the state to share ownership, control, and profit potential.

f. State owned and operated enterprises in certain set of enterprises chosen by the legislature.

d. The Permanent Fund is your money. The state holds it in trust for your benefit. In addition to telling the state how you would like your money used, you can also tell us how much control you think people ought to retain over the decision - making process established for the Fund. Of the following basic alternatives, which one do you feel will provide you with the appropriate degree of accountability and control over the Fund's management?

a. Direct control by the legislature.

b. Direct control by the Governor (through a state agency).

c. Direct control by citizens.

d. Indirect control by a state corporation.

Should the Permanent Fund be administered at the local _____, regional _____, or State _____ level? (check one)

PERMANENT FUND QUESTION

1. In order to refine last year's Public Forum results regarding the use of Permanent Fund monies, please indicate the one area you ~~most strongly~~ would like to see ~~support for~~ emphasized investment of part of the Permanent Fund.

1. INSIDE THE STATE

A. Fisheries

B. ~~Alternative energy~~ alt. Energy development

large scale (~~industrial~~)

small scale (~~residential~~)

C. Agriculture

D. ~~Mineral Extraction~~ Mineral extraction

E. ~~Recreation/Tourism~~ Tourism

F. ~~Basic~~ OTHER Industry ~~i.e.) oil refining, coal export, aluminum~~

~~G. Invest Outside in safe, guaranteed manner~~

H. TIMBER

i. Other

2. INVEST OUTSIDE

growth — no growth
risky — safe
pub. policy — private forces

Now that you have indicated your preferred area will you please tell us why you chose this area?

A. It would create more jobs.

B. It would give me an opportunity to make more money.

C. It would give the state the ~~best~~ highest return to be used to help pay for the operation of our government. — or any other purpose

D. It would not encourage more people to come to Alaska.

E. It would not harm the environment.

F. It would increase the availability of Alaskan resources for in-state use.

G. It would promote more Alaskan ownership and control of business.

I. Other ____

~~Keeps government out of the economy~~

~~H. Leaves the economy to private market forces.~~

H. ~~It would keep govt. out of business.~~

Less govt intervention in business

PERMANENT FUND

Tom Singer's questions

General

1. Do you believe that the government should use the permanent fund to actively intervene in the State's economy to pursue public policies?

   a. If yes, how:

      -market interest rate loans to any enterprise which can pay back the loan plus interest
      -market interest rate loans to only a certain set of enterprises chosen by state policy - makers
      -subsidized loans to chosen sectors to achieve clearly stated goals
      -state organizations to assist certain sectors, such as state marketing, organizing, or information efforts, or technical aid or research efforts, etc.
      -state owned and operated enterprises in chosen sectors

   b. If no, what should the state do with the permanent Fund?

      -put it in a savings account
      -invest it in securities
      -other

2. The permanent fund consists of two basic parts - principal and income. The principal is that sum which goes into the fund from oil revenues and is put to work (invested) to earn a return and perpetuate itself - i.e. it is permanent. The income is the return on those investments. Presently, the principle is expected to be _____ in 1977 and grow to _____ by 1985. Income from these funds, if invested at 8%, would be _____ in 1977 and _____ in 1985.

   Consideration of the uses of the fund should be broken down into uses appropriate for the principle and for the income.

   a. Regarding the principle, which alternative uses do you favor:

      -Investments which maximize income, yet are secure and relatively riskless
      -Investments which sacrifice some income in the pursuit of social objectives (e.g. subsidies to renewable resource industries, heavy industry, or consumers), yet are still relatively safe

   b. Regarding the income, which alternative uses do you favor:

      -Return it to the fund to earn money
      -Return it to the General Fund for the legislature to use to persue social objectives as it sees fit.
      -Have the legislature earmark it for existing and new state loan programs
      -Distribute it to Alaskans through an Alaska, Inc. type program
      -Some combination of the above

c. Regardless of whether the fund maximizes its return or is used to subsidize, are there areas of the state's economy you wish to see <u>supported</u> or <u>discouraged</u> through the permanent fund?

Heavy industry (coal development, aluminum refining, oil refining, petrochemicals, uranium refining, dams)

Light Industry (electronics,

Retail Trade (cooperatives,

Fishing

Timber

Hard - rock mining

Tourism

Agriculture

d. In the previous question, you expressed your preferences about various sectors of the Alaskan economy. For the sectors which you prefer, why do you prefer them? For the sectors you disfavor, why do you disfavor them?

(write sector in column)

	<u>Prefer</u>	<u>Disfavor</u>
Employment potential		
Personal income potential		
Growth-inducement potential		
Personal stakes		
Lifestyle implications		
Impact on recreation values		
Impact of environmental quality		
Impact on immigration		
Other ALASKAN OWNERSHIP		

e. In the previous Public Forum, renewable resources received considerable public support as an area for state intervention.

Permanent Fund Questions-

In the previous Public Forum workshops, renewable resource industries received considerable support as an area for state intervention.

I. In order to refine last year's Public Forum responses regarding the type of economic development preferred, please indicate the one industry you most strongly support for an investment of Permanent Fund monies.

1. Fisheries / aquaculture
2. Timber
3. Agriculture
4. Tourism / recreation
5. hydroelectric projects
6. heavy industry such as oil refinery, coal development, aluminum etc)

II - In the previous question you expressed your preference for an industry to receive Permanent Fund support. Would you please indicate why you chose that industry? ~~among the~~

1. It would create more jobs.
2. It would preserve the natural environment & recreation
✓ 3. It would not encourage more people to come to Alaska
4. It would give me an opportunity to make more money
✓ 5. It would increase the availability of power (energy) in the State ownership / control.

Permanent Fund.

JAne

III. If the Permanent Fund were used to support a prefered industry how should it be done?

1. loan at market rate of interest
2. subsidized loan at % below market rates of interest
3. regional ~~banks~~ development corporations

PERMANENT FUBD CONTROL QUESTION --- DRAFT

Permanent Fund policy will have to be set by someone. The most likely management structure is an investment committee to make decisions on each investment, with a policy committee to set broad guidelines. Because the Permanent Fund is public money, those who set ■■ policy must be accountable to the public. Based on this, which of the policy board possibilities do you prefer?

1. A board which serves at the pleasure of the governor? This means appointment by the governor, confirmation by the legislature, with the governor having the authority to fire.

2. A board appointed by the legislature, responsible to it?

3. A board chosen by various segments of public representation? An example would be a seven-member board with two ■■ members appointed by the governor, two by the legislature and three directly elected.

4. A board appointed by the ■■■■■■ governor and confirmed by the legislature with strict regional (geographic) apportionment?

5. A committee of the legislature?

(6.) Renewable Resources — Add new categories

A. portion (2) of profits of resource development that existing residents receive

B. life style (i.e open pit mine vs. fishing)

C. generation of knowledge about resources (i.e. forestry school at U of A)

D. Research & Development function

E increased productivity of existing resource useage (i.e. using fish waste)

F. Add energy (renewable) as category wind, tide, geothermal etc.

DPDP

Draft
Not approved by committee

PERMANENT FUND CONTROL QUESTION

In order to assist the legislature in creating a Permanent Fund structure responsive to your wishes, please indicate the Permanent Fund organization you prefer. For this question you should know the policy board would set broad guidelines for investment of Permanent Fund money but would not make specific investment decisions.

1. A board appointed by the governor and serving at his pleasure.
2. A board appointed by the governor for a specified length of service.
3. A board appointed by the governor and confirmed by the legislature.
4. A board chosen from various segments of the political spectrum (an example would be two members from the administration, two from the legislature, three from the general public).
5. A board directly elected by the public.
6. Other ______________________.

Now that you have indicated your preference, please tell us why you chose it.

1. I trust the governor to choose wisely.
2. I trust the legislature to choose wisely.
3. I trust the governor and legislature working together to choose wisely.
4. I want broad representation.
5. I think direct representation of political interests is good.
6. I want maximum opportunity to choose the board.
7. I want the board insulated from politics.
8. Other ______________________.

(1) should state intervene JAne

(2) How → project scale + criteria

Growth Management.

What should be the role of the State government in term of population growth?

What should the State do about population increases.

1. Encourage through support of industries that create jobs.

2. Encourage through the development of ~~better~~ more efficient and expanded transportation system

3. Discourage by limiting State spending.

4. Discourage through increased taxation

5. Nothing.

- OR -

Jack Kuse

If a new company wanted to build a plant in Alaska what kind would you prefer?

A. Small + not bring many new job opportunities

B. medium + could create jobs for about 100 people

C. large + could bring 500 new job opportunities.

Would your answer be the same if the plant would produce something at a lower price than it now costs to produce and ship from outside Alaska?

(over)

What would be your answer if the plant (environmental hazard)
- produce waste that couldn't be handled by local sewer system
- produce water vapor that seemed to cre fog.
- generated dust
- sulpha fumes

The cost to the plant of controlling the X might be very high.
Suppose the state had to choose between the new jobs and the X. What sized plant would you prefer.?

A. Small
B. Medium
C. Large.

BORO - [illegible]

Table 5
Pursuit of Alaskan Lifestyle vs. Attitudes Toward Growth (1
(percent distribution)

	Pursuit of Alaskan Lifestyle				
	Most				Least
	1	2	3	4	5
1. Size of Plant Desired (2					
Large plant 400 jobs	28	35	46	49	47
Medium plant 100 jobs	38	33	37	32	38
Small plant no jobs	28	18	9	13	7
No plant	6	14	8	6	8
	100	100	100	100	100
Number of respondents =	69	78	85	87	86
Gamma = .14					
2. More Jobs Versus Less Ice Fog (3					
400 jobs, heavy ice fog	10	15	19	22	24
100 jobs, less ice fog	40	33	58	43	40
No jobs, no additional ice fog	50	52	23	35	36
	100	100	100	100	100
Number of respondents =	68	76	84	85	84
Gamma =-.17					
3. Jobs Versus Taxes (4					
400 jobs, 10% tax increase	12	19	18	23	33
100 jobs, 5% tax increase	45	34	58	40	33
No jobs, no tax increase	43	47	24	37	34
	100	100	100	100	100
Number of respondents =	67	78	84	84	86
4. More Jobs Versus More People (5					
400 jobs, 300 families	18	24	20	29	31
100 jobs, 20 families	34	33	54	45	39
no jobs, no families	48	43	26	26	30
	100	100	100	100	100
Number of respondents =	67	80	85	84	86
Gamma =-.17					
5. More People Versus Lower Prices (6					
300 families, 20% price drop	25	33	34	36	53
100 families, 5% price drop	32	30	44	41	25
no familes, no price drop	43	37	22	23	22
	100	100	100	100	100
Number of respondents =	68	80	85	84	85
Gamma = -.22					

Table 5 (continued)

	Pursuit of Alaskan Lifestyle				
	Most				Least
	1	2	3	4	5
6. Desired Growth of Fairbanks					
Great deal	10	6	18	13	18
Some	49	49	49	55	51
Little	19	22	21	18	17
None	22	23	12	14	14
	100	100	100	100	100
Number of respondents =	69	79	85	86	87
Gamma = .14					

(1The Pursuit of Alaskan Lifestyle variable is constructed from responses to six questions concerning the provision of food, shelter, repairs and transportation. The questions are listed in footnote number 1 of Table 3. Those most oriented to the pursuit of an Alaskan lifestyle are most likely to provide some of their own food, shelter, repairs and transportation.

(2Question 1 read, Here are some other situations where we want you to make choices about future development in Fairbanks. Suppose a new company wanted to build a plant north of College Road in Fairbanks after the completion of the pipeline. There are three possibilities for the plant: (CARD 8, ORANGE). First, it could be small and not bring any new job opportunities into the area; second, the plant could create new job opportunities for about 100 people; or third, it could be large and create 400 new job opportunities. Which one would you favor?

(3Question 2 read, A decision might have to be made about the amount of water vapor the plant would be allowed to put into the air. During cold weather the water vapor would result in ice fog. The cost to the plant of controlling the ice fog might be very high. Suppose the borough had to choose between new jobs and ice fog. Which of these three conditions would you prefer? (CARD 9, TAN)

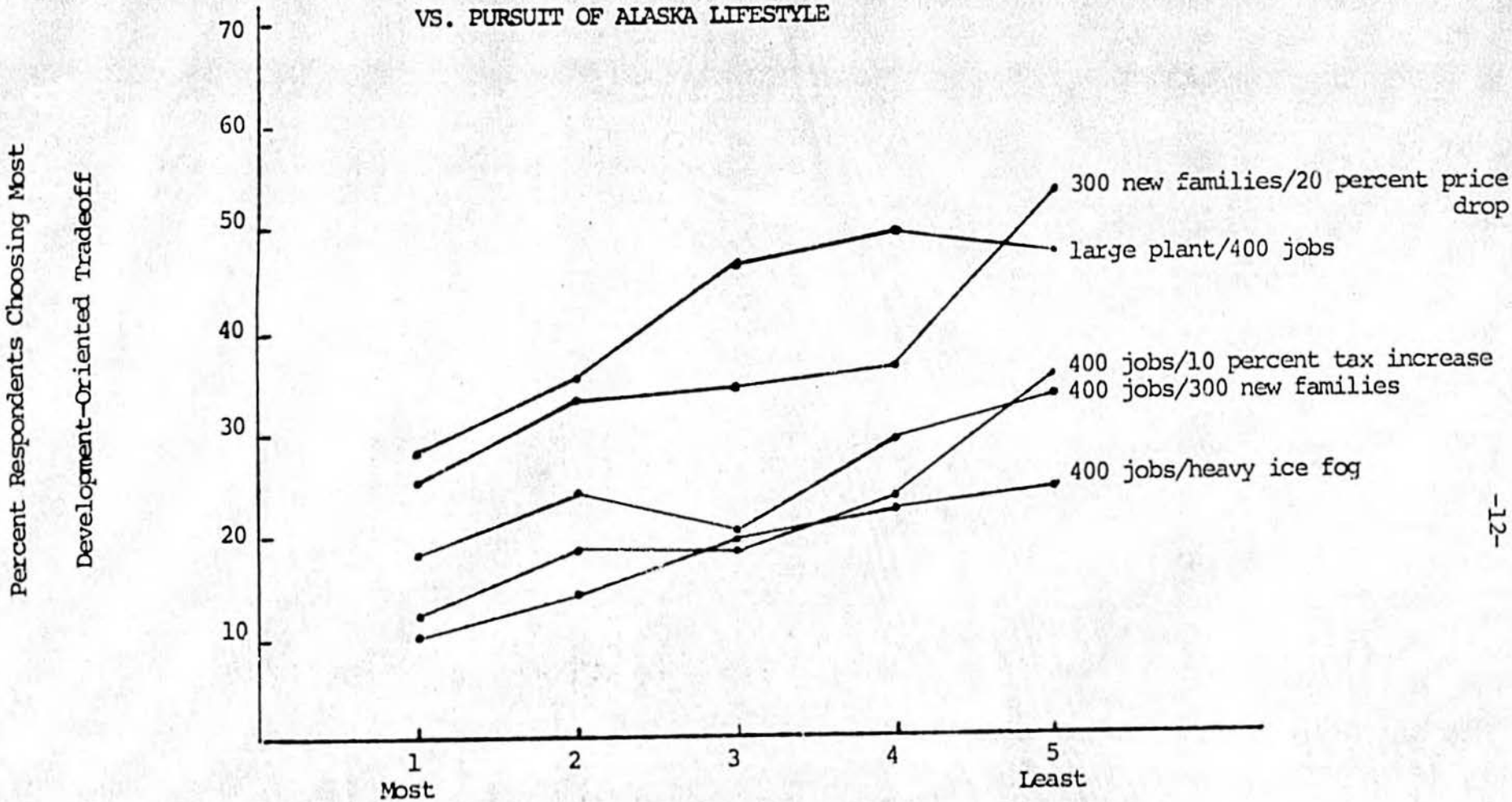
(4Question 3 read, Suppose instead the borough could choose between new jobs and increasing taxes to pay to prevent additional ice fog. Which of these three conditions would you prefer? (CARD 10, ORANGE)

(5Question 4 read, Now suppose the plant would attract more workers and their families to move to Fairbanks. Which of these three conditions would you prefer? (CARD 11, WHITE)

(6Question 5 read, Another possibility is that the plant would produce something at a lower price than it now costs to produce and ship the item into Fairbanks from outside Alaska. Which of these conditions would you prefer?

ATTITUDES TOWARD DEVELOPMENT

VS. PURSUIT OF ALASKA LIFESTYLE



PERMANENT FUND QUESTIONS

I. Excess state wealth from bonuses, leases and royalties will be placed in the Permanent Fund (25%) and the General Fund (75%).

A. Please rank those areas where you would like to see the Permanent Fund invested.

	Rank
1. Community Development Investments	____
2. Economic Diversification Investments	____
3. Savings Account Investments	____
4. Other	____

B. Please rank those areas where you would like to see part of the General Fund excess wealth invested.

	Rank
1. Community Development Investments	____
2. Economic Diversification Investments	____
3. Savings Account Investments	____
4. Other	____

II. Now that you have indicated your preferences, will you please tell us why you chose this ranking for both question IA and IB?

A. Reason for ranking in Question IA_____

_____

_____

B. Reason for ranking in Question IB_____

_____

_____

III. Investments in Community Development, Economic Diversification and Savings Accounts can vary considerably. Within each category please rank those areas which you believe investments should be made.

A. Community Development	Rank
1. Power	____
2. Water	____
3. Sewer	____
4. Civic and Convention Centers	____
5. Housing	____
6. Other	____

B. Economic Diversification — Rank

1. Fisheries ____
2. Agriculture ____
3. Mineral Extraction ____
4. Timber ____
5. Transportation ____
6. Tourism ____
7. Manufacturing ____
8. Other ____

C. Savings Account — Rank

1. Invest for maximum rate of return with safety regardless of where or what investment is. ____
2. Joint venture with private enterprise for the state to share ownership, control and profit potential. ____
3. Own and operate state corporations (large scale projects chosen by the legislature) ____
4. Subsidize certain community development and economic diversification enterprises through lower than market interest rate loans. ____
5. Make loans to any enterprise which can pay back the loan plus interest. ____
6. Make loans to certain enterprises specified by statute. ____
7. Other_____ ____

IV. Now that you have indicated your preferences, will you tell us why you chose this ranking for question IIIA, IIIB and IIIC?

A. Reasons for ranking in Question IIIA_____

_____

_____

B. Reasons for ranking in Question IIIB_____

_____

_____

C. Reasons for ranking in Question IIIC_____

_____

_____

NOTE: NOTE: NOTE:

V. A fifth question may be asked on "Accountability and Control" but answers to this question are not as essential or useful as the four suggested above. I would recommend either the luxury of a fifth question or dropping "Accountability and Control" entirely.

ROSE/ 274-7366

6/29/77

Dear Mr. Singer:

The National Film Board of Canada article was based on a number of taped conversations. The section on the Land Claims is disjointed and incomplete, and the part that mentions Andy Chikoyak is in error. Andy was not taking over the SKYRIVER project as indicated in the article. He was trained by me to set up shop as a film maker in the Bethel area, not as a community developer using film and video like I did in Emmonak.

Tim Kennedy

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INSTRUCTIONAL TECHNOLOGY REPORT

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TECHNOLOGY IS THE ANSWER, BUT WHAT WAS THE QUESTION?

By CAO THANH TUNG*

Too often countries are attracted to the use of educational technology strictly on the glamour and gimmickry of the 'hardware', and little reflection is given to clear, concrete plans and the specification of goals and objectives for its use. This approach leads to difficulties once the first 'rosy glow' of excitement over the facilities and hardware subsides and the reality of integrating the technology into programs for educational change and national development confronts the user. Technology, therefore, becomes a problem, and its user must scurry in varied directions identifying questions the technology can answer. To put it in Vietnamese terms the 'plow is placed in front of the ox, rather than behind it'. This was the thrust of a one-month Seminar/Workshop on Planning for the use of Educational Broadcast Media for National Development sponsored by UNESCO in South Viet Nam, June 1-27. Some thirty individuals participated in the Workshop representing the various educational agencies in Viet Nam and practitioners and planners involved in the use of educational broadcasting. The Instructional Materials Center of the Ministry of Culture, Education and Youth in Saigon was the site for the gathering.

The Workshop's objectives were fourfold:

- To give participants a familiarization of the factors and process which influence the effective use of communication media for education and national development.
- To provide participants with opportunities to participate in the development of a plan for solving priority educational problems affecting the national development of Viet Nam into which the use of media should be integrated.
- To give those participants lacking familiarity with basic broadcast studio procedures an orientation.

(continued on page 6)

*CAO THANH TUNG is Deputy Director of the Instructional Materials Center, Saigon, Viet Nam. He has participated in former training courses in ETV at CETO in Australia, Japan and the United States. The Instructional Materials Center is the governmental organization in charge of integrating new media into the national education development of Viet Nam. Assisted and strongly supported by USAID and OTCA, the Center is undertaking various activities for text book production, radio, television and audio visual education.

VIDEOTAPING: PROCESS IN COMMUNITY DEVELOPMENT DISCUSSED BY TIM KENNEDY AT CENTER SEMINARS

Timothy W. Kennedy, Director of the Skyriver Project, was the featured guest of the Information Center on Instructional Technology for two mini-seminars where he screened films and talked about the use of video tape and film in the process of community action.

Skyriver is the name of the video tape/film project of 1971-72 on the Yukon River in Alaska. The setting is the Eskimo village of Emmonak where Kennedy had previously spent two and a half years helping organize a fishing cooperative. In search of ways to strengthen the process of community action, he met the people responsible for the Fogo Island program where the Film Board of Canada and Memorial University had developed a technique of using film and an animator to promote local change. Kennedy got some funding from the U.S. Office of Economic Opportunity to use video tape and film to test out some of the Fogo Island ideas and see whether these visual media could help the Eskomos affect change through their own efforts.

Kennedy is not trained as a film maker; his interest in Skyriver was to get Eskimos first to articulate their problems, then to agree by consensus on their most important problem and finally to act in unison to get government officials to respond. Group consensus and action had been absent in Emmonak; village factions, feuds, and the individual's sense of powerlessness in the face of government were the norm. The visual media were used, therefore, to fortify the villagers' efforts and became the tool to achieve the ends of community power and government accountability.

The key word during the ICIT seminars was PROCESS. What is done and how it is done are the main factors in this process. While the aim of most, if not all, film makers is to create a distinctive product, Kennedy's main concern is to establish a process of community development in which video taping and filming play a role. The local people control the tempo of the process as well as make the fundamental decisions on how, when and where the media will be used.

Another important aspect of the process is the matter of accountability. When a person is taped or filmed, no one else gets to see the tape or film until the individual first screens it personally and then signs a release statement. The individual has complete editing control, and has the last word as to what is cut or not.

(continued on page 3)

The May 1974 issue of *Instructional Technology Report* was devoted to reviewing a series of analytical studies done by Wilbur Schramm and staff members of the Institute for Communication Research, Stanford University, on learning, cost and field projects using media in education. Laurence Wolff prepared the review report for the Bureau for Technical Assistance, Agency for International Development. Due to limitations of space in that issue, two projects designed to extend educational opportunity in Mexico were not included and are reproduced here.

RADIO SCHOOLS OF THE TARAHUMARA, MEXICO PROVIDE VILLAGES WITH PRIMARY EDUCATION

According to *"The Radio Schools of the Tarahumara, Mexico: An Evaluation,* by Sylvia Schmelkes de Sotelo, Catholic missionaries founded the radio schools of Tarahumara in northern Mexico to provide the remote villages of the Tarahumara Indians with primary school education. In 1971 there were 46 schools with 1,081 students spead over 10 municipalities in their region. Most of the schools consisted of a single classroom containing students from grades 1 to 4.

The standard primary school curriculum is used and all instruction is in Spanish. Two teachers at the radio station teach all of the radio programs, which consist of 15 minute presentations by subject and grade. Each school which receives the broadcasts has one or two "auxiliary" teachers — persons with usually no more than a primary education.

The researchers tested and interviewed a sample of all the students in the schools. They found that over 60% of the students were *mestizo* (white) rather than Indian. They also found that, while achievement scores in general were similar to those of students in Mexico City, the *mestizo* students did significantly better than Indians and were also much less likely to drop out.

Interviews with teachers and directors showed that the program had the following problems:

- Poorly defined goals and policies.
- Provision of the same urban oriented and academic curriculum to two culturally heterogenous groups, the Tarahumara Indians and *mestizos.*
- Low motivation by the auxiliary teachers.
- Little local participation in founding and operating the schools.
- Lack of proper supervision and evaluation.
- Lack of sufficient finances to enable authorities to do middle or long-range planning.
- Insufficient time on the part of central personnel to handle the radio schools.

In only 7 of the 24 schools visited was the radio working. Thus the bulk of the teaching was being done by the auxiliary teachers, and the radio, even when used, operated as an aid to the teacher.

These findings called into question the entire scope of the radio schools.

When the researchers presented their findings, the missionaries at first began to plan for a new kind of non-formal school, which would provide Indian adolescents and adults with an awareness of their situation and their need to improve their lot, based on the concepts outlined in Paulo Freire's *Pedagogy of the Oppressed.* Then the missionaries decided to continue to teach primary school children and to develop adult education as a separate activity. They appeared to be motivated by a desire not to abandon the work of the last 15 years, even though its value had been called into question.

As of the writing of the Stanford report, the new direction of the radio schools had not been determined.

RADIOPRIMARIA: PILOT PROJECT IN MEXICO USING ONE TEACHER PLUS RADIO TO TEACH GRADES 4-6

According to *"A Report on the System of Radioprimaria in the State of San Luis Potosi,* by Peter L. Spain, the purpose of the *radioprimaria,* a pilot project of the Mexican Secretariat of Education begun in 1970, is to provide instruction in grades 4, 5 and 6 to rural schools which have had only the first three grades of primary school. The incomplete primary schools provide one teacher for grades 4 to 6 who is assisted by the radio programs. The programs are prepared regularly in Mexico City and then transported to a university-operated radio station in San Luis Potosi where they broadcast for 90 minutes a day.

The Stanford study of *Radioprimaria* utilized the following methods to evaluate the radio schools in the context of educational needs in rural areas: direct observation; achievement testing; analysis of the costs; questionnaires and interviews.

The most important finding was that the *Radioprimaria* was not fulfilling the function for which it was designed. In 1972 only about eight incomplete primary schools had established grades 4 to 6 to take advantage of the radio lessons. Another 36 complete primary schools were using radio, essentially as an adjunct to their regular teaching. In addition, only 18 of the 44 schools using radio had a functioning audible radio on the day they were visited. Since there was little or no supervision, the program personnel in Mexico City were not aware of these problems.

Another major problem was that, since 80% of the programs were prepared for all of grades 4 to 6, the students would hear most of the same programs over the three year period.

Other findings were as follows:

- Radio instruction produced achievement scores comparable to those of the children in direct teaching schools.

(continued on page 3)

(continued from page 1)

VIDEOTAPING AS PROCESS

After a person releases the tape, the community group screens it and reacts to it. Any member of the group may add to the tape already made. The talking about village problems and the taping of these discussions have the effect of consciousness raising and direct disputes and hostility away from the people themselves to the tapes. (Eventually people in Emmonak began to see common problems and feel a sense of community when before the taping this was not true.) Once the community arrives at a common problem and discusses it fully, it proposes a solution to the problem. Film is used during this part of the process because it is considered more powerful than video tape, since screening a film demands an environmental change for the viewer - a government official must leave his desk and telephone to see a film in a darkened room which is not true for video tape screening. Black and white film, instead of color film, is used because Kennedy has found that viewers can more easily get the critical information from it. Also, the use of film slows down the process at a time when it has attained a great amount of speed. The developing of films takes time and this time gives the villagers the opportunity to really think through what they have said, and be sure what they have said represents how they feel and what they want.

When the policy makers, far from the village, screen these films, they hear the articulation of a perplexing problem and are given a solution to it as well. According to Kennedy, this approach does not throw policy makers on the defensive nor do they see this complaint as just another gripe. After government officials and neighboring villagers see a film, their responses are video taped. They enjoy the same rights of accountability and editing as the Emmonak villagers. These people are not obligated to give instant replies to Emmonak film; they may take as much time as necessary to talk out their ideas before they are ready to give a reply. This process, therefore, creates a direct channel of communication, horizontally between village level people and vertically between villagers and government officials working hundreds of miles away.

Three types of film were shown at the Center seminars: a direct communication (process) film, an oral history film, and an entertainment film. The first type gives non-Eskimo people their first opportunity to see and hear village Eskimos articulate their problems. In this particular film the Eskimo chosen by the group to discuss the problem objects strongly to sending his daughter to a boarding school 5,000 miles away: "she will be gone too long at a time and will forget her Eskimo ways; she cannot help with the work at home; and she may die far from home and will not be seen again." His solution is to have regional secondary schools which will be close enough for the children to come home on the weekends. Kennedy said that when education officials saw the film, they were shocked at the information and were so moved by the presentation that a centralized boarding school plan eventually was abandoned in favor of the Eskimo solution of regional secondary schools.

The oral history films also have a dramatic effect. This time the effect is on the Eskimo communities. Their ways had been discredited with the arrival of the American culture. The oral history film has an elder who recalls witnessing a native doctor heal a woman and he tells how he himself was healed by this kind of medicine. This film serves as the catalyst for other people to recall with pride incidents of native culture that had become taboo subjects. Furthermore, the oral history film begins bridging the gap between the generations. The young people are asking, even pleading with, their elders to recall the past. According to Kennedy, this type of film has been helping to restore pride in Eskimo ways and is providing the only record of Eskimo culture that in great part will be lost with the death of this generation.

The entertainment film was filmed by children in Emmonak. The film was essentially children filming themselves at play. The villagers watch films like this one to provide a needed amount of entertainment and a more relaxed atmosphere for the screening of the other types of tapes and films.

(continued from page 2)

RADIOPRIMARIA

- The *Radioprimaria* would costs about $52.60 per student compared to $118 for traditional instruction.
- About 75% of the *Radioprimaria* teachers commuted from the city to the rural areas and did not like teaching in the rural areas. They were not very satisfied with the radio programs, but still favored their expansion.
- Parents favored schooling for their children principally as a means to move to the city and get better jobs.
- In the city of San Luis Potosi there are not enough jobs for primary and secondary school graduates.

Even though *Radioprimaria* has survived for three years, as presently constituted it will not be able to aid rural development. According to the study, rural life will improve only when there is a coordinated attack on rural social and economic problems.

Instructional Technology Report, published bimonthly, is the official newsletter of the Information Center on Instructional Technology. The Center serves as an international clearinghouse for materials and information on important developments in the use of technology for improving education around the world. The Center is operated by the Academy for Educational Development, a private non-profit organization, and is supported by the Bureau for Technical Assistance of the U.S. Agency for International Development.

The Director Reviews

SIGNIFICANT NEW DOCUMENTS ON EDUCATIONAL TECHNOLOGY

Community Media Handbook, A. C. Lynn Zelmer, The Scarecrow Press, Inc., Metuchen, New Jersey, 1973, 241 pp.

This small volume is a basic "how-to" book on media utilization with good U.S. cost figures. This handbook grew out of a series of workshops for media users whose interests ranged from the use of television to the design of simulations to the production of simple motion pictures. The solutions to media-user "how-to" problems are framed in a context of developmental use by community members with limited funds so the solutions could well apply to developing countries where technical skills and funds are in short supply. Equipment needs, program planning, script writing and production are discussed along with a good presentation on selecting among alternative media.

For additional information, Mr. Zelmer can be reached at the International Communications Institute, P.O. Box 8268, Station F, Edmonton, Alberta, Canada.

Attacking Rural Poverty, How Nonformal Education Can Help, Philip H. Coombs with Manzoor Ahmed, a Research Report for the World Bank prepared by the International Council for Educational Development, The Johns Hopkins University Press, Baltimore and London, 1974, 292 pp.

The focus of this study is on types of educational efforts outside the formal school system which seem to offer potential for helping in the monumental tasks of rural development. The study looks especially at programs designed to increase the skills and productivity of farmers, artisans, craftsmen and small businessmen.

Chapter ten: Improving the Technologies of Nonformal Education bears directly on the areas of information which are the responsibility of the Information Center on Instructional Technology. This study uses the term "educational technology" in the same context as the Center, as "all the various means and methods that can assist an educational process to accomplish desired learning results." In this area, the study led to the following basic conclusions:

- Nonformal education has an extraordinary capacity to use an almost infinite variety of educational technologies;
- Nonformal education has tended to cling to traditional, costly and inefficient means and methods;
- A major cause of economic bottlenecks to expanding nonformal education is the over-reliance on face-to-face instruction of learners by teachers. Print materials plus radio can be mighty effective;
- The main emphasis in seeking to improve technologies for education in poor rural areas should be on promoting the ingenious use of effective, low cost technologies that already exist and not on introducing sophisticated new, expensive media.

Mass Media in an African Context: An Evaluation of Senegal's Pilot Project, Reports and papers on Mass Communication No. 69
UNESCO, 1974, 53 pp.

This case study of the pilot project covers the years 1965 to 1970. The basic purpose of the project was "to place modern techniques at the service of adult education, laying particular emphasis on Senegal's requirements." Television was considered a service to society on a par with education, health or public administration. However, the price of television and the uncertainty about its benefits have prevented the government from continuing and extending the pilot project.

Self-help rather than greater government assistance was the object of the television project. The main problem, however, was the gulf which separated the people from the administrators and their inability to make themselves heard or have their demands satisfied.

The training of the staff involved the mastery of the technical conditions, adaptation to the needs of the audience and exploration of problems involved in using Wolof as the language of television. The project staff was called upon to work in two languages and in two cultures. When the producer felt he was a "servant of the country" and needed to "follow its traditional patterns", the drama format seemed to emerge as the best way to present ideas and information in a realistic and useful fashion.

In addition to good programming, it was found that success of the teleclubs depended on the quality of the television reception and the capability of the group leader. And finally, the report concludes, "The effectiveness of the medium of communication depends essentially on the overall organization of services into which it is integrated and the socio-political framework in which it operates."

A General Information System for Educational Technology (ETGIS): A Conceptual Scheme, Margaret E. Chisholm, Dean, School of Library and Information Services, University of Maryland and Donald P. Ely, Director, Center for the Study of Information and Education, Syracuse University, U.S. Office of Education No. 74-401.

Even though its focus is on a system for the United States this document provides useful insights on the importance of collecting and classifying data for developing country planners who are considering educational technology as an integral part of the education process. The U.S. has a problem because its uses of educational technology cover many years of practice and include many definitions of what makes up educational technology. Developing country planners, on the other hand, have the advantage of being able to gather base line data from the beginning with their new systems and this publication offers them excellent planning guidance both in the text of the document and in the eleven critiques of the conceptual scheme which are included. The document is available for $1.00 from the U.S. Government Printing Office, 1974:546-477/2039.

Instructional Efficiency: A Means for Reducing Formal Classroom Time, Seameo Regional Center for Educational Innovation and Technology (INNOTECH), Saigon, Viet Nam, P.O. Box 3049, May, 1974, 71 pp.

INNOTECH is exploring various approaches to solve the problem of mass delivery of primary education including development of means for deriving core educational objectives so that the curriculum itself can be pared down to essentials to be learned; second, minimizing use of formal classrooms and modifying the teacher's role to one of managing the self-instruction of a large number of children with the assistance of community members, parents and peer tutors (Project IMPACT); and third, Reduced Instructional Time (Project RIT) through development of an instructional process that will increase learning rate and/or reduce formal classroom time.

This volume is a collection of papers by outstanding educators from the United States, Great Britain, Vietnam and Singapore striving to answer the question "Using current instructional objectives, how can the instructional process in primary education be made more efficient and effective without increasing costs?"

* * *

To our French readers: we urge you to acquaint yourselves with the publication *DIRECT* and, for your convenience, include a copy of their order blank, reprinted from their publication:

Getting to Sesame Street, Origins of the Children's Television Workshop, Richard M Polsky, Sponsored by the Aspen Program on Communications and Society, Praeger Special Studies in U. S. Economic, Social and Political Issues, New York, Washington, London, 1974, 139 pp.

"Sesame Street", the U. S. educational television series for three to five year olds, is quoted world wide as an example of outstanding programming and successful use of the medium for teaching children cognitive skills. The program has been adopted by many countries and adapted by many others (Plaza Sesamo, Vita Sesamo, Sesamstrasse, etc.). This important document details the preplanning efforts that went into this project of the Children's Television Workshop and highlights the need for sufficient lead time for planning, dedicated leadership, knowledgeable technicians, sensitive educators and sufficient funding to be brought together to insure success.

Polsky's book describes primarily the two years from 1966 to 1968 when the idea of a cognitively-based children's television show was examined for its feasibility, a formal proposal written, financial support secured, expert advice sought, personnel hired, and the project formally begun. By concentrating on this period the author was able to examine how decisions made early in the planning affected the show and its subsequent evaluation. The distinguishing features of this planning operation were: a small group of planners, a high degree of professionalism, clearly stated objectives, a degree of flexibility and a system of checks and balances.

pour recevoir direct

Si vous croyez que DIRECT peut intéresser certaines de vos connaissances, certains de vos amis ou collègues de travail, n'hésitez pas ! Communiquez-nous leurs noms à l'aide de ce coupon et c'est bien volontiers que nous les inscrirons sur notre liste d'envoi.

Attention toutefois, notre tirage est limité. C'est pourquoi nous nous réservons le droit de servir en priorité les gens pour qui ce bulletin est fait : les praticiens et les techniciens de l'enseignement, les chercheurs en technologie de l'enseignement et en particulier ceux qui n'ont pas accès facilement aux sources d'information habituelles.

RENVOYER CE COUPON A L'AGENCE DE COOPERATION CULTURELLE ET TECHNIQUE, CENTRE D'INFORMATION ET D'ECHANGES TELEVISION, 39, BOULEVARD DE MAGENTA, 7501 PARIS, FRANCE.

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(continued from page 1)

TECHNOLOGY IS THE ANSWER

- To generate a series of follow-up activities which the IMC can continue throughout the upcoming year in the upgrading and in-service training of its staff and its continuing effort to integrate the use of media into the solution of Vietnamese national development problems.

The Seminar/Workshop, within a limited period of a month's time, provided the participants with a better understanding of the conditions which surround any successful broadcasting system in its attempt to serve education. These have been, unfortunately, not fully taken into serious consideration in the country of Viet Nam during its earliest days of in-school broadcasting. This situation contrasts markedly with the use of educational broadcast media in the countries of El Salvador, Mexico, Brazil, Guatemala, Singapore, Malaysia, Japan and Korea, which were presented as case studies to the participants. Particular attention was given to identifying Vietnamese educational problems and developing plans in which broadcast media and other low-cost educational technology could effectively be used as part of a solution. Major presentations were given on the process of planning, specification of objectives and research-evaluation strategies. The course content and major activities were developed by a coordinating committee of the Instructional Materials Center with the assistance of Norman McBain, the UNESCO Regional Broadcasting Adviser to Asia, and Henry Ingle, special consultant to the Seminar from the Information Center on Instructional Technology, Academy for Educational Development, Washington, D.C.

Did the Seminar achieve its objectives? What actions may be taken as follow-up after the closing of the Seminar? To get this answer, we have but to look at final projects which the participants developed toward the end of the Seminar/Workshop in which they were asked to develop detailed plans using media to help solve specific educational problems in Viet Nam.

The Seminar concluded on a positive note with the participants presenting plans and guidelines for a more effective use of Viet Nam's existing broadcast facilities, looking at successful experiences in other developing countries and at local Vietnamese conditions. The participants arrived at proposed actions they felt relevant to improving educational broadcasting. For such improvement, the participants concluded that ingredients of the following nature are needed in Viet Nam:

1. intra and interministerial cooperation and coordination at all levels within the country.
2. permanent institutionalization of personnel training in production, utilization, research and evaluation.
3. an inventory of available resources and possible outside funding assistance.
4. a thorough assessment study of Viet Nam's principal needs for national development, including those of education, health, nutrition and agriculture as well as industry.

With this in mind, the UNESCO Seminar - comprehensive in its content and diversified in its participation - conducted for the first time in a war torn member state was concluded. The hope is that this forum for discussion will be followed by action. This remains to be seen for Viet Nam is not a typical developing country. It is a country at war where resources are limited and the morale is low. But clear thinking is a pre-requisite to appropriate action, and this the Seminar/Workshop certainly has provided. The Seminar has greatly contributed to a more serious understanding of what is needed for an effective use of communication media in national development.

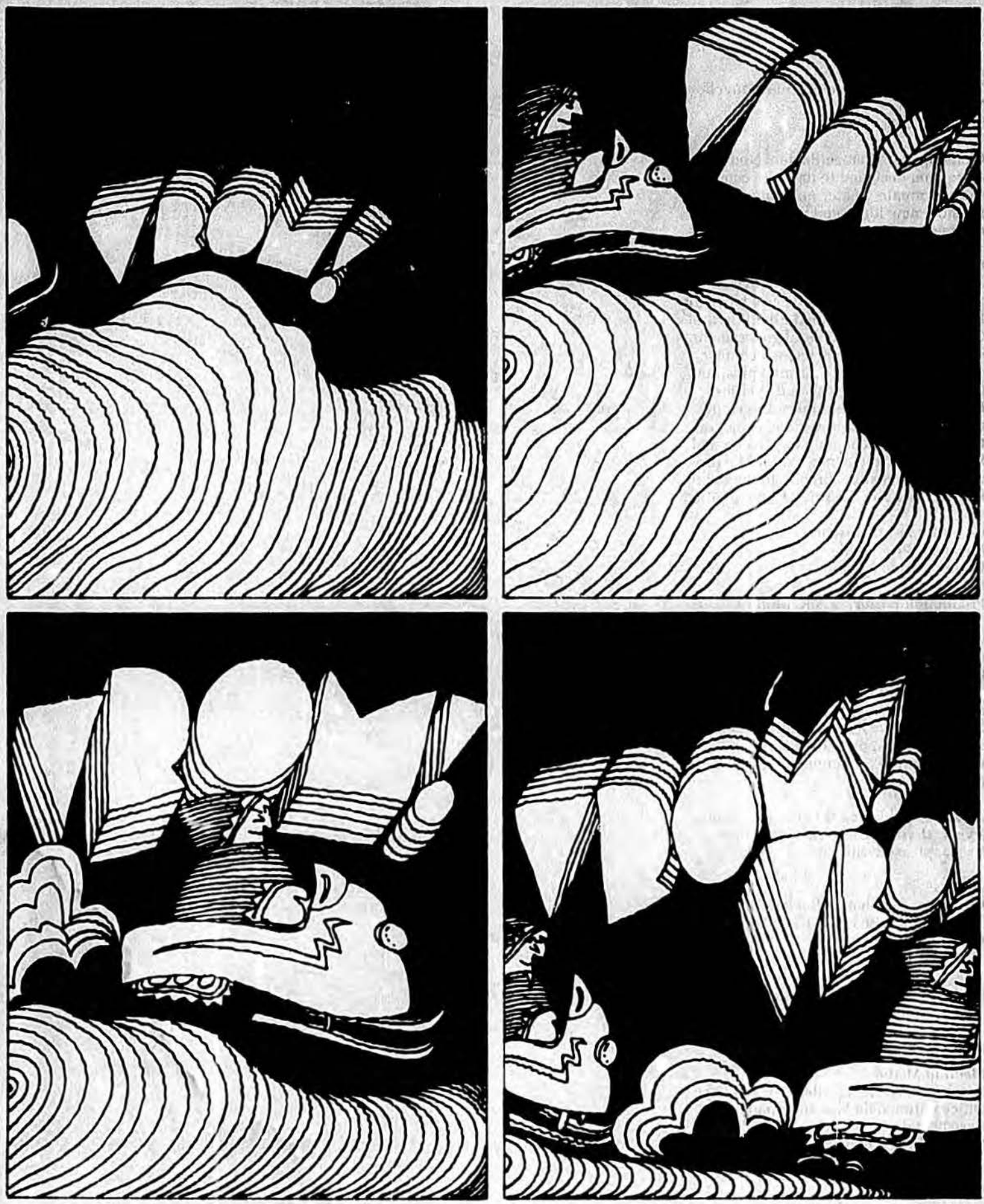
ICIT

THE INFORMATION CENTER ON INSTRUCTIONAL TECHNOLOGY
Academy for Educational Development
1414 22nd Street, N.W. Washington, D.C. 20037

Challenge for Change/Société Nouvelle Access

National Film Board of Canada

Summer 1973



Access
Challenge for Change/Société Nouvelle
Number 12
Summer 1973

Challenge for Change/Société Nouvelle: a program designed to improve communications, create greater understanding, promote new ideas and provoke social change.

Challenge for Change/Société Nouvelle is an experimental program established by the Government of Canada as a participation between the National Film Board of Canada and certain federal government departments and agencies, which now comprise: Agriculture, Communications, CMHC, National Health and Welfare, Indian Affairs and Northern Development, Labour, Manpower and Immigration, Regional Economic Expansion and Secretary of State/Citizenship. The program is responsible directly to the Secretary of State, via the Privy Council office.

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Société Nouvelle/ Challenge for Change
Office national du film du Canada
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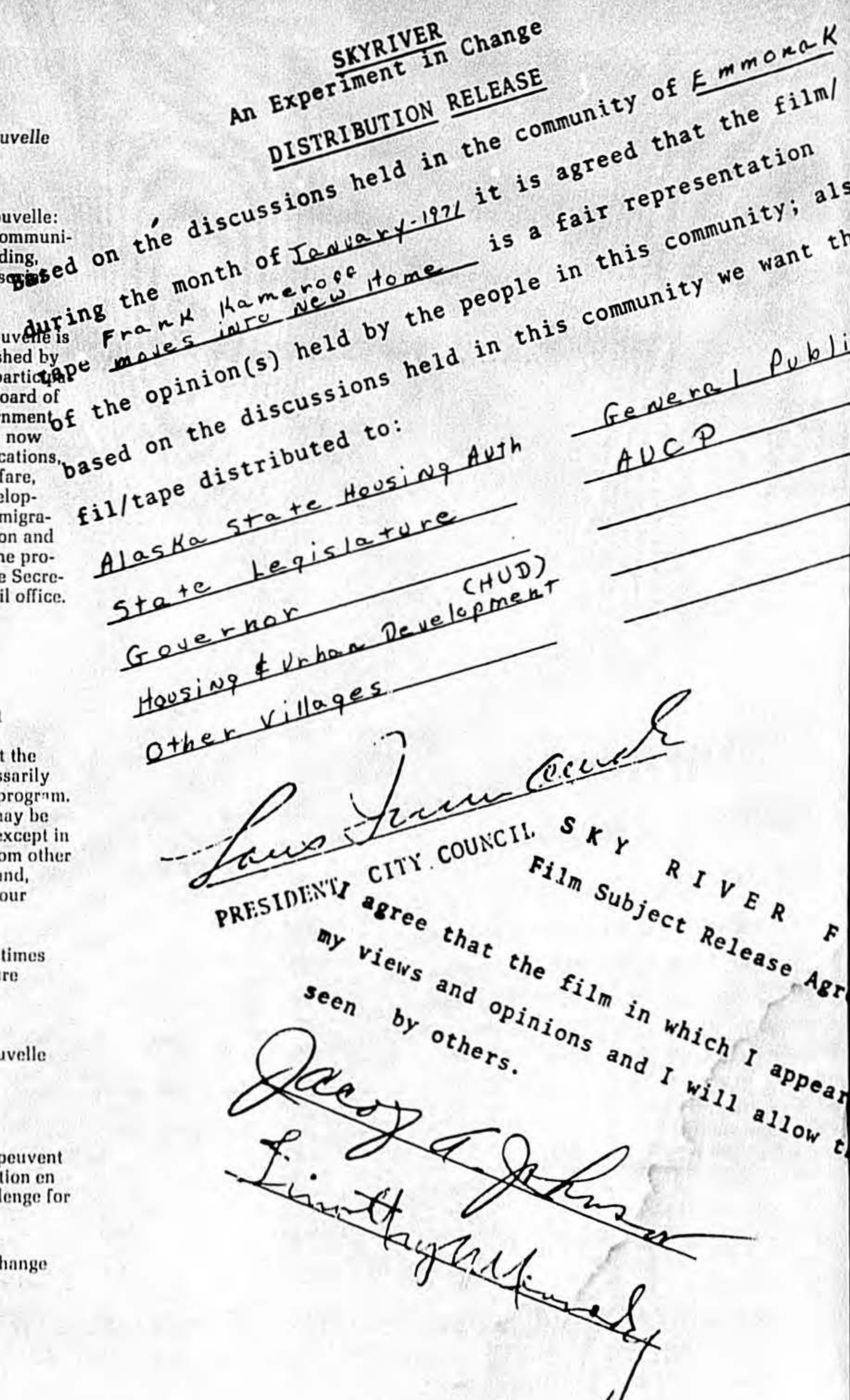
Montréal 101, Québec


SKYRIVER
An Experiment in Change
DISTRIBUTION RELEASE

Based on the discussions held in the community of Emmonak during the month of January-1971 it is agreed that the film/tape Frank Kameroff moves into New Home is a fair representation of the opinion(s) held by the people in this community; als[o] based on the discussions held in this community we want th[e] fil/tape distributed to:

Alaska State Housing Auth — General Publi[c]
State Legislature — AUCP
Governor
Housing & Urban Development (HUD)
Other Villages

PRESIDENT CITY COUNCIL

SKY RIVER F[ILM]
Film Subject Release Agr[eement]

I agree that the film in which I appear my views and opinions and I will allow t[o be] seen by others.

The Skyriver Project

The Story of a Process

Illustration/André Monpetit

Tim Kennedy spent seven years in Alaska with projects funded by the U.S. Office of Economic Opportunity.

During that time he developed close personal relationships with villagers, policy-makers and legislators in the Yukon river delta, the state capital and Washington.

These associations give him a vantage point for forming a perspective of the human condition in an Alaskan context. In the following articles he describes the Skyriver project, and makes observations about life in the past and present for Alaska's native people, along with some prospects for the future.

Tim Kennedy has recently joined the Challenge for Change program as a producer. He is welcome.

Basically the Skyriver project uses 16mm film and half-inch video as tools to build community strength. For the past two-and-a-half years, we have attempted to provide access to both video equipment and a professional film crew for Eskimo village people, particularly in the lower Yukon river area of Alaska. Skyriver goes into a community completely open-ended, not being afraid of the ambiguity of the situation that's going to develop.

It Grew Organically

I had already spent two-and-a-half years in the lower Yukon before any video equipment was brought in and the program really grew out of that experience in a kind of organic way, based on my involvement with people in Emmonak. I went there first as an organizer for a fish marketing co-op. People wanted to challenge the Seattle merchants, the Seattle Cannery operation there.

It was a fairly classic kind of exploitation. The people's nets and everything were owned by the company, and they had to get their food from the store owned by the cannery – it was the only place that would give them credit – and then that was deducted from the price paid for their fish at the end of the year. Usually their fish brought a few hundred dollars, and so they would have to get back into credit to hold them over the winter. In the past that worked because, as the manager of the store said, "The people had no other alternative."

Now they've started their own co-operative and they've literally taken over the river. It's a multi-million-dollar business now; they have about 300 fishermen – they've been quite successful.

The Problem Is We Don't Have Any Power

Of course, while I was working with them on getting the co-op group, we also rapped about other things. What they said was similar to what people in Noorvik used to say when I lived up there: The real problem is not the fact that we have poor housing or that we have health problems; the big problem is that we don't have any power, we feel manipulated. We know that we don't really have control over whether a house is going to be built this way or that way, but we don't know how to combat it, we don't know how the hell to have any input.

At the Juneau, Anchorage, Washington level, they don't realize that people understand when they are being manipulated... understand that they don't really have very many choices. They are simply not in a position to do anything about it; they don't have access to information.

Film as Process – The Fogo Experience

In the meantime I met Don Snowden who was the director of the Extension Service at Memorial University in Newfoundland, and he told me about a process of using film, and eventually videotape, that was developed by Colin Low for the Challenge for Change program at the National Film Board. It was a combination of the film-maker and his skills, and the community organizer. They developed this process and it was used quite successfully in Newfoundland.

So everything just fell into place at that point – it seemed right in line with what I'd been thinking about. I had done some experimenting with videotape, but nothing in a very formal way. So, with some help from Don Snowden and Colin Low and others, the Office of Economic Opportunity was persuaded to fund an experiment in the use of media. It wasn't a program that was put together and shipped off as a package to a village. It grew *out* of the village . . . people talking about different things they'd like to do.

Just People Talking

So the first part of this process is just people talking, and we use half-inch portable video units for the first phase of this, mainly because, unlike films, people can control them immediately. It takes about an hour to learn how to use a video unit; it provides immediate feedback; there's no processing involved. You are screening yourself while the act is still fresh in your memory – as soon as you stop, you can look at yourself. It's also portable, it's battery operated, people can take it any place they want to, out in a fish camp or anywhere else. VTR is used

to build the momentum of community discussions. It's glamorous enough so that everybody in the community comes and screens themselves and screens their relatives. These screenings go on over an extended period of time.

Bring the Factions Together
This is very important because Eskimo communities, just like a community in Anchorage or anyplace else, are not homogeneous groupings of happy people who love each other. There's a lot of factionalism in Emmonak. You have the Black River people, the Tundra people and the Yukon people, and there isn't that much communication among the different groups. So, first of all, it brings these groups together. Also, in a vertical fashion, it brings together the old people and the younger people in the community. Everybody comes to these meetings, and they start reacting to themselves in a very strong way. The image itself forces a safe kind of reaction that face-to-face confrontation wouldn't at that point. Eventually, through these screenings and discussions, the people actually get to the point where they start seeing if there is a consensus on different issues, such as education or housing.

Need to Take the Time
This period of using video to bring the community together and build a consensus on some of the key issues is very important, and it has to be given enough time. The first year we began Skyriver, I had to return two-thirds of our funds to the funding agency, because I refused to rush the process and bring in the filmmakers too soon.

The Village Selects the Organizer
When the time was ripe they selected an individual from the village to act as the organizer on the long haul and do the interviewing in the films.

I think that that's a very important point in our program. In order for the process to really work, the organizer has to be committed in a way that an outsider never can. He has to have a stake in it that only the residents of the community can have. As an outsider I could never have it, however much I could identify intellectually or emotionally with the people. I can feel bad if it doesn't work but I can just go back to Anchorage and forget about it. Raymond Waska, who was selected by the people of Emmonak, can't do that. His relationship to the process will be much more effective than mine, and he has rapidly developed his community development skills.

The Village Selects the Spokesmen
Now at the point when they reach a consensus on a problem, an individual or a group of individuals is selected from the community. These are respected opinion leaders chosen as spokesmen.

Again this contrasts with the "play boss" kind of a thing.* They end up identifying the people in the community they really respect. As example, Frank Kamaroff, who is interviewed in the housing film, is the most powerful individual in the Kamaroff extended family, the most powerful family in the Lower Yukon. But he's not a guy that an official would ever meet, he's not on a Council or anything.

Film Is More Powerful
Up to this point in the process, it's been videotape and discussions. Now a film crew comes in at the request of the community and works under Ray Waska. We use film here mainly because I have found that the film medium is much more powerful when you're dealing outside the immediate community, whether between other communities or with government decision-makers.

*See page 15 column 1

Photograph/Tim Kennedy

Before the interview takes place, in order to avoid leading questions or introducing your own bias, the person being interviewed provides a rough sketch of what he wants to say. It's the interviewer's job to bring that out.

Who Controls the Interview?
The interviewee decides where the interview is going to take place, within technical limitations (if there's a big wind or something you have to do it inside.) He decides in what language he's going to do it. He may want to do it in his own language, which a number of people do. So if you're providing an environment, a situation which the person controls, he can communicate in a very comfortable way

. . . unlike a meeting held with government officials.

A Solution Is Offered

Next in the process, the spokesman offers a solution. For the first time a local person offers a solution – and it's expressed on a very powerful medium, film.

Film is good in an organizational sense also, because it takes a couple of weeks after the interview for the film to be processed and the double-system projector brought in for a screening. This gives people time to think over what they have said. If you produce a 15 or 20 minute videotape instead, the tendency is to want to use it right away whether the community's ready or not. Film slows the process down at this crucial point, gives people a chance to think things over.

Who Controls the Viewing?

I'd like to mention here that, after the interview, the person interviewed signs a pre-release agreement. We are very purist about this. The pre-release agreement says that no one else can see the film until he has screened it and edited it and signed his written approval. He screens the uncut footage in private behind closed doors.

Usually the first time a person sees himself on film he's just flabbergasted – "There I am on film!" People in the villages probably see more films than any other group in the world that I know of. It's just incredible . . . they see at the very least a feature film a week. But seeing themselves on film is a shocker.

Who Controls the Editing?

The film is shown to the person concerned a number of times, so that he can get beyond the shock of seeing himself and can start listening to what he's saying. Now, at that point, if there's anything that he wants to delete, it's edited right in front of him. He can actually take the splicer himself if he wants to, and the unwanted footage is just thrown away. Perhaps he has mentioned a politician by name and says, "Oh that's too strong, we'll just cut that out." He'll do it, right then.

Also at that time the film crew is present in case the individual decides to add to his statement. He may say, "Ah nuts, I could have said it much better. I should have added to it." Well he can, at that time. So eventually he puts together a fair representation of his view on the issue.

The Film Generates Discussion in the Village

Once he gets to that point, he signs a written release, which allows it to be seen by other people in the community. The film now includes this new element – a solution has been suggested. The film is then used to provoke discussion and reaction in the community. It goes back to the general community a number of times over a period of weeks.

The screenings are incorporated in the people's lifestyle. The village screening phase is carried out between January and April, which is the time when things slow down and people visit each other. It's not done in summer when people are commercial fishing and fire fighting, or in the fall when they're hunting, or in the late spring when they're getting ready to go fishing again.

Consensus on Solution

The discussions are held by Ray Waska, and they're in their own language. Some of them are videotaped, if they want to document the fact that discussions were held, but eventually the community arrives at a consensus not only on the problem, but on the proposed solution. Shall they agree with what William Trader had to say about education? In this case they did. If they don't agree, the film is thrown away; it is simply rejected because for the purposes of community organization it's meaningless, it's just a minority position in the community.

The Anthropologist's Delight

There is another reason the film has to be released by the community, as well as by the individual on the screen. One delightful old guy wanted to be filmed telling his life story, and the history of the village. So we filmed him, and he was charming, witty, an anthropologist's treasure. He was very pleased with his film, but when it was shown to the community they said, "Oh no, we can't release that – it's lovely story-telling, but it's pure fabrication – it simply isn't true. We can't have a false story of our village being seen." In view of the power of film, the false story would have become the true one in the eyes of history, and the real story would have been forgotten. I wonder how often anthropologists have entered into the annals of history stories built on similar foundations?

The Community Can Add to the Statement

During the community screenings, the community can decide to add to what the original spokesman had to say. While William Trader movingly expressed the community's dislike of far-away boarding schools for their children, and proposed that local or regional high schools be built, a few people wanted to talk about details of curriculum, education content and the kind of teachers they wanted. The film crew shot this, it was brought back to the community, and finally one complementary film was finished representing the community's stand on education.

Information about the Power Structure

They then go into the next aspect of the program, which is that Raymond Waska, with our help, starts providing the community with information that it didn't have access to before. In effect, he starts explaining the system to them. Say you're dealing with the issue of education. Who is the Commissioner of Education? How does he relate to the State Board of Education? How much power do they have? How do they relate to the Legislature, to the Governor, to the Federal people? Over a period of time the system is explained to people, so they then start seeing the places where they can apply pressure so their collective voices can be heard by the right people.

We've introduced a new variable. They can not only write letters, sign petitions and go to regional meetings, but they've got a film now, a consensus film that represents their opinion, and they can take it to the decision-makers.

Can We Solve It Locally?

First of all they decide whether they can solve the problem locally. On an issue like education, they can't afford to build the school or hire a teacher, so they are going to need government assistance, and will have to inform government and ask for a response.

Raymond then takes the film to the Commissioner of Education. The first group it goes to is the civil servants who run the programs and make the decisions that directly affect the particular issue. In this case the two films were shown to both the Commissioner of Education and the State Board of Education at the same time.

Affecting the Government and Other Villages Too

Now the effect of the films is very hard to describe here; it really has to be observed, but it had a two-fold effect at the education meeting, because there were a number of people from other villages present. They normally go to these meetings and just listen to the State Board of Education. They're traditionally very polite and they don't really say anything because they're intimidated by the trappings of power at the meeting.

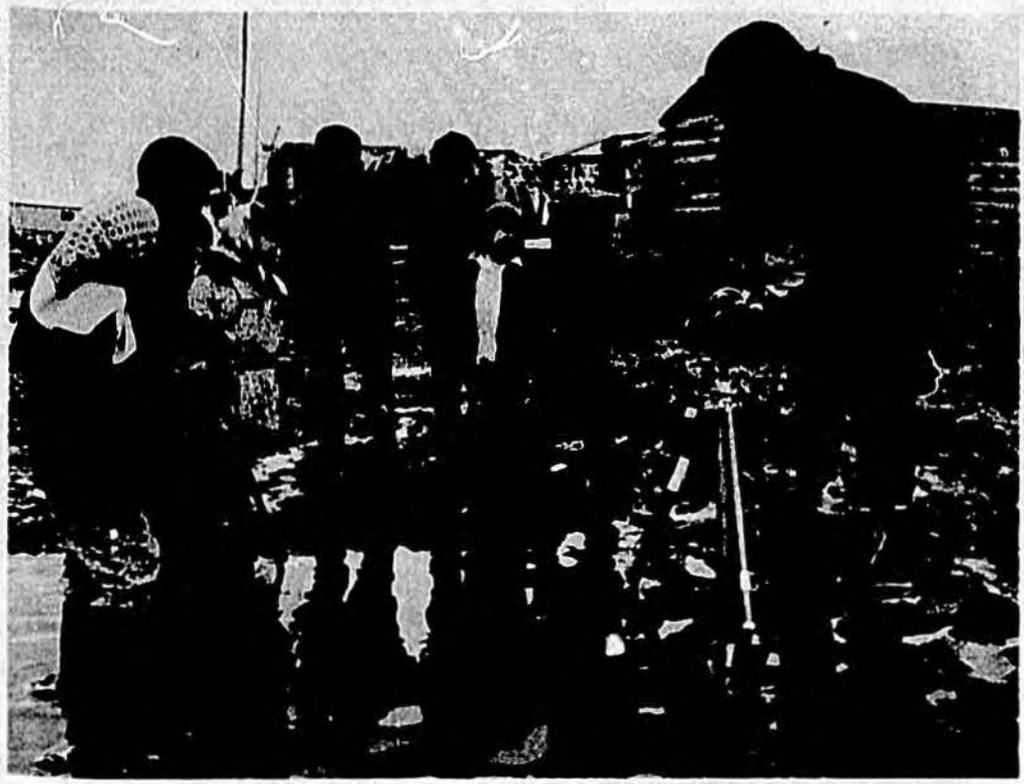
Powerful Impact

At this meeting, as I said, there was a two-fold reaction. First the Commissioner of Education and the State Board of Education were flabbergasted by the film. They had never heard a parent talking at a very practical gut level about how he felt about sending his child out to boarding school. They were used to formal meetings with the so-called native leaders, who were very articulate in the English language and were no longer really village people. They had never really heard from a village person before, so they were really taken aback by it.

The villagers at the meeting saw that reaction. Also, they themselves felt the power of the film, saw its similarity to the way they express themselves in the privacy of their homes, among their own people. So the films gave their feelings and opinions a sense of worth that nothing else could. In the film they saw a guy just like them – he didn't have any more white man's education than they did and a lot of them even knew him personally. And so it freed them to stand up for the very first time and tell these powerful people how they felt. They were literally pushing, jockeying for position to get to the microphone first. There was a huge emotional kind of response from parents, and there were a number of kids there from a high school who felt very strongly in favor of the film's ideas too. For the first time bureaucrats were handed information they could not get on their own. The film then went to the state legislators, the people who provide monies to the Board of Education. They too, were very much influenced by it... and they responded quite positively, again because it provided information they hadn't had access to before.

Another reason for using film is that it involves an environmental change for the bureaucrat. You don't just put a video monitor on his desk, or in a Board Room, where the guy's still taking phone calls and can leave the lights on. Film involves an environmental change; the man usually

Illustration/André Monpetit



Photograph/ Phil Smith

Photograph/Richard Pope

has to go to a special screening room that is large enough to project the image, so he steps away from his trappings of power; the lights have to be turned out, and he has to pay much more attention to film than he does to the video image.

The Government People Respond on Video

Another thing that's different about this program: We don't just screen a documentary and then the audience just gets up and walks away, saying, "Gee, we must try to do something about it." Raymond brings a video rover with him when he goes to Juneau, and usually somebody to run the camera. He then asks the Commissioner or the State Board of Education or the Legislators to respond directly to the people on videotape. Because of video's speed and immediacy you can get the message back to the people quickly. Many of the people in power have done this. Most of them respond through action, but even before the action starts taking place and becomes visible to the people, the psychological effect of having someone like the Commissioner of Education – recognized as a powerful man – responding directly to them on videotape is very powerful. It does an awful lot to build confidence in the community. That is a very important part of our process which is different from the traditional use of film.

We Got Positive Results

The effect of the education film was that the State Department of Education changed its policy. At that point they were going to use the money to build urban dormitories to beef up their boarding-school program in Anchorage and Fairbanks. That was their idea of bringing the kids closer to home – from Oklahoma back to Anchorage. What the parents were talking about was not a regional high school, even in Bethel or Nome, but a regional high school in Emmonak or in Noorvik-small schools for a small number of villages. This new regional concept was accepted. They are now in the process of designing and constructing the schools. Emmonak now has a high school teacher and other villages are going to get one. The village of Emmonak has filed a suit through Alaska Legal Services Corporation, on behalf of

all native communities in Alaska, to essentially change the whole regional high school approach in the State of Alaska. The suit claims racial discrimination. Research showed that every remote community that is 50 per cent Caucasian, with eight or more children eligible, has a high school or close access. The contrary is true for native communities. The suit is intended to prevent the Board of Education from changing back its policies in the future.

It has been a very powerful thing. The film has been shown in many other villages that feel exactly the same way. They have responded in kind, they have let their feelings be known, and it's the very first time that that kind of pressure has ever been applied from rural Alaska. The only lobbying, so to speak, that had been done in Alaska was from Fairbanks or Juneau, where people know how to use the system. The film has been a very powerful tool – education has become probably the biggest issue to surface in the villages.

In every single case, except for the housing program below, the response to our process has been most positive. Governments have been shocked at the way their system has been set up. They had really believed they were doing a good job. Most of their information had come from uninformed field workers; it was internal, in-house – they never really had access to community opinion.

Housing – A Long, Tough Fight

The case with a rural housing program was a long, tough, two-and-a-half-year process. The film showed the incredibly bad design of the low-income houses, with people freezing and miserable. The first response from the government program was to try to co-opt people. They responded on tape with a lot of soothing bureaucratic language. "It's not really as bad as you think it is. You are the only village with a problem, you really screwed it up." But they underestimated how far the people would go. There was a consensus among the people: "We don't accept that." They sent the film to other villages and got support on videotape.

Eventually the housing authority had to respond. Now, very quietly they are trying to get around $500,000 to rebuild those houses.

But that two-and-a-half years was a long, rough process. It even involved a physical threat to me. That was when it was really obvious to me that the film process was powerful. The education issue went so well, at first I was worried. I never expected things to happen so fast in such a positive way.

The housing response was more the kind of reaction I was told to expect. Their position was, "We don't recognize the problem. It doesn't exist. You guys are making it up. You've taken one house out of one village and blown the whole thing out of proportion. Everyone else loves the houses." In the past people would have had to accept that. Right away the housing program introduced a big huge study on it, "a study of your village".

But now the people had their film, which they hadn't had in the past. For instance, in one house, children ice skated in the kitchen. That is how obscene the whole damn thing was. People could keep their meat frozen solid inside the house, just by putting it in the corner.

It Wasn't a Case of Malicious Mischief

Just bad design. People designing the homes have no stake in whether the homes are good or bad. They don't really pay the penalties if the homes aren't good.

Most housing programs are mainly concerned with housing developments that are *not* rural, low-income. Middle-class housing developments are their main interest. But there was a lot of money available for low-income housing. The agency wanted a lot of people to be hired at the Anchorage, Juneau, and Washington, DC, levels as a result of these programs. They finally told the village people, "Look, we couldn't care less. We got stuck with this low-income housing project." They just tried to do it for a minimal amount of hassle. There were guys in there, trying to do a good job, who were totally ignorant of permafrost.

The Villages Reacted

As long as they didn't get any pressure they couldn't have cared less. But they got pressure. The film was sent to villages all over Alaska, and their discussions were videotaped. They showed complete consensus on the bad quality of the housing. Reaction started coming from all directions, in spite of threats and intimidation.

Photograph/Clerk Mahler

Illustration/André Monpetit

Eventually it got to the point where some of the more responsible guys in the housing program started saying, "Why can't we admit that we blew it?" Eventually they were heard. They had enough nerve to talk to their superiors. And the film helped to free them to say it. The evidence was so overwhelming that it freed them internally to say, "Hey, look, we have got to respond to this. We've got to take some action." When the housing officials screened the videotapes from the villages, the one man who was obstructing changes was fired, and policies were changed.

Skyriver is not only concerned with problem films. The villagers also make positive films, showing the accomplishments of the community. They also make films that reflect the culture, history and lifestyles of the people. Many of these are in color, as the people believe these elements of their lives deserve nothing less than the best color film. These films have had another effect. The young people, who had been drawn forcefully into the changes of lifestyles created by the white influences, had been getting farther and farther from their cultural roots. Screenings of the films have generated intense discussions between the old people and the young, culminating in the renewal of the old tradition of instructing younger people in the Kuzigik (Eskimo meeting house) by the old people themselves. The last generation of Eskimos who lived here before the whites ever came is dying now. The young people are asking them to pass the culture on.

The Whites Phase Out

The last step in the whole process is now being completed. Two Eskimo artists, Andrew and Louis Chikoyak, have been trained as cameraman-director and soundman, and with Raymond Waska, will continue the project on their own. They will work not just in the Emmonak area but also at Tununak, their Nelson Island home town, where they are setting up the Skyriver facilities.

A Native Film Crew Takes Over

Andrew Chikoyak initially learned art and film-making at the Institute for American Indian Arts at Santa Fe, New Mexico, and for the last year has been working with Phil Cook at putting his very considerable artistic skills to work with his sense of commitment to helping his people use film as a social tool.

In Kotzebue, the Northwest Alaska Native Association will use Skyriver tools to provide and obtain information for the native land claims settlement. The villagers will have access to each other in a way never available before.

I believe the native film crew, being more sensitive to the ways of the Eskimo, will experience even greater success. Already, they have got material a white crew could never get.

As of April 30, 1973, Skyriver will be entirely run by Andrew and Louis Chikoyak, and Raymond Waska. The village of Emmonak has its own video equipment and will buy tapes.

We have been trying to diversify the funding for the future. OEO has been phased out, but we intended to find alternate funding in any case. Already the Tununak experience will be partially paid for with a grant from the National Endowment of the Arts. More is needed.

Tim Kennedy

In Anticipation of Problems

I feel it is important to anticipate a special phenomenon while training a local person. When a local individual is trained by a professional or an expert (particularly if he is from another culture), the organizer-trainee risks changing his reference group from his community to the person he has been trained by, or from whom he is getting his cheque. When he needs advice or when he wants to be rewarded, the rewards or punishments that he relates to aren't from the community.

Now this is something I did my best to prevent. Raymond Waska has had fairly good success in this regard, even to the point where for months at a time I don't know where Raymond is, and he doesn't feel obligated to let me know what he's doing all the time.

It Takes a Certain Kind of Film-maker
Another thing to be aware of, if you're going to use the film medium, is to be extremely careful about who you hire as a film-maker. The first person that I had in our project was probably the most severe problem that I had to contend with throughout the whole development of the program. First of all he was incompetent as a film-maker, but over and above that he had the traditional attitude that the product was all-important, that it was an extension of himself. He was the creative person who would interpret. He couldn't accept the fact that he couldn't control the editing process and the distribution. In a sense he related to me as if I were a client, and he related to the people in the village that way. So, after a long, rather uncomfortable period of time, I eventually had to let him go and found a very sensitive young film-maker, who has also trained the Eskimo crew.

The film-maker has to give more than any other person in a Skyriver project. It's the way film is used as a tool. It's really quite a dramatic interpreter. The product is only important as a means to an end. We're not worried about mass distribution of the films. They have a very specific activist kind of role within the process. It's very difficult for a film-maker to accept that. He has to subjugate himself to quite a degree.

An Innate Conflict Between Film-maker and Community Developer
So it's very important that you get the kind of person who can talk these things out and argue with others without negative consequences.
I'm very fortunate to have had Phil Cook, who is a young film-maker. His sensitivity and his willingness to subjugate his training and his concept of film-making have been a very important asset.

What about Broader Distribution?
Another problem, I thought, was how to use the film when it had been screened to government officials and others, and had gone to other villages to get their support.

It has been well utilized but I really underestimated the importance of film as an information resource for urban Alaskans, for use in universities and for cross-cultural courses and educational courses. We got a tremendous demand for the films, and yet we never really set up a distribution system and have never really known quite how to handle it. I think that 's something that everyone is going to run into and it should be anticipated more than I did from the beginning. If anyone has any solutions to that, I'd really like to hear them.

It's Not a Blueprint
Let me just say that Skyriver is a process that has been utilized very successfully in rural Alaska. I want to share the experience with other people but I think it would be a tragic misinterpretation of the Skyriver experience, if it is related to as a model or formula – effective for whatever environment you're working in. The best advice I can give is that you accept the ambiguity of your situation and not succumb to an ideology that will seem to free you from it.

Photograph/Clark Mishler

Photograph/Phil Cook

Pity, Sympathy and Empathy

Much more important, I feel, than the technical details of when to use videotape and at what point in the process you introduce film, is the attitude of the community organizer, particularly a person who is not a member of the community but who is an outside resource person involved with the community.

First of all, I do not believe an organizer should step into undertaking a program. The organizer should only be involved with a community that has made a specific request for his or her assistance. It is one thing to make communities aware that you're available and what you can do, and it's another thing to impose yourself on a community.

But I feel the larger issue here is the attitude of the organizer. That is going to leave the greatest imprint on a community. It is going to affect the day-to-day relationship that the organizer has with the community.

I feel the best way to relate to this is to discuss the differences between pity, sympathy and empathy.

The essential difference between empathy and the other two reactions is that someone empathetic is willing to become involved with the other person, not trying to involve the other person with him or her. Without that kind of involvement there can never be commitment. And there must be that kind of commitment for anyone to really be of benefit to others.

Pity

How is this manifested in real situations? Well, for example, I've been to a number of meetings with government agency representatives. One frequently hears how terrible it is to be an Eskimo, what terrible living conditions they have to live under, how poor their health is, how many of them die too early in life; it's one thing after another. Just talking about how devastating these people's lives are, and that's it. At the end of the meeting people get up and they walk away. There's no involvement there at all. That's pity. And if you appeal to people at that level you're going to appeal to their worst instincts. The relationship is going to be based on pity and no one benefits from that.

Sympathy

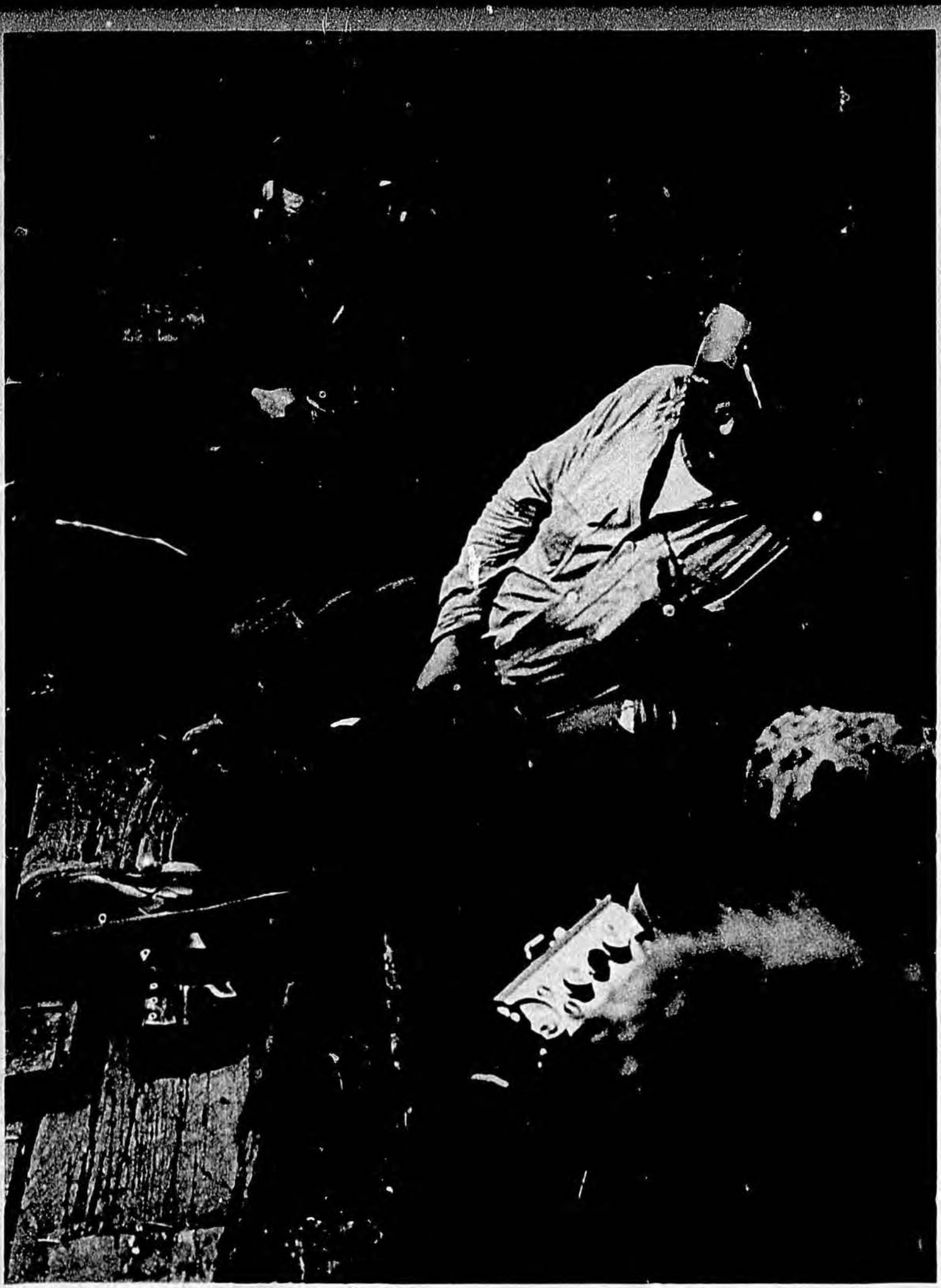
A manifestation of sympathy that I've seen quite a bit, particularly in a cross-cultural situation, is white people working with Eskimos and feeling that the greatest contribution would be to take these people out of their dismal situation and bring them to a city for a couple of weeks on a tour, or take school children from an Eskimo village to a school in another city, in a place like Oregon or whatever – no involvement there either.

If anything, that's a slap in the face to people. For the first time these children realize what they don't have; needs are created but there is no corresponding means provided to attain them. And it may be totally irrelevant to the reality of the person's environment.

Empathy

Now the third thing, empathy. I feel the process that we have developed in Skyriver, and what is happening in Challenge for Change, are good examples of empathy because it takes involvement. It takes commitment which has to be done on the people's terms. It has to be open-ended and the people must have complete control over it.

The organizer within this process cannot be an active advocate for any position. The organizer must be reactive. He must only respond to the community at the community's request and become involved with the community on its terms, so that he or she develops the credentials that the community respects. In a sense the organizer must pay his dues. He must be judged on the people's terms to develop the kind of trust that's needed.



When Western Society Came to Alaska

When the whites first came to Alaska, they came here to exploit. They came here to exploit the natural resources mainly, the non-renewable resources, but they also felt obligated to impose the western institutions – religious, social, educational, economic – supposedly to benefit the Eskimo, Indian, Aleut people. So the poverty of native Alaskans is the poverty of exploitation that has become both cause and effect of present problems.

They Controlled the Information Flow
The one variable that allowed all this to happen is the fact that the white men controlled the information flow. They imposed a system that was totally divorced from the reality of village life.

In fact, villages were not even the reality at that time. People were highly mobile, particularly the nomadic northern people, who travelled long distances every year. When the religious and educational institutions were set up in rural Alaska, they brought people into permanent settlements for the very first time. So you destroy the traditional way that people shared information. You keep them apart. You immobilize them, while on the other hand bringing them together in an alien life style of a permanent settlement with numerous extended-family loyalties conflicting with one another. It has a devastating effect

New Symbol of Expression
But probably the most devastating thing was the introduction of text books in the schools and the Bible in Christian churches. Not only did that allow for control over content and control over who had access to it, but the final blow was that it *introduced a completely new symbol for expressing oneself, to people who had an oral tradition.*

People had developed an oral tradition which included the dance and story telling, the story knife. These nomadic people came together once or twice a year to share their stories and experiences. Certain individuals would be entrusted to memorize them and they would carry it on, so in a sense the dance was a history book.

The native students in 1972 up here who are going to the university are still having problems bridging the oral and written traditions.

They are very intelligent, bright, sharp kids who can't cope with writing.

No More Get-togethers
The next effect of developing permanent settlements was that people didn't have a chance to get together to share with other groups, other extended families, about what was going on from year to year. The only way you could communicate with somebody who was 400 miles away, was through the US mail, again further legitimizing the written word.

Radio – The Unfulfilling Possibility
The next development, in terms of media communications devices, was the radio. Now you could assume that they would be of benefit to Eskimos, who have a verbal tradition. *But control is still maintained by government regulations.*

In most of the villages in Alaska, there's a radiophone. But it's in the Bureau of Indian Affairs or the state-operated school, and the only person headed to use it is the principal/teacher. I'll give you an example. When I lived in an Arctic Eskimo village, they had an emergency situation that arose because of something the principal/teacher was doing. The people didn't like it. They wanted him out fast. Now the only guy who could operate the radio was the very same principal/teacher. They had to get permission from him in order to blow the whistle on him, and he wasn't about to let them.

Television – We're Hypnotised but Intimidated
Now we have television, which has forced a crisis of sorts in our western society. Because of our agricultural/industrial experience we have legitimized the written word. All our institutions relate to that legitimacy. When you bring in the visual image, it forces our society to do a lot of unlearning, to be able to use it, to be able to trust it. A manifestation of that is the fact that not one publishing house in any western industrial country is regulated by government, but every single institution that projects a visual image on a public screen is very strictly regulated by government.

To the Eskimo It's Just an Electronic Story Knife
So the sophisticated technological society has developed this great thing that we're intimidated by. But it is nothing more than an electronic extension of the traditional way that Eskimo people communicated. It's nothing more than an electronic story knife. So it's a tool that they feel comfortable using.

It is also a tool that has mystique, that represents power to decision-makers in Juneau, Washington, DC, and Anchorage, who are from the western culture. If anything they're in awe of the medium.

That makes film and video natural and very useful to help Eskimo people focus in on issues, develop a sense of collective power, a power they don't have as individuals but which they can feel as a group. They can also be used to provide direct communication between village people and government decision-makers who make decisions affecting their lives.

Local Government Was Imposed
The village council is supposed to represent the community. The city council was a western concept of local government. It was imposed, not for the benefit of the people, who were forced into a permanent village situation. The village and councils were instructed so that the government officials would have something they could relate to. And they were expected to use Robert's Rules of Order.

The Death of the Shaman
This was set up to replace the traditional power structure, in which the Shaman was the most powerful figure. He was the spiritual leader and the political leader. He was discredited, driven underground, not so much by the strength of Christian belief *but by the white man's disease.* Influenza and other diseases ran rampant throughout the villages, killing thousands of people. And the Shaman could not handle them, had no way to cure the people. But most of the missionaries were, as it happened, medical missionaries and

they were around with a serum, curing people. They displayed an awesome power that probably did more to discredit the Shaman than anything else.

Who Wants to Play Boss?
What are the negative effects of that? Well as an example, the Yupik Eskimo word for city council president is "Ongayukahuk" which literally translated into English means "play boss". Now I was brought up in a western society. I was taught to respect the office of president or teacher, respect for the office itself. That is not true in the native tradition at all. They respect the man.

So people take turns playing boss for the white man. Now, the individual who's playing boss may be a leader or he may not be. But from my experience most of the real leaders, who are respected in the traditional sense, didn't really want to bother with that. They almost felt fortunate to let other people sit on the city councils because they acted as a kind of buffer for the community. The outsiders would seek out the people in the community who had credentials they could relate to – mayor, president or whatever And so they acted as a buffer for years.

But more and more now, village people are starting to see that this has reached the point of diminishing returns. They've got to start getting the right people on these councils. However, a lingering consequence of this imposed local institution is that many ineffectual villagers used this system to promote themselves through a government/church patronage which eventually provided for an artificial leadership structure. These villagers gained access to information and used it at the village level to their advantage.

The Self-fulfilling Prophecy
The other thing that has had a strong effect here is a kind of self-fulfilling prophecy. The government officials have this mythological belief that Eskimos are childlike, passive, lethargic, fatalistic, that they have a tremendous sense of humor, etc. Now that's a romantic kind of reverse racism in a sense. (Blacks are wonderful musicians.) I mean, there's no real middle ground for the way most whites deal with Eskimos. They're either put up on a pedestal at a very romantic kind of "noble savage" level or they're considered second-class citizens. "Culturally deprived" is an expression used a lot, rather than thinking of them as having a *different* culture.

Wham Bam Thank You Ma'm
So the outsider comes in. He brings his environment with him. He comes in using a private plane, with all the trappings of power. If he does hold meetings, he holds meetings on his terms. He only seeks out the people with the western credentials in the villages. He has a short two-hour visit, usually. Very few ever stay overnight, and if they do, they stay in the Western compound in the village. So the people are put in a situation where they live up to the guy's expectations. They act passive. They don't really have the time to go beyond that level with him.

No Time to Check with the Leadership
He represents a lot of power, and people usually attribute more power to him than he has. Now, couple that with the fact that most of the people he's talking to, if not all of them, have no right to represent their community in the traditional sense. They have to check the true leadership before they can respond on behalf of the community, and if the guy's only there for an hour, two hours, they do not have the time to do that. So there's another reason for acting passive. And so the prophecy is again fulfilled.

Chaos of Misinformation
What you have as a result of the system is not just a lack of information, which is what a lot of people talk about in the States. I think it's much more complex than that. I think that as a result of the system you have a chaos of misinformation, half-truths, innuendo, rumors, fostered by the two-hour visit and the bureaucratic language that never really gets deciphered. The village people have to make decisions based on undecipherable data, and the public official has to make decisions based on this system of misinformation.

The Bureaucratic Snowball
You have this incredible snowball effect that has been built up over the years. People initiate programs, not for the benefit of the village people, but to fill the needs of bureaucrats in Anchorage, Juneau and Washington, DC.

Someone decides on a program, convinced it's going to fill the needs of people, according to the feed-back that he's gotten, which is misinformation. So there's an internal fight within an agency over the program – let's say a housing program. They make all the compromises at the Washington, Anchorage, Juneau level, after a lot of fighting internally within the agency, and eventually they come up with a package that's satisfactory to them.

Do You Want A, B or C?
Up to this point, they have not involved the people who will live in these houses. Eventually there is a blueprint, a basic prototype or design. At that point they involve the village people. Someone goes out with a blueprint and says this was developed by experts over a period of years – but you also have the right to make suggestions for change. Now, the man lays out his credentials for them as an expert. The people are intimidated; it's difficult for them to suggest that maybe those houses aren't relevant, that they'll probably blow over in a couple of months, because the experts didn't understand permafrost or something. And when they do, they aren't heard.

They aren't really given any alternatives, although they may get a choice between blueprints A, B and C. The expert says, "This is the choice, this is what people request." So the government officials say, "This is what the people asked for." Of course they asked for it! It was the only option that they were made aware of. This happens time and time again!

Cosmetic Surgery on the Body Politic
Most of the programs that exist right now, I feel, are just cosmetic applications. All that they're doing is making people a little more comfortable in their poverty. It's like cosmetic surgery... a person gets a new nose or a face lift but she's still 65 years old... and there's no if's, and's or but's about that.

So you've got the cultural problem of people who usually have a consensus way of making a decision – a kind of an eastern way of making a decision – dealing with officials accustomed to making decisions differently.

It's Not Cowboys and Indians

If you're going to bridge that gap there has to be an exchange. You can't relate it to good guys or bad guys. You have to look at it as a system that's evolved, which is not working, and everyone who takes part in it is a victim. You have to look at it in the classic tragic sense. The bureaucrat who goes out there and honestly feels he's doing a good job is just as much a victim as the villager who has to pay the penalty for a wrong decision.

One Step Further than Feed-back

Now what kind of process can be used to really bridge the gap? That's what Skyriver has been working on.

Of course we are trying to take it one step further. Our aim is not just that government officials will be able to use the program to get feed-back on decisions they have come up with. It is starting out open-ended from the community level so that, eventually, they can gain enough momentum to put the government officials in a position of responding to them, and carrying out the decisions of the community.

We Value Different Things

After I was in Noorvik for a short while, I started hanging around a man with whom I felt the most comfortable. He spoke English better than anyone else. He had been in the lower 48 (states) quite a bit.

One night when my wife and I were visiting, he was showing me a number of gifts that people had given him. One of the gifts was a huge trophy about two-and-a-half feet high, a large gold-plated loving cup, and it said, "First place North American Dog Sled Championship", which is like the world series in Alaska. It's a very prestigious dog race and it said, "Stephen Sampson, 1959". Now Steve was the first Eskimo ever to enter the North American and the first Eskimo ever to win it. And he had given my new friend his trophy. With my own values in mind, I was thinking of all the reasons why that was such an important gift. What it symbolized – achievement, first place, the fact that it was gold-plated – the whole thing.

For some reason I asked the man why it was an important gift to him. And he responded by saying, "Well you see those handles, I'm going to hack-saw them off and file them down and they'll make the best shee fish hooks you ever saw. I'll be able to use them and pass them on to my son and he'll be able to pass them on to his kids and they'll last for a very, very long time." I was completely flabbergasted. About a week later I went back to visit him and the trophy itself was in the garbage and he was filing down the handles. He had never even looked at the inscription.

And then I asked the man who had given him the trophy why he had given it to him. He said," Oh, you saw those handles? He could hack-saw them off."

I've never forgotten that incident. I feel it really resulted in a significant change in my attitude.

Shortly after the trophy incident a couple from Kotzebue were visiting my wife and me, and they noticed a picture, a little happy snap, on the wall of our house. It was a picture of a friend of mine and his little baby girl – a dark-haired chubby little kid with jam on her face. When they asked me who the baby was, I started talking about her father who was one of the first draft resistors, in the early 60's.

He had quite a rough time, had to leave school, had a hard time getting employment. I went on and on about how poor this guy was and how rough he was having it. When I finally finished the woman responded by saying, "Gee, after seeing the picture of their baby I'd think they were rich." "What do you mean by that?" I asked. She said, "Well, if they can afford to waste that much jam."

What Is Sexy This Year?

Nobody who makes a decision in Juneau and Anchorage ever really responds to the needs of the people. The big thing is, "Hey, what's sexy this year?" Housing is sexy. The sexy thing now is Indian alcoholics. That is based on the fact that alcoholism is sexy in Washington, DC, where they get their money from.

The alcoholism programs being developed now are based on a study that was done in the south-western area by a professional research organization. Here, for the first time anywhere, a large group of people admitted they were alcoholics. The researchers flipped out. They had got a group th[illegible]ey could experiment on and do things with. Forty-two per cent of the people, in an open-ended question, said that alcoholism was the number one problem. Well of course the government responded to that by coming out with a program for all kinds of millions of dollars for alcoholism.

I know most of the people and most of the villages where the study was taken, and I talked to a lot of people about it. And most of those people didn't know what alcoholism was or what an alcoholic was. To them it just meant anybody who took a drink, or somebody in the village who got drunk last week.

There are very few alcoholics in the small villages. Most of them are actually whites who are up there. I am not just saying that, but they are mostly teachers and others who live in compounds separate from the villages and get cabin fever. I know some who can't go a day without booze.

But the Eskimo people are mainly binge drinkers. There has not been a social sanction with controls developed around drinking. So they are uninhibited drinkers. They can go six, seven months without booze. And when they get money, then they get drunk in a kind of uninhibited way. So they are very visible drunks.

But it is not alcoholism in the sense that the bureaucrats are now considering it to be. They are going to pour money into it, and then people are going to say, "Yeah, we're alcoholics" because they get money if they say it, and there you go – the whole self-fulfilling prophecy again. Then about twenty people in Anchorage get nice fat jobs and most of them think that they are really helping out.

Some Advice from a Native Film Crew to the People of Alaska

The following was sent to Tim Kennedy, to be published if he felt it might be useful to other groups.

With regard to motion picture and videotape, there are some facts to be aware of, which have both hurt and helped our native way of living. Many of us were threatened upon the rise of the Sea Mammal Act. Believe it or not, this Act was the result of a movie made up north, in which some unheard-of brutal ways of killing the seal were used! The Act first became an issue soon after the movie was nationally televised. The nation's impression from this movie was that we, the native people of Alaska, also utilize this unimaginable way of killing the seal! So, there came the protests across the nation, people demanding that any kind of seal killing be stopped, an issue which we all put up a hard fight against. This is one fact that we all need to bear in mind as of now.

Prior to the approval of taping or filming by outsiders in your community it is very important that you know: who they are, what organization they represent, what the purpose of the taping or filming is, in what way the tape or film is going to be used, what accommodation they'll need and for how long, and whether or not a guide or consultant is going to be needed.

The language consulting is hard work, especially when it comes to translation of Eskimo to English while editing the film. This is why the language consultant should ask to be paid generously.

Also, it's a good idea to look into a way of getting a positive confirmation on all the information that you have requested. All these may seem too much information to ask for, but they are our security from future possible government attacks on our native way of Alaskan rural living.

Andrew and Louis Chikoyak

Land Claims– An Explosive Issue

In rural Alaska something is happening since the land claims settlement was finally signed into law. The first explosive reaction was seen in Galena.* A white hunter landed in a small plane. He came up on the beach, and most of the adults in Galena were waiting for him with rifles. They said, "You cannot hunt here, white man. You are white and you cannot hunt here anymore." And the guy said, "Ah, for crying out loud, get off that," and took no notice. And they responded by cutting the rope on his plane and shooting holes in the floats, and the plane almost sank.

Now that could never have happened five years ago, two years ago.

Totally Unheard Of

That news has spread through rural Alaska like wildfire. It is the first indication of what the ingredients are if the land claims aren't settled properly.

And the land claims issue is turning village against village in a subtle way. I think you are going to see another explosiveness here. You are going to see Eskimos and Indians attacking white people instead of responding implosively by attacking each other. They're under incredible pressure.

Divide and Conquer

This idea of divide and conquer. Each village in a region is required to have an incorporated entity. So each village has to incorporate itself and then the regional corporation, which it has to belong to, has to incorporate as a legal entity. Very few people understand. The village gets so much land around its present site but it doesn't get the sub-surface rights to it. The regional corporation does.

So let's look at a situation that could arise. A village has oil, but it says, "We don't want to exploit. We don't want to ruin what we have, even though there is money involved in it. We know that fifteen miles away there are oil deposits as big as the one we are sitting on. We don't want to move our village." But the sub-surface rights belong to a regional corporation that has 13 villages. They only have one vote out of 13 to decide what to do. The 12 other villages may decide to erect an oil well in that village and sub-surface rights take precedence over surface rights. They can't stop them from doing it. So you can really imagine people in that village, feeling other villages are turning against them. And they'll start fighting amongst themselves.

Who Owned Waterways?

The other thing is that people are finding out now for the very first time that all navigable waterways in Alaska have always been owned by the State. For example, a village is located by a huge lake. The people of the village have been hunting and fishing there from time immemorial. They found out a couple of months ago that it is not their lake. It has always been owned by the State of Alaska, even in territorial days. There has been a terrific negative reaction to that.

60 per cent Glacier

The Chugiach Native Association just found out after the settlement that 60 per cent of the land that they can withdraw is glacier. They are a little upset. I really believe you have the ingredients for a very explosive situation here.

Native People Aren't Kids

The American people are going to have to start realizing that Eskimos aren't kids – they are grown men and women – and start realizing just how much that land means to them. They are perfectly willing to fight for it if it gets down to it, including mobilizing the National Guard and everything else, as has been discussed in a number of villages.

That information has to get out so the people can see the seriousness of this. For instance, the Land Use Planning Commission, people like that, are totally unaware of this. They are just going to go out, excited about going out into the villages to talk to these people – to these nice people who have a sense of humor – harpoons, skinboats and all this kind of thing. Kind of a glamor trip. And they are going to be in for a rude awakening.

But a lot of it won't surface until the people really start seeing the land claim is not working the way they thought it would. And it's geared not to.

It's Geared Not to Work

Most of the Senators and Congressmen who helped write that bill, with all its compromises, are from the western states and they know that the Indian groups in their states are watching very carefully. If this works, the Indians are going to go the legislative route. Up to now, they've all gone through the Indian court claims, which is a legal route. Most of them got very bad deals out of it. This is the first group that's gone the legislative route, through the political process, applying pressure and having specific laws passed in the legislature. All the Indian groups are watching this very carefully and if it works they are going to start over and go the legislative route. And the politicians don't want that to happen. So they have very skilfully written this Bill – the most complex Bill that's ever been passed by the US Congress. Even lawyers don't understand it – they admit it. The terminology is just incredible.

The Burden Is on the Regions

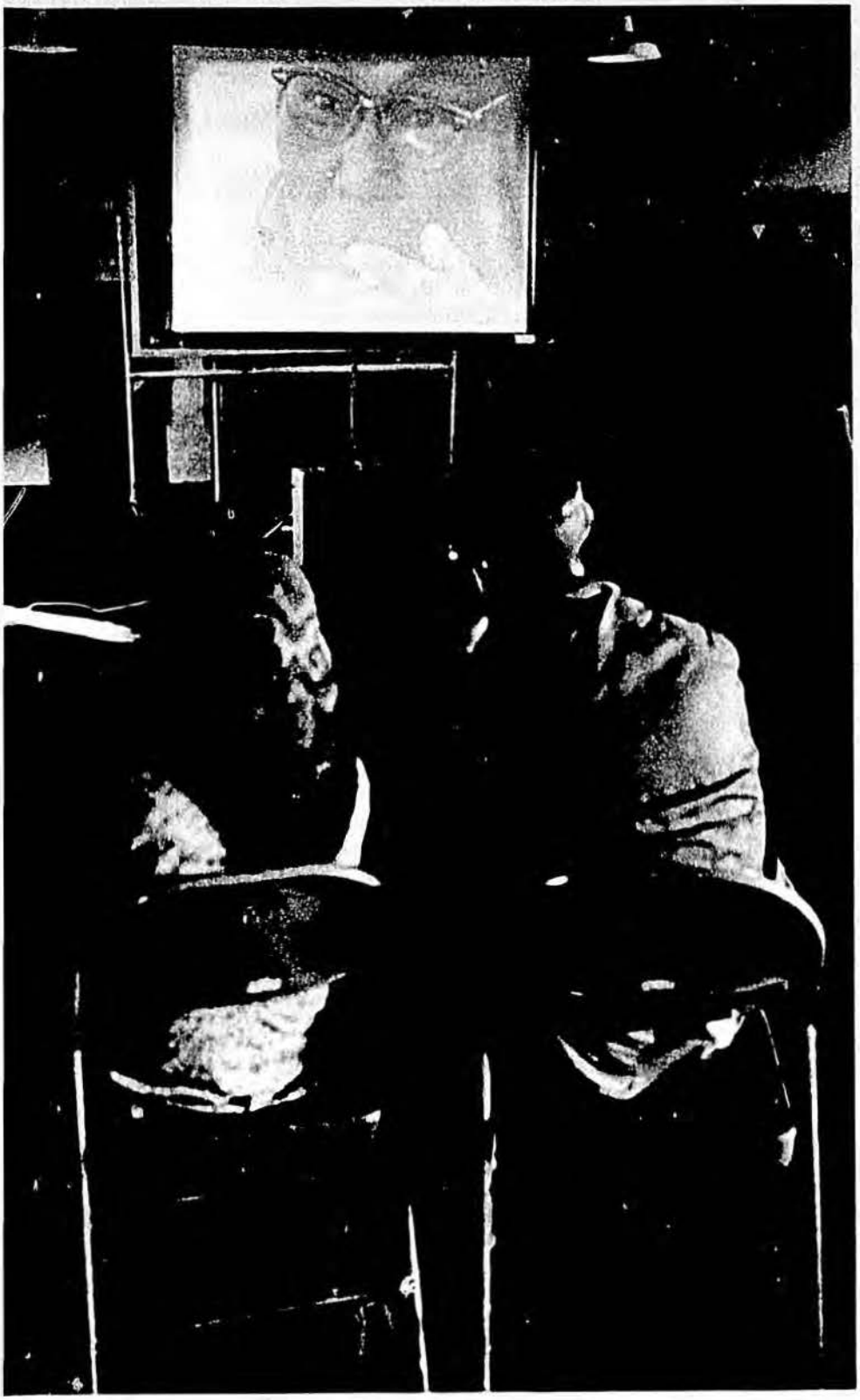
And now the burden is on the regional corporations to decipher it and make it work – to fulfill the requirements. A new elite has been established, modelled on other western institutions, and it's making the same mistakes, for the most part. They have three years to do this thing, two years to do another. If they don't do it the people don't get the money. And then each year, at each congressional session, they have to go back for the next installment of the money. But each session of Congress is going to decide whether they are going to relate to that or not. The corporations are going to have to go back each session and fight to keep the thing going. The next session of Congress can say, "We don't recognize what the last Congress did," and cut them off.

The Act is written in bureaucratese. For instance, there is a distinction between allocation and appropriation. A billion dollars has been allocated, but a billion dollars hasn't been appropriated. And that is the key: A lot of times you can allocate very easily. Appropriation means coughing up the money. They have appropriated so much for the first year, but they haven't appropriated anywhere near the billion. So the native people are now starting to find out all these things. You know, to find out that 60 per cent of their land is glaciers is kind of a blow. They are trying to get the Department of the Interior to change it, but the answer has been no.

The Strategy Is Maps

Part of the problem is that it has been a matter, mainly, of looking at maps, and saying, "Gee, a lot of land." Then when

*The explosiveness is significant as contrasted with the implosive way people had responded to manipulation and powerlessness. The land claims settlement was the light at the end of the tunnel but the reality of the settlement is closing the door, or at least providing obstacles, and that is when people explode.



they finally go around and start surveying, it's glacier. And of course the Department of the Interior knows it's glacier. There is also the problem of right angles. The claims are to be at right angles on the map. Not following a river bank or a valley or a trap line – just 90° angles. Makes no sense to anyone but the bureaucrats.

There is a cynical joke going around. They'll give everything from 25,000 to 15,000 feet to the Aleut, from 15,000 to 10,000 feet to the Athabascans, from 10,000 to 5,000 feet to the Tlingets, from 5,000 to 2,500 feet to the Eskimo, and give the whites the rest. The natives will end up with a lot of land, but it would be the tops of the mountains.

The reality is almost that absurd, and the people are finding that out more and more.

They thought they were going to be independent and have a money base, and for the first time they were going to be able to control their own lives. That door is slowly being closed.

The settlement was not really based on land usage and need but rather on population density.

The caribou hunters in the north need a far greater breadth of territory, for the same amount of population, than, say, the fishermen on the Yukon River.

Communication among the Native People Will Help

So the Skyriver process is now being used by the Northwest Alaska Native Association to unravel the land claim settlement.

First, they can find out what people think the land claim is right now, which varies from village to village. Some people don't know anything about it, some people have a fairly good knowledge of it, and the rest of them fall kind of in between. There's a lot of misinformation and rumor. So they have to get that out on the surface first, to find out just exactly at what level they have to deal with the villages. Then they will respond to the villages with videotape to strengthen and speed up the process. I think that it is a very important application of videotape. They will be using it internally between the villages.

If the villages can profoundly understand and communicate their common interests, perhaps that "divide and conquer" approach, will not have its destructive effect.

Tim Kennedy

Issues or Personalities?

Now there is the question, do we film issues or personalities? This must be related to the value systems that exist in Eskimo villages. They are quite different to the ones I was brought up with, regarding the concepts of leadership and attitudes toward competition and achievement.

As an example, I was brought up in western society, which is an achievement-oriented society. An aggressive kind of competitiveness is rewarded and thought of as a positive virtue. This is quite different from the Yupik people I work with. They are a congregative people. If someone achieves, or gets ahead of the group, unless the other people in the group feel that they are benefiting from his success, the person is ostracized as much as the loser or the under-achiever. It's essentially different.

So if I go in with the formula that the personality is important, and must be sought out, it would be a complete failure. Any individual who is on tape or who is on film representing that community is of secondary importance, even though he may be a natural leader. He or she is only important as a spokesman, articulating an issue that has been identified by the community. A consensus has been reached on the issue and, particularly if change does result from it, everyone feels that they are benefiting by the process. As an incidential factor, a small group or an individual within that community has articulated the community's views. If I did it any other way it would not work. So Skyriver is issue-oriented for that reason.

Photograph John Cressey

Participants in the Skyriver Project

Anchorage:
Phil Cook *(Film)*
Phil Smith *(Video)*
Clark Mishler *(Graphics)*

Emmonak:
Raymond Waska *(Regional Organizer)*

Tununak:
Andrew and Louis Chikoyak *(Film Crew)*

Tim Kennedy *(Director)*

Letter to an Indian Friend

Ne-miss,

Since you invited me to go to live where you have returned to your traditional ways (warning me that I'd never want to return to the life I have here), my mind has been in turmoil. Perhaps telling you my thoughts will help me to clarify them.

The identification many white, middle-class women feel with minority groups is not merely a "Lady Bountiful" façade, but stems from a deep, if unconscious, understanding of oppression.

In tribal societies, all work is valuable. Women's work in those cultures – largely having to do with nurturing in its many forms – is recognized as an occupation worthy of the highest respect. As a result, in Iroquois society, and many others, women hold the actual political power. In white society, not only do women gain no real prestige through that role, but they are so demeaned by it that they self-effacingly say, "I don't do anything – I'm just a housewife." We never hear of one saying, "I care for and nurture the future generation. I hold within me the as-yet-unborn who are our future. My responsibility reaches beyond my own lifetime, for on me depends the quality of our society that is yet to come." No white woman can say that in pride, because white (male-dominated) society places little value on "what is yet to come". Rather on "how can I, me, get the most out of this immediate situation." So this society despoils the earth, air and waters, and the furthest thought for the future – aside from the interest to accrue on canny investments made now – is that one's son will make up for any deficiencies in one's own ability to exploit everything around for all it's worth.

For very different reasons, both tribal people and conservative white people criticize those women who, as they say, want to "run off and do men's work and neglect their children, husbands, and households." It wasn't so very long ago that white women, too, had many roles as householders, wives, mothers. They were responsible for the growing, storing, processing of food, the taming and care of domestic animals, spinning and weaving fabric and making clothes from it, the responsibility for the education and moral instruction of their children. They were the workers of domestic art; the carriers of culture, religion, medical lore. Now, of course, there are doctors, teachers, garment factories, supermarkets, milkmen, priests, social workers, interior decorators. . . All of these areas are dominated by men. (There are more women than men working in some of these fields, but a glance at job titles and comparative salary scales will quickly show who has the power.)

What can we still, uniquely, do? Have babies. That is the only means by which we, and we alone, can distinguish ourselves. Yet the midwife has largely disappeared, to be replaced by that ubiquitous "fatherly" figure, the obstetrician. Like the minister, the psychiatrist, the professor, he is a symbol of the White Man With Mystified Power (the Minister of Indian Affairs?). In this world, at this time, with population pressures a serious consideration, with powerful (co-incidentally white) nations urging birth control upon the less powerful, non-white nations – can I, as a white woman, find my human fulfillment, my self-realization, in contributing more white people to this planet? Also, as a mother, can I bear to have children who might be the recipient of a cosmic retribution against the white races? No. No longer.

So, with most of their earlier roles removed, many white women must go outside of their homes to find a role that gives them a place and a purpose. And then it's uphill with a headwind all the way. No longer do we have (as we, too, did have not so very long ago, and tribal societies still have) many people to co-operate in the care of children. . . aunts, grandparents, uncles, cousins, brothers, sisters. At the whim of husbands' employers, families must move. And move again. We live all alone in our shrunken little households, and have to find our individual, personal solutions to all problems. We are expected to look after our biologically-own children, 24 hours a day, often with no emotional support from anyone if we happen not to have a husband, or

happen not to have one anymore, or happen to have one who feels his "real work" in the "real world" obviates any routine family duties. If we do not marry, we are usually deprived of the pleasure of caring for, and playing with, children. In tribal society all adults feel responsible for all children. There are all the generations, all together, and interdependent. Nor do I feel most present-day communes offer a satisfactory alternative. While they may be an attempt at trying to live again in a human system of relationships, they have a long way to go. Where, for example, are the old people in the communes? (Old people, in white society, are not usually respected for their wisdom, but are rejected as being no longer competitive and powerful.) Also, many of us don't care for the alternate culture's tendency to regard women as invisible "chicks" or "old ladies" that do the shit-work.

The myth that Indians treat their women like packhorses is like the myth of Indians scalping everyone in sight – white colonizers have always castigated others for their own bad habits. (Scalping, burning at the stake, and treating women as nonpersons, all existed in Europe long before 1492.)

While Soulteaux men washed their women's feet in deference to the duties and requirements those feet fulfilled, white men have put a halo of false "purity" around their women, which is another way of dehumanizing and disenfranchising them. They "protest too much" about the holiness of motherhood and the incapability of women to do "hard work". This is another way of maintaining power. They don't worry about the "sacredness of motherhood" minus the women they employ in hospital kitchens and laundries, garment factories, and as chambermaids in hotels, and in repetitive factory jobs. Instead, they remark on "women having more patience for tedious jobs". The least paid, least respected jobs in white society are those considered "women's work": they can be summed up as Serving Others or Cleaning Up After Others. This description applies to secretaries, receptionists and telephone operators, just as well as to char-women, office cleaners and housewives. (Nurses and air stewardesses are not exceptions – they are just a little better paid.)

I often have found myself more comfortable with Indian people than I generally am with "my own people". Among Indian people there seems to be a lack of criticism, an acceptance of people as they really are: everyone is right, even one who holds a different point of view from one's own, if that view be genuine. After years of parents, schools, husbands, psychiatrists who spent all the time they could spare "helping" me to believe I was "wrong" in all my gut perceptions – what a sensation of relief! What a relief to sit and drink a cup of coffee with Indians, where silence doesn't inevitably produce a jittery remark like, "Well, we're a bright crowd today!" White people in company are like rock radio stations – they can't abide dead air. They can't sit calmly with others enjoying the company even when silent, in the quiet knowledge that whenever anyone wants to say something, others are there and will listen.

White people talk too much anyway – to cover a lack of genuine warmth and trust between them. I was brought up with an excessive use of "please", "would you mind very much ...", "I wonder if you could possibly ..." preceding any request of another person. Indians say "pick that up". But it does not put down the other person to be the recipient of such a direct command. It's not a command implying one's superiority or power over the other, but the simplest, most straightforward way of communicating a wish or need in a society where there is enough love, trust, respect and interdependence between people to make cushioning phrases unnecessary.

When children are treated as free people, they are not wracked with guilt and apology for not yet being adults. They have quiet poise, self-confidence, politeness, and no need for noisy showing-off or for pestering demands for attention. Running free out of doors goes hand in hand with sitting peacefully for hours with adults, learning both from the direct experience and from the conversations of those older. Meanwhile I knew, as a child, that the only decent thing to do, considering the trouble I caused others, was to Grow Up As Fast As Possible. Except: how do you tell you're really grown up, ever?

I'm weary of the society in which I live. Housekeeping, cooking, sewing, tending children (and others) are worthwhile and rewarding occupations when they contribute to a society of equal human beings. I do not like them when they are extra-on-account-of-my-sex demands in a society that demeans those things. Paradoxically, at the same time this society often requires women to contribute economically, even support whole families, while being paid less than men for the same work – on the hoary assumptions that "women are always going to leave the job to marry or have children" and "every woman has someone else to support her". Yet far more women than men must single-handedly provide for dependents – children and aged parents – and this society offers no community of support, nowhere to turn.

Rolling Thunder said that being Indian is less a matter of the color of one's skin than the state of one's mind.

Your invitation haunts me: my emotional future here often looks pretty bleak.

Yet to leave would mean risking losing touch with my only child, and abandoning the "achievements" I've learned to consider as legitimizing my existence.

Continue walking in your peaceful place, and send me your thoughts.

Kathleen

En tant que femmes... as women

A Société Nouvelle Project by and for Women

A recent issue of Médium Média *(the sister publication of* Access*) was devoted to this project, which has been progressing over the past couple of years. The following articles are translations of impressions of the project, signed collectively by the women of the group.*

"En tant que femmes": Why, How

Behind the project "En tant que femmes" we find a group of women who suddenly recognized their uneasiness as women in the employ of the NFB. Who have done a lot of thinking, have met, written. Who have defined their feminism point by point. And who finally threw themselves into a project of making films for and with women, after having extracted the necessary authorizations, one by one.

Being a Woman at the NFB

The National Film Board is like all the rest: a man's world. A masculine institution where the men make the important decisions, hold the management positions with here and there a few women scattered among the hierarchy. One day, a few women from the NFB said to themselves that after thirty years of films made by men (*There have been a few exceptions.* Ed.) it was high time that women have their turn "as women". That not only should they make films all alone, like grown-ups but that they should make those films to speak to other women about the problems that are of primary concern to them. The crazy project was born: a film program that would be directed and produced, as much as possible, by women alone, on subjects with which they would deal in their own way without trying to pass themselves off as men.

Conceived in the summer of 1970 in the heads of a few, the idea progressed slowly and, simultaneously, the group enlarged little by little. The first version of the program was presented to the NFB in March 1971, within the framework of the program "Société Nouvelle". A team was formed around the initial nucleus; the literature on feminism, on the behavior of women and the differences between the sexes, was thoroughly studied. All the Quebec groups were met, as well as other Canadian and American groups that brought women together or took an interest in them. Grass-roots women's organizations in Quebec were visited by the women of the NFB. All this resulted in a voluminous research report in September 1971; the background data was produced, the ideological line was clearly established, and various types of film documents were proposed. Most, but not all, were kept.

The Purposes of the Enterprise

"We said to ourselves, rather than attack women in our films, we are going to find out why they behave as they do. And rather than attempt once more to explain ourselves to others, we are going to try to find out who we are, who women are, what the needs of women are, by discussing among ourselves, as honestly as possible, without worrying about what others think. As the American blacks did when, after having long written books to explain blacks to whites, they produced a much deeper and more honest literature by beginning to write for blacks. Thus, of course, we opted for a particular bias, but it was the only way to get rid of a much more blinding purpose: the purpose of conformity to the usual. Explaining oneself is always in reference to someone else; and we wanted to move away from terms of reference established by others." (Extract from research report.)

We were not concerned with drawing up a balance sheet of the condition of the Quebec women nor of making informed documentaries on the subject. The women engaged in the "En tant que femmes" production team have this in common – that they wish to make personal films, committing themselves totally. These films, they hope, will be useful for women, will be distributed widely among the feminine groups, will provoke reflection. They are convinced that it is precisely through making very personal films, products of their own feminist evolution, that they will most readily reach other women.

Three objectives were defined and they constitute, in fact, the essential aspects of any developing political consciousness. Above all, the isolation of women must be shattered to give them a sense of solidarity; women must not be afraid to identify themselves first of all as women, seeing themselves as part of a group whose members have the same characteristics as themselves: to stop seeing other women as competitors but, rather, to see in them friends and allies. This process must involve deep inward reflection, and that is the second objective: awareness must go hand-in-hand with a re-appraisal of oneself, a step which combines a redefinition of self in terms of one's own interests alone (no longer just in terms of man, children, etc.) with a critical examination of one's way of living and acceptance of one's identity.

Last goal: developing among women a social awareness. Women, as they redefine themselves, have a role to play in society. One day, it will be necessary to perceive that it is all of society that must be rebuilt and that, basically, men as well as women are persecuted by this society that categorizes everything in terms of biological differences, which are less and less the deciding factor. It is the whole of human relations which must be re-defined and women, collectively, have a forceful role to play in this major revision. They must become aware of this social and political importance which is conferred on them by history.

Their Feminism: What It is, What It Is Not

The research report (September 1971) starts with these words: "Enough background and facts have been brought to light and widely distributed during the past decade that we dare to believe no one any longer denies the existence of discrimination against women. This discrimination is there, it exists as obviously as snow in a Quebec winter and it is not by reforms – like the abolition of abortion laws or the end of employment discrimination – that we will see the last of it. This sexism must be pulled out by the roots, one by one, and in this sense it is really a revolutionary change which is needed. We are now increasingly able to analyse this phenomenon. At the origin we find biological differences between women and men: the man sows the seed and the woman bears the child. Out of these differences, constraining stereotypes were built; roles were divided in a way that was as dehumanizing for men as for women, with the distinction that this distribution of roles gave men the power. Personality traits which are mere cultural acquisitions – such as feminine gentleness and masculine toughness – are presented as natural and desirable. Because women have always been confined to the domestic and child-rearing world (or to that of good works and devotion), they find themselves without feminine models. No one speaks about the women who made their mark in history other than as mothers, teachers or nurses.

"In the rehabilitation of delinquent boys, one of the most common and effective therapies is that of emulation ("make a man of yourself"). In the case of delinquent girls, however, a parallel therapy based on "becoming a woman" has proved totally ineffective." (Extract from research report.)

Why be surprised then that the supreme achievement for a woman is to successfully make a place for herself in a man's world? Must she for this reason deny that she belongs to the feminine collectivity – as a group sharing similar interests?

"The security and confidence born of the fellowship mentioned in our first objective generate a capacity to take charge of one's own life, to become responsible for it. In spite of the apparent and superficial advantages that dependence gives her, a woman must finally accept the challenge of her own independence if she wants to stop living by proxy and in an artificial world." (Research report.)

The difficulty that women experience in becoming totally independent can be connected with three important stages in their lives. First of all, early childhood when the psychological difference is instilled in a child by education and socializing: sex is biological, but gender is cultural. Then the period of secondary studies and career choice, when it is difficult to ignore social and cultural imperatives, and girls opt for careers as "feminine" as secretary and nurse, conforming to the stereotypes.

Finally, the last stage, that of motherhood, too often used to compensate for a vacuum or to conform to the norm. Motherhood is happy only if it is truly free; and to arrive at that, it is necessary to have at one's disposal not only all the contraceptive possibilities but also freedom from such limiting stereotypes as "in order to be a real woman, it is necessary to have known motherhood." Motherhood must "be integrated into a recognized and accepted identity and be one definite stage in taking charge of one's own life." We must rethink the whole concept of motherhood – fatherhood too, long treated as secondary, due to the glorification of the first.

Because women are excluded from all power structures and because they share the same problems and the same alienation, they must get together and build a collective enterprise that is authentically human, whose cornerstone is freedom of choice. It is not a question of replacing one power with another. It is a question only of permitting men and women together to experience liberated relationships, free from the stereotypes and patterns of behavior inherent in an authoritarian society.

Women Together

"There is this idea we get of women working together. Several people, even little girls, said: It is going to be a pretty mess, there will be quarrelling, they will leave the office with fistfuls of hair... This was a caricature. Certainly there were conflicts, very real ones, but they were resolved, as we wanted above all not to compromise the precious solidarity we had just acquired and in which we had found our strength.

"We were all women who had had to fight in a world of men and had, each one, found her personal solution. Hence the reticence at the beginning. Together we set about discovering a solidarity among women, which we thought was scarcely possible. The first day I wrote a sentence on the blackboard which others found foolish, but it meant: 'I am coming back from the man's world.' There are moments of skepticism when one wonders: Are we tilting at windmills? Our friendship is still young. It is not easy to move straight away from that to finding common cause, to mutual support. I think that we have succeeded in something quite rare. We had thought, each of us, that we were all alone. Through lighthearted exchanges, we found that all had shared very similar experiences. It was a discovery. Little by little we came to believe in the project and believe in ourselves. It was a powerful experience."

Story of a Feminist Project

Authority to undertake the project was obtained relatively easily. The Bird Commission on the Status of Women, which had just made public its brief and its recommendations, gave a certain legitimacy to the project. But it was not taken especially seriously; on the whole it was seen as somewhat trivial, not at all political. Certainly, it drew a few good jokes, interesting specimens of masculine humor (e.g., "Try at least to hire beautiful girls"). Those who took the project seriously, and there were not many, worried about the feminist intentions of the project. The team had chosen to put its cards on the table from the very beginning. They, on the other hand, have found it would be preferable to have the spirit of the project that of the Bird Commission, that is, something very objective, detached, free of any aggressiveness and personal implications.

The exchange of sarcastic remarks and bitter replies brought with it a climate of hostility between the women of the team and the men of the Board. The atmosphere was tense. But, little by little, the women of the team, thanks to working together, to their collective evolution, changed a lot; they acquired a good measure of self-confidence and security; they were beginning to be capable of responding coldly to male attacks. Hostility gave way to good-natured kidding.

Out of this atmosphere appeared a new phenomenon of discrimination against women. From being sarcastic, the men became protectors; paternalistic suggestions became common. One person proposed that each member of the team be paired with a masculine adviser with more experience, another reflected on one member's competence by generously offering his services and advice. Eventually, however, the men understood that the women on the project really wanted to do it alone, except in very specific fields where the discrimination of the NFB had prevented the development of female competence (e.g., the camera).

For several months it has been working; the women plan the films and produce them themselves with the co-operation of a few carefully chosen men sensitized to the problems of women. Where will it lead? We don't know yet. Certainly, traditional NFB criteria of quality will be adhered to. Film Board men will pass the supreme test when they see the films: their response will tell whether or not they accept that the women have made films to speak to other women in women's terms.

An Approach to Film and Research

There are many ways of doing research – through books and interviews for example. But for the "En tant que femmes" team who wanted their films to translate the *reality* of Quebec women, the best approach seemed to be to go to see these women – to bring them out of the kitchen, the nursery, and especially out of solitude.

Groups of women were formed from different milieux and different circumstances – and animators helped them become deeply involved in discussion. There was no question of arriving at ready-made conclusions or pushing them artificially into the pattern through which the production group had evolved. Each group developed its own rhythm, defined its own concerns.

All the discussions were taped and were the first research source of the production team. It helped them put a finger on the *big problems* as others experienced them – to verify their own hunches, in a way. There were six groups in all – women from 60 to 84 in one group, teenagers in another, wives and mothers, single women with children, separated and divorced women, career women succeeding in a man's world.

The team perceived that, for most women, the problems were similar and, even if these problems were experienced very differently, an identical disquiet united them.

When you ask dominated individuals to identify themselves as a group, not dominated by having similar problems and experiences, it's a bit subversive from the outset – but it's also extremely liberating!

(Adaptation)

Women at NFB

Preliminary Report on a Questionnaire

Excerpts from a preliminary report on the questionnaire were published in Médium Média; *here is a fuller version. Kathleen Shannon's "film" has become 12 short films, some of which are in advanced stages of editing. Women's groups will be able to select from the completed films, those best suited to their needs.*

While researching a film about "Problems of Working Mothers", I found that existing surveys didn't provide answers to a number of my questions, so I hit on the idea of doing my own. Many nights and weekends later, I realized why people are hired on a full-time basis for such undertakings.

On the premise that the Federal Government, while being the largest employer of women in Canada, is also not the worst, and that the NFB is not the worst department for which to work, sending a questionnaire to all the women working for NFB in Montreal and Ottawa would, I felt provide a sampling of the opinions and attitudes of what must be a relatively well-done-by group of working women. Besides getting statistics, I hoped to be able to make correlations with lifestyles, possibly find people to interview in the film, improve communication within this organization (while we munificently go out across the country with audio-visual equipment to improve communication within communities, our own community is sadly lacking in this respect), and maybe do a little consciousness-raising on the side.

An anonymity factor was built in: the questionnaire itself was not to be signed, but a separate page was included on which people were invited to send back their names in a separate envelope if they wished to know the results or help to compile those results, or be involved in the making of the film.

Among other things, the questionnaire "found" a woman to interview who has a viable marriage and nuclear family – something I'd almost despaired of achieving while at the same time not wanting to make a film that could be dismissed as anti-marriage propaganda.

One of the basic questions was whether people would mind if the compiled results were released, for example, to the Department of Labour (which had expressed some interest) or to our own Personnel department (which had expressed none). I wouldn't be writing this but for the overwhelming 89 per cent that had no objection. Four per cent didn't answer the question.

Asked whether we should send the results to all NFB staff and management or just to the women who requested them, just under 18 per cent said the latter, 3 per cent specified *all* the women at NFB, and while my attitude is with the 3 per cent or the 18 per cent, I'm outnumbered: 70 per cent said to everybody, with many additional remarks. Singled out were "management", "male management", "especially men so they'll be aware that women don't only think about typewriters all day", "it's time we stopped hiding our opinions", "most may ridicule us but we can't condone ignorance and prejudice". Four per cent felt the results should not be given out, but some of these appeared to fear that individual results might be involved.

While I was disappointed at the percentage of copies that were completed and returned – about 22 per cent – and worried that it didn't represent so much a cross-section as a sample of dedicated questionnaire-answerers, I've been told that this is considered a high response in surveys of this type. It's my fault, too, as I made it too long (75 questions) and many people just gave up. The immediate returns were from women under 26 and over 43. Besides the established fact that there are fewer women in the work force between the ages of 25 and 34, those years are even more under-represented in the returns of the questionnaire – working mothers with small children don't have time to answer 75 questions. One woman, with only one child, told me she spent all her lunch hours for two weeks filling it out. When I remember my years with a small child at home, working a minimum of 100 hours a week between NFB and family, I realize how much I imposed on others. I seldom had time to read a newspaper – let alone wrestle with 75 (often complicated) questions.

Among the people who responded, "married" and "single" were exactly the same number – slightly over 32 per cent each. The next largest group were "separated" – 16 per cent, followed by "living with a man but deliberately not married" – more than 13 per cent. Four per cent were divorced; there were no responses from people "widowed" or "deserted"; 1½ per cent are in "another situation".

The reasons why women work break down as follows:

"for financial reasons" – 76 per cent yes; 5 per cent no.

"as a profession or career" – 47 per cent yes; 14 per cent no.

"like to work" – 62 per cent yes; 7 per cent no.

"bored to stay at home every day" – 50 per cent yes; 17 per cent no.

"need the company of other adults during the day" – 50 per cent yes; 10 per cent no.

"hate housework" – an astonishing 45½ per cent admitted yes; 20 per cent no.

Twenty-three per cent of the total responses feel they are better mothers if they do not spend all of their time with their children; 5 per cent disagree.

While most people marked a number of factors, some singled out only one – that being in most cases the first, occasionally the second. Those were the only two singled out individually. The percentages don't add up to 100 as I've left out those without any response.

The large number who didn't answer this question would be due to the relatively small percentage of responses from mothers of young children.

Forty-five per cent of the returns were from mothers, but the children involved are only 9 under 6 years, 31 from 6 to 14, and 30 over 14 (a number of these grown up and on their own). Out of these, 21 people would use a day care center "at or near NFB", 7 a day care center in their community, 22 a lunch program for school-aged children, 23 an after-school program, and 26 an emergency homemaker's service for occasions when children are sick or on holiday from school. The disparity between the large number who would use a day care center and the small number of mothers of children of an age to benefit is explained by the fact that many people answered "I would have", or "I would". The latter includes both young married women with no children yet, and single women who would like to adopt a child but can't because of the present problems of child care. Of course it does *not* reflect the demand of the young mothers who didn't manage to answer the survey, nor the fathers who expressed interest in a day care center at NFB when there was a campaign a few years ago to start one. (All that was needed was space, of which there was plenty at the time, but the management of the day just said "no", reflecting what seems to be a standard bureaucratic fear of children running about the halls – the last wish of the parents themselves.) From the replies to "are you satisfied with the arrangements you have to care for your children?" one-third said *no*. Many of the other two-thirds, while including a couple with adequate day-care centers and a few with satisfactory baby-sitters (though the cost

was mentioned), have older children no longer needing care. (A few years ago, I would also have favored day care at work rather than in the community, but since my research on the subject, I now see the validity of day care being a service in the community integrated with the other programs mentioned and maybe with the school system.)

Concerning NFB specifically, one-quarter of the women who replied don't like their present jobs, one-fifth feel they are not in a responsible job; one-third would like more responsibility.

While I'd wanted to ask what kind of work people are doing, I refrained because in the case of production or management, it would have revealed identities – there are so few women in those areas.

Two-thirds of NFB women feel they should be paid more. No one feels she is paid more than a man doing an equivalent job; 41 per cent feel they are paid the same as a man doing the same job; 26 per cent said less and 32 per cent said there is no basis for comparison – with a number of comments that there aren't any male secretaries or receptionists. One per cent didn't answer this question.

It would need a computer to figure the median salary: they were reported as gross per year, net per week, freelance by day. While there are a few healthy ones, there are many I'd hate to have to try to live on.

Exactly half of the people answering have had difficulties getting a job or promotion they wanted because they are women; because they have children: 11 per cent yes, 27 per cent no, and many non-answers. One woman has told me that NFB turned her down because she had young children – but later did hire her.

Thirty-eight per cent feel they have suffered prejudice or discrimination *at NFB* because they are women; 26 per cent didn't answer. Asked the same in terms of "elsewhere" 34 per cent said yes, 29 per cent didn't answer.

Would it be a good idea to have a women's production unit (as we have French, English, and Native production units)? 48 per cent said yes; 32 per cent no, 12 per cent didn't answer, and 8 per cent questioned the question.

The answers to "do you feel there are some jobs that you are not so capable of as men" ranged from sex-stereotyped answers like "surgeon" to the role-free "yes – male model". The majority were "no" except for "heavy physical labor".

Even the minority of women who do not feel *themselves* to be judged this way, feel that "woman in general" are judged by "appearance", "clothes", "sex appeal", "charm", etc. Most would prefer to be judged according to ability, responsibility and other "worthwhile" and valuable human traits.

I asked if one's attitude to life, work, relationships had changed particularly in the past year. Many answered "yes" but, fool that I was, I hadn't asked "how" nor left space to invite a detailed answer, so only a few people enlarged on the subject.

A majority think that maternity leave should be provided with pay. Most people did not know that accumulated sick leave can *not* be used for that purpose; while a majority felt it should be, a few pointed out that having a baby is not "being sick" and that one should be able to keep one's sick leave *for* being sick.

One set of questions, about needed changes in legislation, I have not yet analyzed; I haven't yet figured out how to do so. The number of thoughtful and innovative and responsible answers coming in made it very difficult for me to fill out that section myself, because I kept reading ideas that hadn't occurred to me. But one striking thing is that, almost unanimously, even women who would not themselves consider abortion felt that it should be a personal choice. It seems clear that women aren't nearly so determined to impose their personal attitudes on everyone else as are our legislators.

Asked if they had any idea of what the average salary is of a working woman in Canada at present, 39 per cent said they have no idea. Three per cent said "yes" but didn't say what it was. Guesses ranged from "at least $2860" to "6 to $7000".

Asked how much a woman with small children must earn in order to break even when she does not have an employed husband, many people pointed out rightly that it depended on further information –

how many children, with or without a dependent husband, etc. etc. The guesses ranged from $5,200 to $16,000. And there were a few terse answers like "the same as a man's salary".

According to the latest figures from DBS, the average income of working women, either single or the heads of families, was $4289 in 1971 Women *with husbands* are *not* included in this average, but if they were, the figure would certainly be lower; another point is that many female heads of families are on welfare, as they are unable to find jobs that pay enough to support children and cover child care costs. The average income of men, either single or "heads of families" was $9334 for the same year (some of the discrepancy is due to the fact that the salary of the wife is included in this "family unit" figure – an interesting fact in itself).

A couple of men had asked me at the beginning how I could be sure that people would answer honestly. Besides the anonymity that was assured, I couldn't imagine that anyone would go through 75 questions making up answers. There is one returned copy that has made me wonder whether it is a put-on, but who on earth would go to all that trouble? Besides, a number of its answers ring true...

Although I haven't yet made the correlations to be certain, my impression is that both the most conservative ("I just want to get married and have babies") and most radical (militant feminist) answers are from French-speaking women. Most of the very conservative orientations are from very young women, and the state of young English-speaking women's bilingualism being what it is, probably most of the young women employed here are French. So the conservativeness is a matter of age rather than cultural background. But I do see a relationship betwen strong feminism and a Quebec background.

Québécoises are more politicized, it seems to me, than their Anglo sisters, and once politicized in one area, more quickly in another... black women have been among the earliest and strongest feminists...

Was the questionnaire a worthwhile undertaking? 66 per cent replied yes, either with no qualification or with stronger comments ("absolutely", "prise de conscience", "makes one more aware"). Fifteen per cent said yes, with qualifications like "if it makes people more aware", "if it's responsibly interpreted". There were some justified criticisms – length, unclarity of some questions, the limitedness of the sampling. Three per cent felt it was not worthwhile – I must say I admire them for carrying on right to the bitter end! But a much larger number gratuitously added that they had enjoyed filling it in.

I'm a little regretful about that anonymity factor – there are quite a few people who answered that I'd like to meet (of course, maybe I know them already).

Kathleen Shannon
Challenge for Change

When Women Work Together

A New and Creative Fellowship

When they began to work together, the members of the "En tant que femmes" team did not know they were undertaking an experiment that would change them profoundly. Individually, they were relatively aware; they had identified most of the problems of women. They thought that they would deepen this awareness within the framework of a production on the condition of women. They had all realized that the fact of working with women was in the last analysis more significant than the production itself. And so they discovered new friendship and a new fellowship, whereas before, some of them had never even had women friends.

We believe that we are alone with our experiences, our griefs; we are reluctant to share them; we say to ourselves that they could interest no one, that it would be unhealthy, infantile, and so on... And then we find ourselves in a group of persons who are exactly like us; it's just a suspicion at first, and we look at one another with vague mistrust. For a while, the discussion remains at the level of mundane or professional concerns. Then, suddenly, there is an opening – one of us is speaking a little, then another. Then we're all involved; there is no longer a group of individuals gathered together in one room, but a collectivity of persons sharing anguish, struggles, aspirations.

In the light of this friendship, this open affection of which they were not ashamed, the members of the "En tant que femmes" team not only deepened their feminist thinking but found their personal development marked with a sign of this new solidarity. It was a revelation for all of them. For it is not easy to establish friendships with other women. When we have for a long time more or less consciously wished to be a man; when, in order to succeed in a trade, we have buried all our femininity; when we are not really proud of being a woman – then we haven't the least desire to be part of a group of women. We want to forget we are women. All other women always seem to us to be, to some extent, rivals – rivals who attract male glances or who, on the other hand, "make it" professionally and thus steal the light from other women's successes. There are a great many barriers to cross before knowing what feminine fellowship can be. But when we do manage to cross them, it is all the more thrilling. We realize what we were missing before. We feel humanized; we notice changes in our behavior. Women are often troubled when they come up against the solidarity of male friendships, as they are almost always deprived of similar experiences. Obviously, this is not normal. But we had learned to believe that it was a question of feminine "personality". Come on now...

All on the Same Foot

The women on the "En tant que femmes" team all had, in various capacities, experience with film. They had all known the fever of shooting and the fleeting solidarity of a production team. They couldn't help noticing the different nature of their experience with "En tant que femmes": traditional lines of direction, the usual tendency to "grade" jobs, became blurred. Hardly a surprise, because all the women involved in the work – script writers, producers, editors – had committed themselves personally, as women more than as workers; and on discovering little by little this new fellowship which bound them all together, they defined themselves more and more as women. Categories were dropped; now there were simply women – with various capabilities, of course – but women who were all on the same footing at the level of feminist research. Certain members of the team state that they have never experienced work as authentically that of colleagues; work which is done *with* others and not *for* others. This "egalitarianism" happened automatically but, in fact, it is a characteristic found in all feminist groups. And one would have to be blind not to see a deep meaning in this. Wherever they go, wherever they work, women find themselves unhappily integrated into organizations directed by men; they pitifully try to find a place in a hierarchy where they are handicapped from the outset. Often they will find themselves subordinated to men whose authority is rooted less in competence than in gender: in the family, at work, and... The problem is all the more acute in a society where the notions of leadership, authority, firm direction, etc., are highly valued. Because women are systematically kept apart from the lines of authority and power, it is very understandable that they, not always consciously, come to repudiate any form of authoritarianism and to give enormous value to the principles of direct democracy, equal participation, "colleagueship". If all feminist groups work in a very democratic way, some of them come close to anarchy in their concern for equality.

It was not through theoretical reflection that the "En tant que femmes" team adopted democratic methods of operation, respecting the capabilities of each one. It was an instinctive, spontaneous step whose meaning they did not grasp until they were deeply involved in the experience. And it is one example among many which tend to show that the new society, the society of sexual revolution, risks being established on a much more human and profoundly egalitarian basis! When one human being out of two is a little less equal, as is still the case, great professions of faith in democracy and equality sound a little hollow.

About the Films

Garderies is less a study of day care for children than it is a reflection on the child and the commitment of adults to him. Editing is being completed.

Les filles du roy is a search for the identity of the Quebec woman, in the guise of a love letter. Shooting has been completed.

A Reflection on Marriage – Four women make different choices – conscious choices, yet not choices because "it was the only thing to do". Being edited.

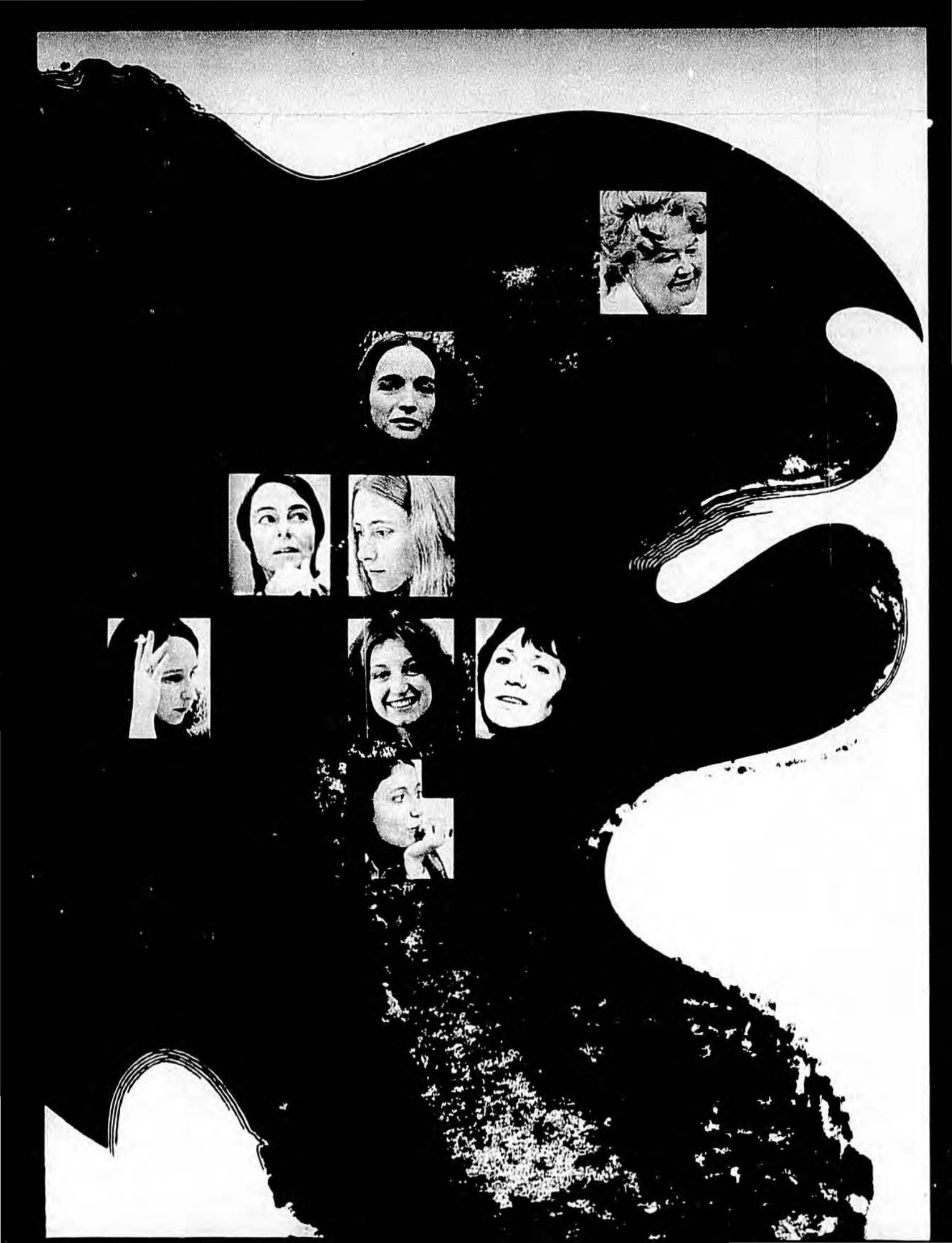
Souris, tu m'inquiètes – The daily life of a Quebec woman expressed in a film combining drama and segments of non-fiction. Final print stage.

Les jeunes filles – Will present a multiple portrait of the young woman of today – the real woman behind the image of beauty contests, fashion and advertising. Being scripted. To be approved for production.

A sixth film is to be decided. All are one-hour films scheduled for broadcast on the CBC French network, with the hope that they will be seen by women, men, young people as part of a dialogue. "Our ultimate preoccupation is much more social than feminist."

Women Who Worked on the Production of the Program

Jeanne Boucher
Susan Gibbard
Françoise Berd
Madeleine Savoie
Michèle Saumier
Thérèse Lindsay
Aimée Danis
Mireille Dansereau
Janine Careau
Hélène Girard
Francine Saia
Anne Claire Poirier
Susan Gabory
Nicole Chamson
Jeanne Lapointe
Maria Nicoloff
Marthe Blackburn
Clorinda Warny
Claire Boyer
Mona Josée Gagnon
Francine Desbiens
Suzanne Gervais
Vivianne Elnécavé
Francine Gagné
Marthe de la Chevrotière
Andrée Thibault
Adèle Lauzon
Monique Larocque



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Video Exchange Directory has a head start on keeping track of users of half-inch video. Let's make theirs the definitive list. Fill out the following or get some of their cards, from which this is reproduced.

Send to 358 Powell Street, Vancouver 4, B.C. The third directory will be published in the Fall.

They have also started a community lending library of non-commercial video. They'll be lending a cassette player and monitor to local action groups and community organizations so they can show tapes of their choice in store fronts, meeting rooms, etc. Steal this idea.

Video in Community Development arrived just as we were going to press. There's a programmed text with spaces for your own notes and a mighty file of reference articles from sources like *Radical Software*, *Access*, Alternate Media Centre. And more. It was put together by people at the Institute for Research in Art and Technology, and published by Ovum Ltd., London. £4.25

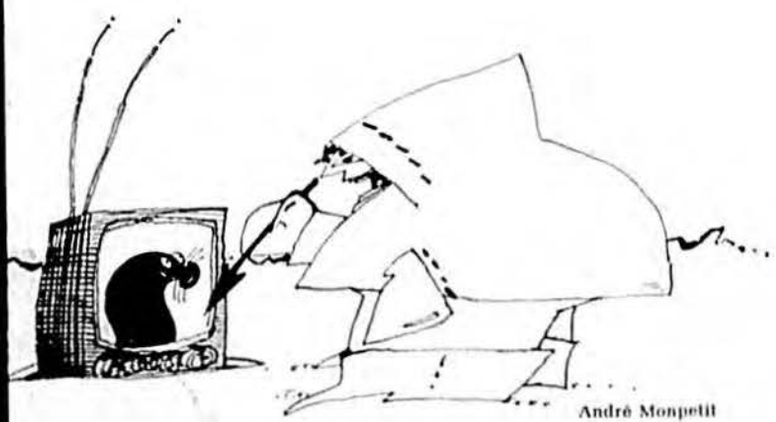
Some prairie people are taking the initiative of putting together a Prairie Section for the Fall or Winter issue of *Access*. It will present their perspective of prairie priorities and the evolving role of communications technology (from film to mobile libraries). The coordinating address for the moment is c/o Roy Wagner, Extension Division, University of Saskatchewan, Saskatoon (306-343-5669). If you're a prairie person with something you'd like to say – or if you'd just like to help – drop them a line quickly.

Memo from Turner has two publications of interest:

Terminal No. 1
A single article taking a hard look at the next two decades with alternative directions. Free to individuals and citizens' groups when the reprint comes in.

Misgivings
Fall/Winter '72 – a guide to funding sources for innovative ideas. Write, tell them who you are and ask the price. It's not sure yet.

Address: Memo from Turner, 5 Charles Street West, Toronto, Ontario M4Y 1R4



André Monpetit

An improved method for editing half-inch video for cleaner cuts is described in Technical Bulletin No. 10 of the NFB, available free by writing to the Technical and Production Services Branch, National Film Board of Canada, P.O. Box 6100, Montreal 101, Quebec. This is the method conceived by Robert Forget of Vidéographe (a project initiated by Société Nouvelle) and developed by NFB technicians. Bulletin No. 10 includes plans for the circuit. Robert believes it can be built at reasonable cost by anyone with a basic understanding of electronics.

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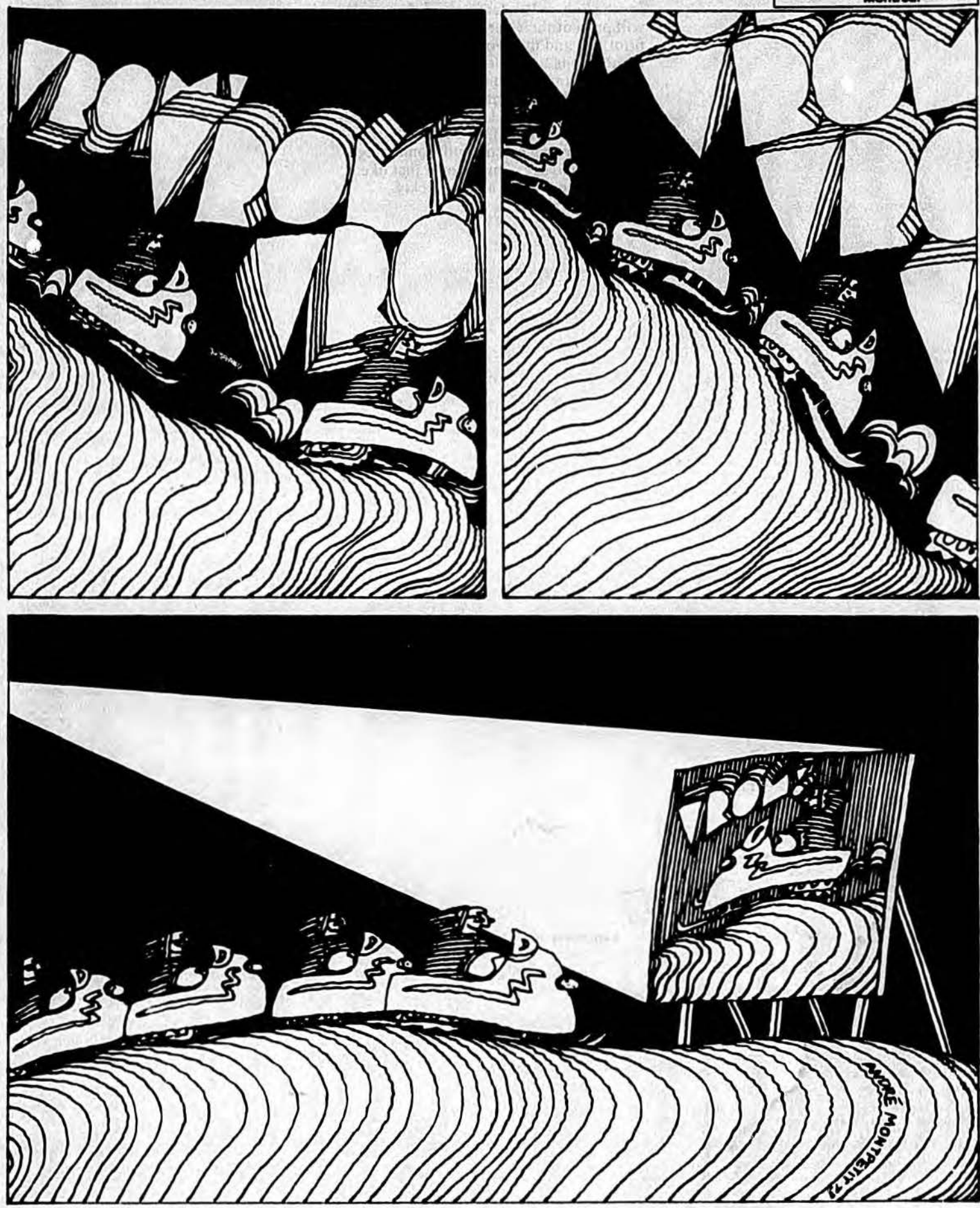


Challenge for Change, NFB, P.O. Box 6100, Montreal, 101, Quebec

1:00 Thurs.

STATE OF ALASKA

MEMORANDUM

TO: Commissioners
Governor's Office Staff

DATE: August 10, 1977

FROM: Fran Ulmer, Director
Policy Development and Planning
Office of the Governor

Fran

SUBJECT: Public Forum Questions

Attached is a first draft of the Public Forum's presentation of the Permanent Fund: a background paper explaining the Fund and the questions which could be presented by the Forum.

On Monday, August 15 at 3:00 p.m., the Permanent Fund Public Participation Working Group will meet to discuss proposed changes in the issue paper and questions. Your participation by attendance or written comment would be appreciated.

Thank you.

FAU/ljs

Attachment

Sterling
Ed Hasen
David Rose
Jim Edens
Dick Acheson
Kevin Waring
Lea McAnerney
Bill Spear
Bill Allen

Overall more on commun. too.

Key Thrps - ① years response - must guide
② underlying assumptions + mgmt. objectives

They were pissed that ours looked like Committee's

I. INTRODUCTION

The intent of this background paper is to further inform Forum participants about the Alaska Permanent Fund - how it evolved, present management, possible future roles, and investment and management options for its principal and earnings. This paper also describes in greater detail the main issues to be resolved for drafting the legislation to implement the constitutional amendment. These issues form the basis for the questions which are being asked in this year's Forum.

An overwhelming majority of Alaska voters approved an amendment to the State constitution last November which provides that at least 25 percent of certain State non-renewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the Legislature designates as eligible for Permanent Fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the Legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the Fund and use of the Fund's earnings. A great deal of work has already been accomplished

Most Folks
Admin leadership the Admin. point of view - what think of ... Public ... leadership

Energy - based on last years P.F. + SIAC, here's Admin plan - what think of P.F.

(1) How const. amend. tied into legis. process + why enabling legis. is necessary

(2) How will Legis. use Pub. Forum info. → How Admin use info.

by the Administration and the Legislature in developing background information for these proposals. The Administration, through the Department of Revenue, has already consolidated their efforts into a "discussion bill," HB 298, described later in this paper. Research and analysis continues as policy makers prepare for the debate which will take place during the 1978 session.

The Public Forum will play a large role in this debate. In addition to research on technical questions, policy makers also seek information on how the public views the issues pertaining to the Permanent Fund. They must find out where the public wants to go before they can devise institutions and policies which get us there. Thus the Public Forum will be used as a major vehicle to uncover public opinion, and people's ideas, on how to make the Permanent Fund work toward our common visions for Alaska.

II. THE PUBLIC FORUM

Before we explore the details of the Permanent Fund, some information about the Public Forum and last year's results will help put this year's questions and discussion into perspective. Who participated in the Public Forum last year? What did they have to say about out oil wealth, and the Permanent Fund?

To paint a visual image of the 3,714 Alaskans from Metlakatla to

Barrow who addressed the current issues facing their State through the Public Forum workshops or questionnaire would be nearly impossible.

They were as diverse as the spectrum. The youngest was 13 years old. The oldest was 94. They were whalers, doctors, teachers, school children, government workers, homesteaders, bookkeepers, fishermen, and waitresses. The responses were weighted most heavily in the professional-technical category. And twice as many men as women participated.

Length of residency seemed a strong indicator of commitment to the State and its future. Nearly two-thirds of the Public Forum participants have been residents of the State for ten years or more. And at least a third have lived in Alaska for over 20 years. Overwhelmingly, it was this segment of the population who chose to speak, and desired to be heard by the men and women who have some influence in the decision-making process. What did they have to say?

Throughout Alaska there was resounding concern for renewable resource industries. They were ranked, by a wide margin, as the highest priority for Permanent Fund money and the second highest priority for all additional oil and gas wealth.

This concern for renewable resource industries transcended community, regional and professional boundaries. However, the definition of those industries was colored by regional perspectives, ranging from

aquaculture and experimental farms to utilization of solar and tidal energy.

Alaskans participating in the Public Forum also wanted to preserve the integrity of the Permanent Fund. They wanted to insure that it indeed remains a "permanent" fund. Their second choice of "save it" reflects the desire for secure investments - those with guaranteed earnings and high returns. (Furthermore, there was considerable support in the second half of this question for increasing the size of the Permanent Fund by increasing the percentage of revenues flowing into it.)

Each of the five regions expressed differing degrees of concern for the options listed under the Permanent Fund question. (Table 1.)

While loans to renewable resource industries drew substantially high votes across the board, it was clearly the coastal respondents who out-distanced all others in their support for this option. Considering their economic base, that interest is probably equated with fishing and possibly forestry activities.

The Southwest had a higher percentage of people who marked "Loans to Communities" as their first choice. This option had healthy encouragement state-wide. However, while some communities in the State desired this option, many may not have sufficient tax base to repay such a loan.

Like hand in glove, Interior and Southcentral followed each other closely in the degree of importance they attached to each choice for

the Permanent Fund monies. On the whole, they tended to be more supportive of industrialization which was not a large vote getter state-wide.

While Alaskans were eager to use the Permanent Fund to support what many described as a potentially "risky" business with long-term benefits - i.e., making loans to renewable resource industries - some also wanted immediate, tangible proof of our new wealth. (Table 2.)

They favored tax cuts. Under the question of use of surplus oil and gas revenues which are not included in the Permanent Fund, this was the only option which exceeded "Loans to Renewable Resource Industries" in popularity.

Interestingly, tax cuts received the highest bid from those who did not attend the Public Forum workshops but merely filled out a Forum questionnaire.

This seems to indicate that when people gathered to bounce ideas back and forth, they tended to relinquish personal desires for communal benefits. The wide discrepancy in percentages on tax cut votes between questionnaire respondents and meeting-goers was made up in the workshops by stronger support for loans to communities, community revenue sharing, community grants and loans to renewable resource industries.

There was significant concern expressed for community assistance through community loans, community revenue sharing, and grants and

State services. Communities seemed to desire greater control over local services.

Industrial loans (i.e., loans to non-renewable resource industries) did not accrue substantial support. Loans to individuals, which lies at the bottom of the list of options percentage-wise, appeared to the majority of participants the least desirable investment.

This year's Public Forum will explore further the many questions about the Permanent Fund by building on these results. What did Alaskans mean by renewable resources? What goals and objectives lie behind Alaskans' support for such industries? The Forum will also address a number of other questions critical to the upcoming effort to draft legislation, including the problem of management of the Fund, accountability of the Fund's managers, whether the highest possible rate of return should be the investment objective, and whether or not the Fund should be used to subsidize certain industries or projects. The following brief history of the Fund should provide background useful for the consideration of these questions.

Build more on "shifting sand".

SLANTED to R.R.

How get participants to feel they're listened to.

Both years were slanted, last year better.

III. EVOLUTION OF THE PERMANENT FUND

The Permanent Fund idea in Alaska gained popularity only after the $900 million North Slope lease sale in 1969. Following this sale, the Brookings Institute conducted a series of seminars concerning "The

Future of Alaska." More than 100 Alaskans were invited to attend, explore some of the major emerging policy issues, and set future goals and a practical policy plan for Alaska's future. The participants agreed that the "Alaskan way of life" should be preserved. They defined this life-style as one which combines the conveniences of technology innovation with the opportunity and values of living as close to nature as possible.

After the Brookings seminars, several bills were introduced in the 1970 legislative session to establish some sort of "permanent fund" with the $900 million. However, other more immediate uses for the money were judged to be more important, and no permanent fund was established.

The 1974 Legislature passed a bill creating the Alaska Renewable Resources Development Fund. This legislation provides that not less that five percent of non-renewable resources income will be deposited in a seperate fund beginning July 1, 1978. Monies can be appropriated from the Fund only for capital and operating expenditures for the rehabilitation, enhancement, and development of renewable resource programs.

Another bill, which would have created a permanent fund by statute, passed the Legislature in 1975. However, because the creation of such a fund by statute instead of by constitutional amendment would never be truly "permanent," the Governor vetoed it and introduced House Joint Resolution 39, requiring a vote by the people to adopt a

constitutional amendment to establish the Alaska Permanent Fund. The voters approved that amendment in November 1976 by a margin of nearly nine to one.

The amendment lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals, royalty sale proceeds, Federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund.

Understanding the difference between Permament Fund principal and the income the investment of principal earns is important. The principal represents Alaska's mineral wealth transformed into dollars through the sale of natural resources to private developers. The only restriction on the use of the principal of the Fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The major task of the Administration and the Legislature is to determine to what specific uses (i.e., investments) these dollars should be put, and how to accomplish it. Last year's Public Forum response was to use the Fund for renewable resources. This year we seek to clarify this response, and ask some additional questions on how to achieve your objectives.

If the Fund is invested wisely, the income produced by the investment will yield a fairly certain recurring return on Fund investments. The income from these investments will be deposited in the State's General Fund unless otherwise provided for by law. Government decision makers must determine where and how to use the Fund's earnings which, unlike

use of the principle, need not produce income.

As with the $900 million North Slope lease sales, many pressing needs exist for the billions of dollars which the State will receive in revenues from North Slope oil production and from future sales, leases, royalties and taxes from other areas. Nevertheless, these riches present a serious dilemma as well as a momentous opportunity for your government and the future of Alaska.

The problem is that our mineral sale revenues have recently been financing about 60 percent of State expenditures. Since oil and gas deposits are finite, this source of money is ultimately limited. This situation is of great concern to the Governor. The State is presently deliberating how to move from a dependence on this single unreplenishable source of funding to sources based exclusively on continuing State economic activity, without substantially reducing services, disrupting the growth of the Alaskan economy, or saddling the populace with a large tax burden in the short run. Although substantial oil revenue seems assured for at least ten years (with possible interuptions), how will we pay for government if revenue from mineral sources ultimately declines?

The opportunity presented by these oil revenues lies with how much oil revenue is used for State expenditures and how much is placed in the Permanent Fund. The constitutional amendment provides that <u>at least</u> 25 percent of these oil revenues be placed in the Permanent Fund, which leaves up to 75 percent for the General Fund (from which State

expenditures are made). It will be up to the Legislature to decide, by either fixing in the enabling legislation or on a year to year basis, whether more than 25 percent should go into the Fund. This will depend on the need for State expenditures, the amount of oil revenues coming in relative to that need, and on the uses to which the Permanent Fund will be put. If we use most of our oil wealth to finance ongoing State Government, it will meet public needs but it will also serve to increase our financial dependence on oil. Thus, part of the future role of the Permanent Fund will undoubtedly be to either supplement the General Fund with earnings from Fund investments or to help create a tax base to provide new State revenue sources or some mix of the two.

The role of the Permanent Fund in this context is the focus of this part of this year's Public Forum.

The Governor anticipated voter approval of the Permanent Fund amendment, and in August of 1976, he temporarily expanded the membership and duties of the State Investment Advisory Committee. The Committee is charged by statute to advise the Commissioner of the Department of Revenue on investment policy for the State. He appointed additional members from the general public and the legislative and executive branches and directed the entire body to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

The State Investment Advisory Committee identified several key issues

which required resolution, conferred with consultants, and produced a draft bill proposing a structure for the Permanent Fund. To arrive at its findings, the Committee examined consultants' reports on many of the resource-based monetary funds and development banks throughout the world.

In March of 1977, this proposal was introduced in the State House to begin debate on the structure of the Permanent Fund. The bill (HB 298) would structure the Permanent Fund essentially as a development bank. Such a structure is premised on the belief that enough money will accumulate in the Permanent Fund, and that this money can be successfully applied, to ~~allow~~ assist diversification of the Alaskan economy. The development bank as proposed by the SIAC would have a two-tiered management system, a policy board with overall policy-making power, and a committee under the policy board to approve specific investment proposals. The bill gives the president of the Fund's corporation strong executive power and principal responsibility for presenting investment proposals of at least 40 percent of the Permanent Fund in high-grade securities, up to 30 percent in Alaska development loans, and up to 30 percent in community projects and private dwellings.

→ Stuff in Gov's letter

D-making process, put label

A second proposal was developed from the original SIAC proposal which differs in level of funding and provision for confirmation of policy board members. House Bill 298 calls for deposits of 50 percent of proceeds from bonuses, mineral lease rentals, royalties, and Federal mineral revenue-sharing payments, while House Bill 300 includes 100

percent of bonus payments and the same percentage from other sources. Except for the policy board appointment power of the Governor (which is subject to legislative confirmation only under the provisions of H.B. 300), either proposal would operate the Fund rather independently from the executive or legislative branches of State Government.

In 1977, the Legislature passed an interim Permanent Fund management bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the Commissioner of the Department of Revenue to invest Permanent Fund money into various "money-market instruments," such as U.S. treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. By July 1, 1977, more than $3.9 million had accrued to the Permanent Fund and been invested.

During the 1977 legislative session, the Speaker of the House and the President of the Senate appointed special committees to consider alternative proposals for the Permanent Fund during the legislative interim. The committees, like the Administration, will gather and distribute information, listen to public opinion, seek expert advice, consider how the Fund should be administered, establish major goals for the Fund, and present their recommendations to the full Legislature in January of 1978. Both the Administration and the committees are making efforts in the areas of public education and participation to learn what Alaskans want their Permanent Fund to be. The Public Forum is a

major part of this effort.

IV. THE FUND'S RELATIONSHIP TO THE CONSTITUTION AND OTHER STATE FUNDS

Oil and minerals are a removable portion of Alaska's statehood entitlement of its citizens - past, present, and future. This non-renewable wealth is now being extracted and transformed into another form of wealth - money. The decision to keep a portion of that wealth in a renewable status through dedication to the Permanent Fund provides an opportunity to protect that wealth from being spent and lost to future generations.

The form of the wealth is changing, yet the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The Legislature must decide into what income-producing assets Permanent Fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. As discussed above, a significant portion of State expenditures presently relies upon oil wealth. The Legislature has

already stated that one objective of the Fund is to diversify the State economy. As oil wealth declines, the Permanent Fund may bear the responsibility of supplementing the General Fund through income from Fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the Legislature appropriates money from the General Fund to finance State activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all State revenues from all sources. The Legislature is the only body empowered by the constitution to make appropriations (subject to veto by the Governor) from the General Fund for whatever purposes the Legislature deems proper.

The objectives of some of these activities may be similar to certain proposed uses of the Permanent Fund. For example, the State currently maintains loan programs to meet a variety of public needs, ranging from businesses to senior citizens housing and home loans. (See Appendix 1.) Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

The State also posseses extensive bonding powers and can pursue major projects by issuing general obligations or revenue bonds. Special purpose agencies, such as the Alaska Power Authority, can (with legislative approval) provide for the financing of specific facilities.

The State additionally has mechanisms, such as the Municipal Bond Bank, to assist local governments borrowing money to achieve their objectives.

These various tools should be considered as we ponder alternative Fund uses so that we can best match tools with objectives. Provisions for coordinating the Permanent Fund and other government activities will be a crucial element in developing the enabling legislation.

V. OBJECTIVES FOR PERMANENT FUND INVESTMENT

The people of Alaska should establish the overall objectives for their Permanent Fund. State Government can only achieve this through public meetings like the Public Forum and other public participation, information and participation programs. We need to know <u>your</u> priorities to write Permanent Fund enabling legislation.

The response to last year's Public Forum tells us that Alaskan's most desire an expansion of the State's renewable resource industries. This year we seek to clarify both what people meant by renewable resource industries and to uncover what objectives, or visions for Alaska, lie behind this desire. Renewable resource industries mean many things to many poeple, and each industry can imply different goals to different people. If you can not tell us what it is about resource industries that you find attractive and important, we will

try to design the enabling legislation to reflect your wishes.

As you think about your objectives and prepare to answer the questions on the Permanent Fund, consider the following:

Many of the proposals for in-state investment may involve an interest subsidy; that is, the money is loaned at lower interest, in greater quantities or at "easier" terms than borrowers can obtain from private lenders. If this occurs, the Fund would probably earn a lower return than the market rate, unless the General Fund made up the difference (which has been proposed).

Subsidies may only make sense if the loan or guarantee launches an in-state enterprise that not only repays the loan, but also creates new individual tax sources to cover the original subsidy as well as the cost of additional State and local government services and environmental and social costs generated. If no such in-state opportunities exist, the Permanent Fund cannot create them. In-state investments must be thoroughly evaluated to separate the winners from the losers.

Another point to ponder is that objectives often conflict. Although different strategies may pursue the same objectives, each lends itself to the achievement of some more than others and even some to the exclusion of others. For example, a strategy which seeks to distribute Fund benefits directly to individuals, such as consumer loans, will fail to provide public facilities, such as through loans

to municipalities. Likewise, strategies which seek to guide the State's economy through economic diversification, for example, may not maximize the income from Fund investment.

Some other possible "tradeoffs" are:

employment vs. immigration

economic diversification vs. environmental degradation

size of state government vs. quantity and quality of public services

Tradeoffs are inevitable. As you think about your objectives for the Permanent Fund, think about the tradeoffs involved.

Give example from goal 6.1

VI. OBJECTIVES FOR THE CONTROL AND MANAGEMENT OF THE PERMANENT FUND

A common concern of many Alaskans after realizing the potential dollar magnitude of their Permanent Fund is who will control this wealth. The only other fund of similar or larger size in State Government is the General Fund. As discussed earlier, the constitution requires that all appropriations from the General Fund be made by the Legislature and be subject to gubernatorial veto. After appropriation by the Legislature, some agency of the executive branch usually administers General Fund money. (The court system, University of

Alaska, and Alaska Housing Finance Corportation are examples of some of the exceptions.)

The State constitution requires that the Legislature determine what kind of investments are eligible for Permanent Fund money. However, the day-to-day management of the money may be delegated to an agency in the executive branch (as it is presently) or to an organization or organizations outside the legislative and executive branches.

The two critical management questions are: How much control over policy should be delegated by the Legislature to another agency or agencies? To what extent will the managers in those agencies be accountable to the people of Alaska, either directly or through their elected officials?

If the Legislature simply directs the managing agency to diversify the Alaskan economy by making sound investments in Alaska's renewable and non-renewable resources (one of the investment guidelines in HB 298), a great deal of discretion is left to the managing agency as to what is a sound investment, what resources to invest in, and which individuals or corporations will receive financing. For example, Fund managers may decide to invest in a multimillion dollar hydroelectric project, or they could use the same money for home loans to individual Alaskans.

Permanent Fund managers must be accountable to elected officials and the public, but at the same time, they should not be vulnerable to

political and special interest pressures. If the loan-making process is to be shielded from political influences by insulating Fund managers from policy directives of elected officials, a large degree of both responsiveness and accountability to the public will be lost.

Current proposals call for appointment of managers by the Governor (one adds confirmation by the Legislature) with removal only for cause. The State Investment Advisory Committee discussed the possibility of elected members, but a brief look at Alaska's highly centralized government (with only the Governor, legislators, and Lieutenant Governor being elected) indicates why this probably would not be consistent with the State Constitution.

"Politics" will not necessarily be kept out of loan decisions by placing experts on a board which is not accountable to the executive branch or the Legislature. Clear and widespread notice to the public about the types of loans that qualify, how loans are applied for and granted, disclosure requirements for decision makers, publishing list of loans or guarantees made, and regular auditing by the executive and legislative branches of government might provide at least a partial remedy to the control and accountability problems.

An alternative to the highly centralized management structure proposed in HB 298 would be for the Legislature to provide for the administration of the Permanent Fund under the existing constitutional power of appropriation: The Legislature, with approval of the Governor, would designate eligible investments by law. The

Legislature annually would pass an investment bill for the Permanent Fund, much like the budget bill for the General Fund. The Permanent Fund investment bill would apportion available Permanent Fund money among the eligible investments.

Funds deposited in the Permanent Fund would temporarily be invested in liquid and secure money-market instruments pending each year's investment bill, as is now being done with Permanent Fund receipts. The Legislature might choose to create new types of financial intermediaries and designate them as eligible for loans or loan guarantees in order to meet Alaska's changing capital needs. For example, the development bank corporation proposed in HB 298 could be one of the new financial intermediaries designated as an appropriate recipient of Fund money. The organization of the Fund may profoundly affect how the Fund performs, but the organization should reflect - not determine - the goals of the Fund. Goals established today may not be those held by tomorrow's Alaskans. There must be built into any Permanent Fund structure both the ability to protect the principal of the Fund and responsiveness to meet changing goals.

APPENDIX 1

The following current State loan programs and activities are potentially eligible for Permanent Fund investment (i.e., they are "income-producing"):

1. The Scholarship Loan Program provides loans to Alaska residents for post-secondary vocational and academic training with a forgiveness incentive to remain in Alaska after completing school;

2. The Fisheries Enhancement Revolving Loan Fund supports loans to non-profit organizations or individuals for the development of hatcheries;

3. The Municipal Bond Bank Authority is an independent public corporation established to assist communities in Alaska to develop needed public facilities by marketing general obligation bonds. The bond bank will purchase these bonds, offering its own revenue bonds to the public bond market;

4. The Division of Business Loans administers five revolving loan funds and two public corporations - the Small Business Revolving Loan Fund, the Tourism Revolving Loan Fund, the Commercial Fishing Revolving Loan Fund, the Child Care Revolving Loan Fund, the Water Resources Revolving Loan Fund, the Alaska State Development Corporation, and the Small Business Development

Corporation. These five loan funds enable qualified businesses and public utilities to obtain long-term financing for developing, expanding, or modernizing their operations;

5. The Veterans Affairs Revolving Loan Fund makes loans to qualified Alaska national guardsmen and veterans in Alaska. These loans may be used to purchase, refinance, build and remodel homes, farms, businesses, and multiple dwellings. In addition, a qualified veteran may receive a loan for education, fishing, mining, or personal use;

6. The Agricultural Revolving Loan Fund provides long-term, low interest loans to promote rapid development of agriculture as an industry throughout the State;

7. The Senior Citizen Housing Development Program provides loans and grants to municipalities, housing authorities, and other non-profit local sponsors to stimulate new housing construction and for rehabilitation of existing units for senior citizens;

8. The Alaska State Housing Authority (ASHA) and the Alaska Housing Finance Corporation (AHFC) are operated by the State for public and low-cost housing programs and State-supported financing for low- and moderate-cost private sector housing development. Currently, ASHA receives most all of its funding from the U.S. Department of Housing and Urban Development, and currently manages housing units throughout the State. AHFC makes or buys

mortgages on low- or moderate-income housing, insures mortgages, and makes home improvement loans and loans for other associated costs of home ownership, including down payments, to qualified persons or developers. In addition, the State has established 13 regional Native housing authorities with powers essentially similar to those of ASHA. The Federal Government provides virtually all of the funds for these activities, so State participation is minimal and limited to insured short-term loans; and

9. The Alaska Power Authority is designed to promote the development of hydroelectric and fossil fuel power sources for domestic Alaska usage. The Authority is generally empowered to issue bonds and notes to finance power development activities in the State, with the debt being secured by the projects themselves or by the earnings or these projects. This program is still in the formative stages and has yet to issue bonds.

daughter of Mike Gruening U of A.

PERMANENT FUND QUESTIONS

I. In order to refine last year's Public Forum results regarding the use of Permanent Fund monies, please indicate one area that you would like to see emphasized for investment of part of the Permanent Fund.

A. Inside the State:

1. fisheries;
2. alternative energy development -
   - large scale;
   - small scale;
3. agriculture;
4. mineral extraction;
5. tourism;
6. other industry (please specify) _____;
7. timber; and
8. other _____.

infrastructure dev. — why - make neighborhood more livable

B. Invest Outside:

1. If it would produce a higher rate of return on the money invested; and
2. Other _____.

II. Now that you have indicated your preferred area, will you please tell us why you chose this area?

A. It would create more jobs;

B. It would give me an opportunity to make more money;

C. It would give the State the highest return on the Permanent Fund investments;

D. It would <u>not</u> encourage more people to come to Alaska;

E. It would <u>not</u> harm the environment;

F. It would increase the availability of Alaskan resources for in-state use;

G. It would promote more Alaskan ownership and control of business;

H. It would lessen government intevention in business; and/or

I. Other _____.

III. How should the State go about using the Permanent Fund (or other State loan programs) to intervene in the economy to achieve the objectives determined for it?

A. Market interest rate loans to any enterprise which can pay back the loan plus interest (first come, first served);

B. Market interest rate loans to a certain set of enterprises specified by statute;

C. Lower than market interest rate loans to a cetain set of enterprises, specified by statute;

D. State organizations to assist certain sectors collectively, on a

fee for sevice basis, to provide such services as marketing, organization, information, technical aid, research efforts, etc.;

E. Joint ventures with private enterprise for the State to share ownership, control, and profit potential; and

F. State owned and operated corporations in a certain set of enterprises chosen by the Legislature.

IV. Accountability and Control.

Permanent Fund policy will have to be set by someone. These policy makers will be responsible for carrying out the intent of the enabling legislation through the actual operation of the Fund. Because the Permanent Fund is public money, those who set policy must be accountable to the public. With which of the following alternatives would you feel most comfortable?

A. A State agency accountable through the Governor and the Legislature by means of statutes, the budget process, etc;

B. A board appointed by the Governor and serving at his pleasure;

C. A board appointed by the Governor for a specified length of service;

D. A board appointed by the Governor and comfirmed by the Legislature;

E. A board chosen from various segments of the political spectrum (an example would be two members from the Administration, two from the Legislature, and three from the general public);

F. A board directly elected by the public; and

G. Other _____.

Now that you have indicated your preference, please tell us why you chose it.

A. I trust the Governor to choose wisely;

B. I trust the Legislature to choose wisely;

C. I trust the Governor and the Legislature working together to choose wisely;

D. I want broad representation;

E. I think direct representation of political interests is good;

F. I want maximum opportunity to choose the board;

G. I want the board insulated from politics; and

H. Other _____.

LOAN FUND ACTIVITY IN FY 76

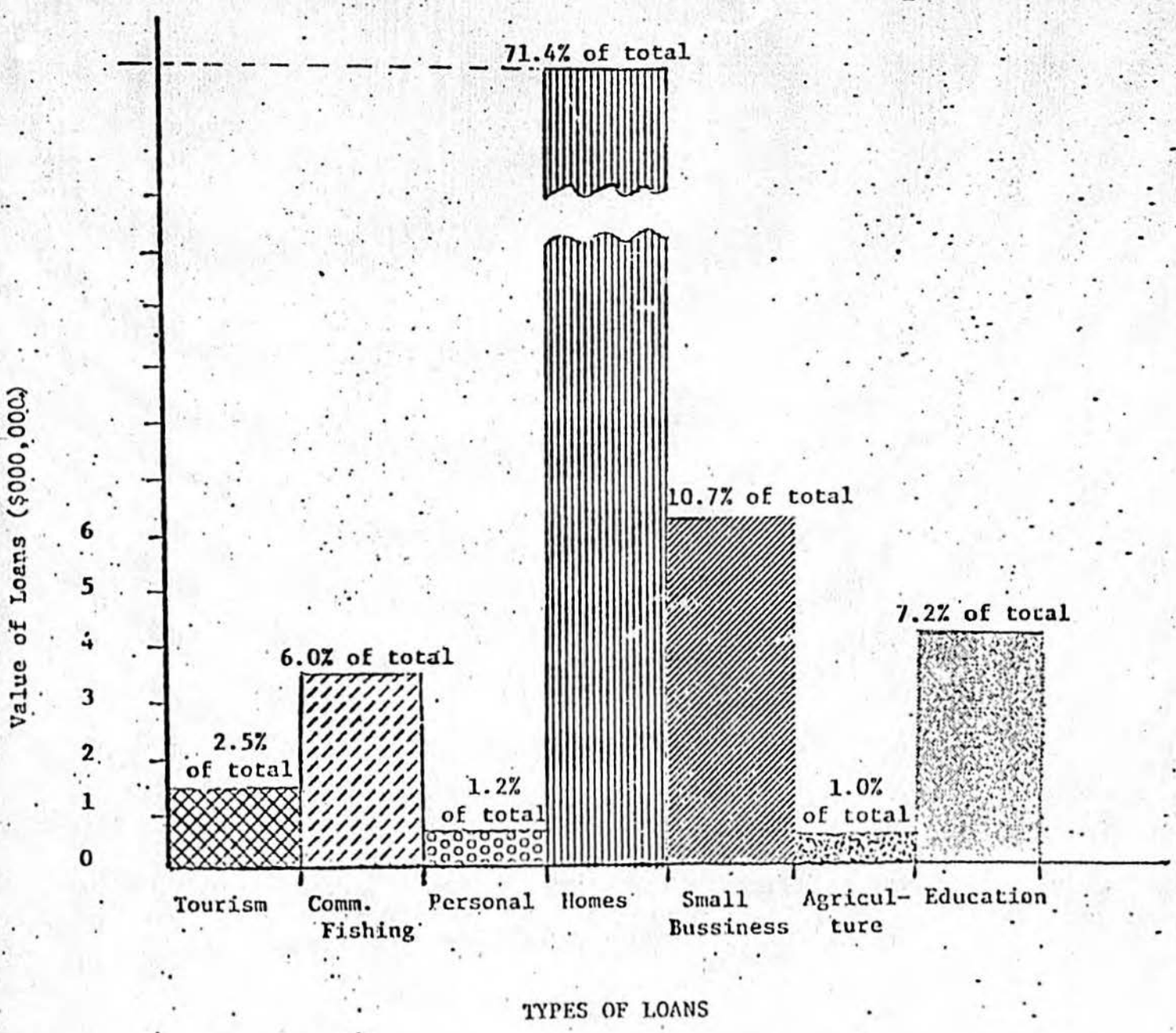


TABLE 2A

OIL AND GAS REVENUES

(Statewide percentages.)

Bonuses, leases, + royalties

Question 1A → PERMANENT Fund (25%)

EXCESS WEALTH (75%) ← Question 1B.

* 1. Loans for Renewable Resources	36%
2. Save it	26%
3. Loans to Communities	14%
4. Loans to Industry	10%
5. Loans to Individuals	9%
6. Other	5%
	100%
Total # respondents	3237

1. Tax cuts	28%
*2. Loans for Renewable Resources	20%
3. Save it	12%
4. Community Revenue Sharing	11%
5. Other	8%
6. Cash payments	5%
Use for State Services	5%
Loan to Industry	5%
#. Loan to Communities	3%
Loan to Individuals	3%
	100%
Total # respondents	3187

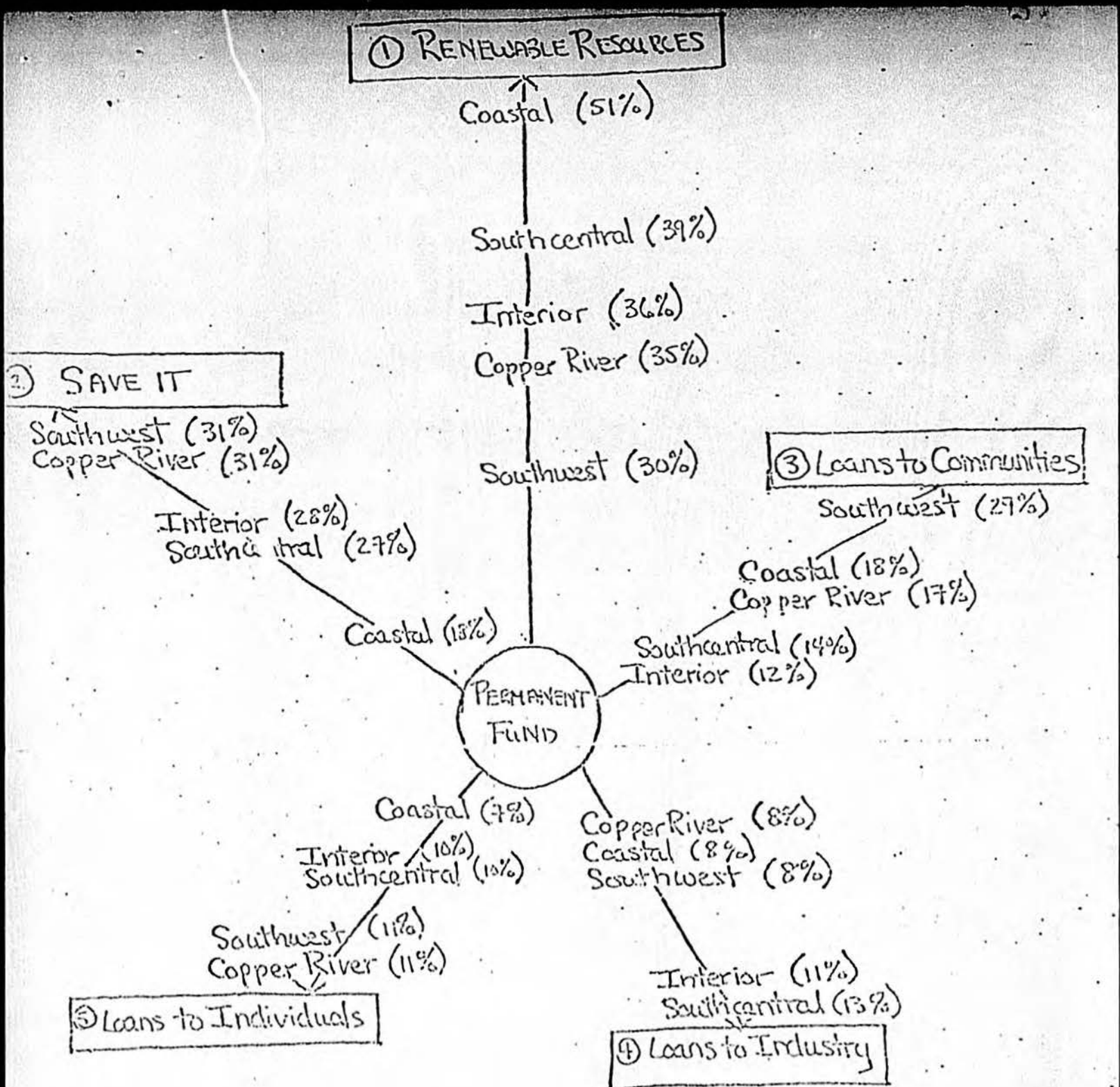


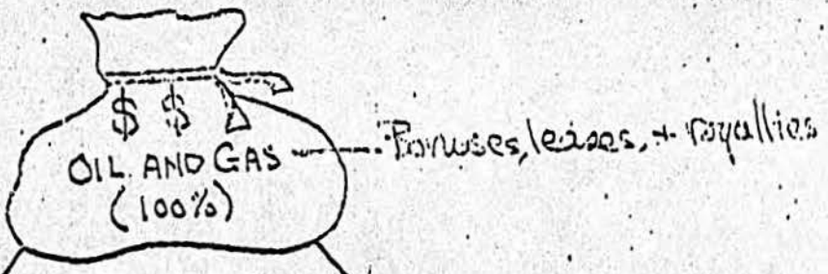
TABLE #1

ALLOCATION OF PERMANENT FUND
REGIONAL PREFERENCES
(Percent Distributions)

TABLE 2

OIL AND GAS REVENUES

(Statewide percentages)



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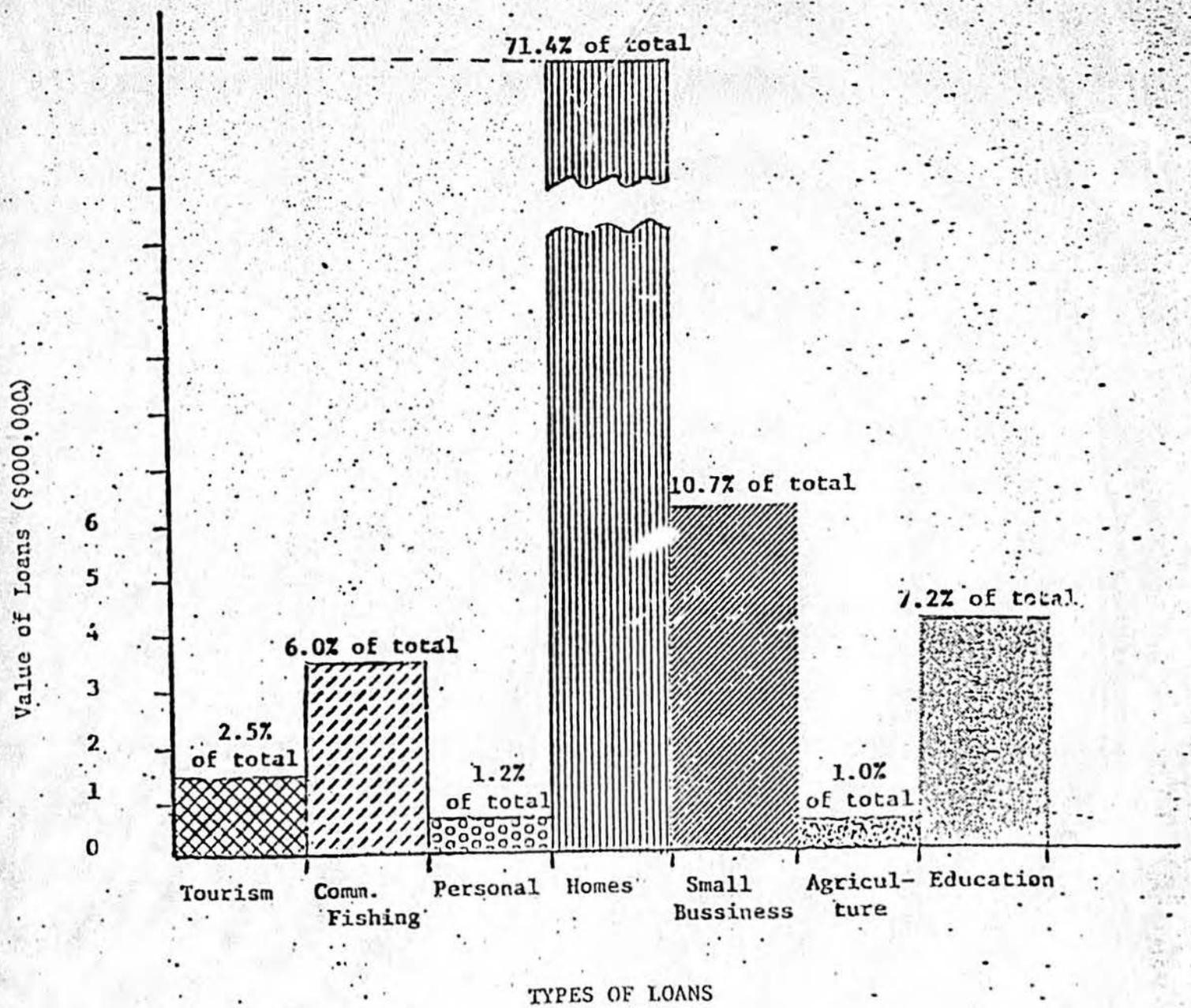

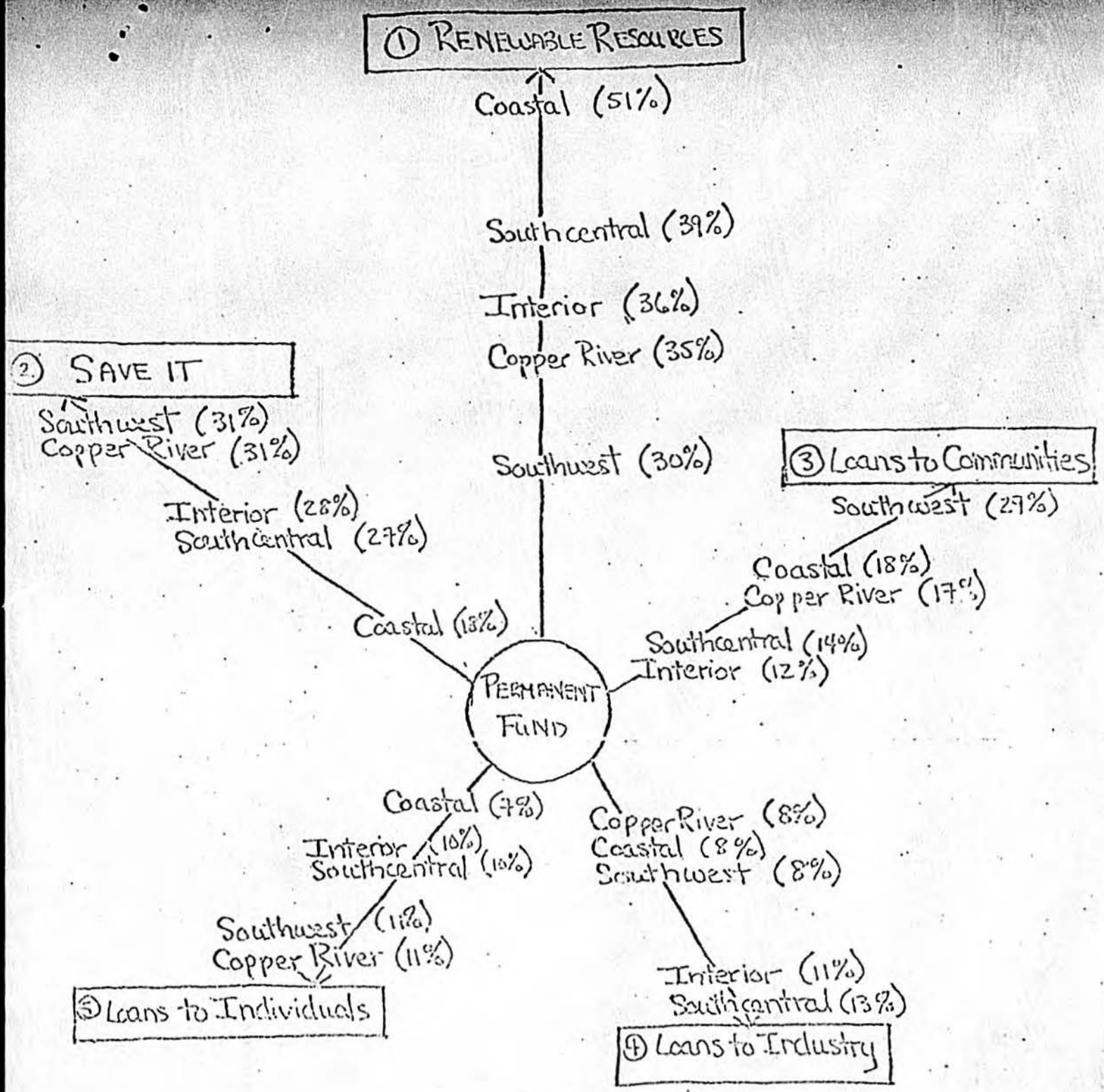

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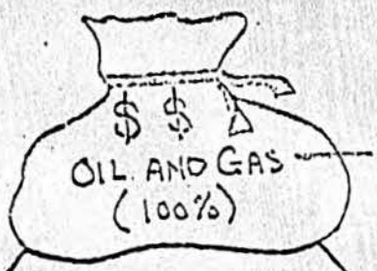
ALLOCATION OF PERMANENT FUND
REGIONAL PREFERENCES
(Percent Distributions)

TABLE 6

OIL AND GAS REVENUES
(Statewide percentages)



Bonuses, leases, + royalties

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STATEWIDE ANALYSIS

Who Participated

To paint a visual image of the 3,714 Alaskans from Metlakatla to Barrow who addressed the current issues facing their state this year through the Public Forum workshops or questionnaire would be nearly impossible.

They were as diverse as the spectrum. The youngest was 13 years old. The oldest was 94. They were whalers, doctors, teachers, school children, government workers, homesteaders, bookkeepers, fishermen, waitresses. The responses were weighted most heavily in the professional-technical category. And twice as many men as women participated.

Length of residency seemed a strong indicator of commitment to the state and its future. Nearly two-thirds of the Public Forum participants had been residents of the state for ten years or more. And at least a third have lived in Alaska over 20 years. Overwhelmingly it was this segment of the population who chose to speak, and desired to be heard by the men and women who have some influence in the decision-making process.

Question 1A

How should the Permanent Fund money be invested?

Throughout Alaska there was resounding concern for renewable resource industries. They were ranked, by a wide margin, as the highest priority for Permanent Fund money and the second highest priority for all additional oil and gas wealth.

This concern for renewable resource industries transcended community, regional and professional boundaries. However, the definition of those industries was colored by regional perspectives, ranging from aquaculture and experimental farms to utilization of solar and tidal energy.

Alaskans participating in the Public Forum also wanted to preserve the integrity of the Permanent Fund. They wanted to insure that it indeed remains a "permanent" fund. Their second choice of "save it" reflects the desire for secure investments - those with guaranteed earnings and high returns. (Furthermore, there was considerable support in the second half of this question for increasing the size of the Permanent Fund.)

Each of the five regions expressed differing degrees of concern for the options listed under the Permanent Fund question. (Table 2)

While loans to renewable resource industries drew substantially high votes across the board, it was clearly the coastal respondents who out-distanced all others in their support for this option. Considering their economic base, that interest is probably equated with fishing and possibly forestry activities.

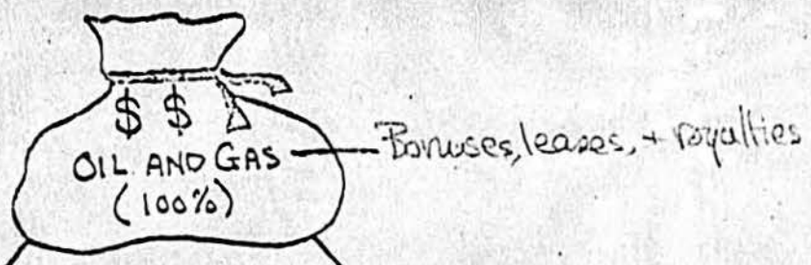
The Southwest had a higher percentage of people who marked "Loans to Communities" as their first choice. This option had healthy encouragement state-wide. However, while some communities in the state desired this option they have no tax base to repay such a loan.

Like hand in glove, Interior and Southcentral followed each other closely in the degree of importance they attached to each choice for the Permanent Fund monies. (See Table #2) On the whole, they tended to be far more supportive of

TABLE 1

OIL AND GAS REVENUES

(Statewide percentages)



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Total # respondents	3187

* See page 3

industrialization which was not a large vote-getter state-wide.

Question 1B

How should the State use its new oil and gas money?

While Alaskans were eager to support (in question 1A) what many described as a potentially "risky" business with only long-term benefits -----i.e. making loans to renewable resource industries -----they also wanted immediate, tangible proof of our new wealth.

They favored tax cuts. Under the issue of surplus oil and gas revenues not included in the Permanent Fund, this was the only option which superceded "Loans to Renewable Resource Industries" in popularity.

Interestingly, tax cuts received the highest bid from those who did not attend the Public Forum workshops but merely filled out a Forum questionnaire.

This seems to indicate that when people gathered to bounce ideas back and forth, they tended to relinquish personal desires for communal benefits. The wide discrepancy in percentages on tax cut votes between questionnaire respondents and meeting-goers was made up in the workshops by stronger support for loans to communities, community revenue sharing, community grants and loans to renewable resources.

Again, Forum participants affirmed their committment to loans for renewable resource industries.

There was significant concern for community assistance through community loans, community revenue sharing and grants and state services. Communities seemed to desire greater control over local services.

Although the percentage is low, the vote for cash payments may be linked to the vote for tax cuts.....indicating that people wanted a share of the wealth.

Industrial loans (i.e. loans to non-renewable resource industries) did not accrue substantial support. Loans to individuals which lies at the bottom of the list of options percentage-wise, appeared to the majority of participants as too risky an investment.

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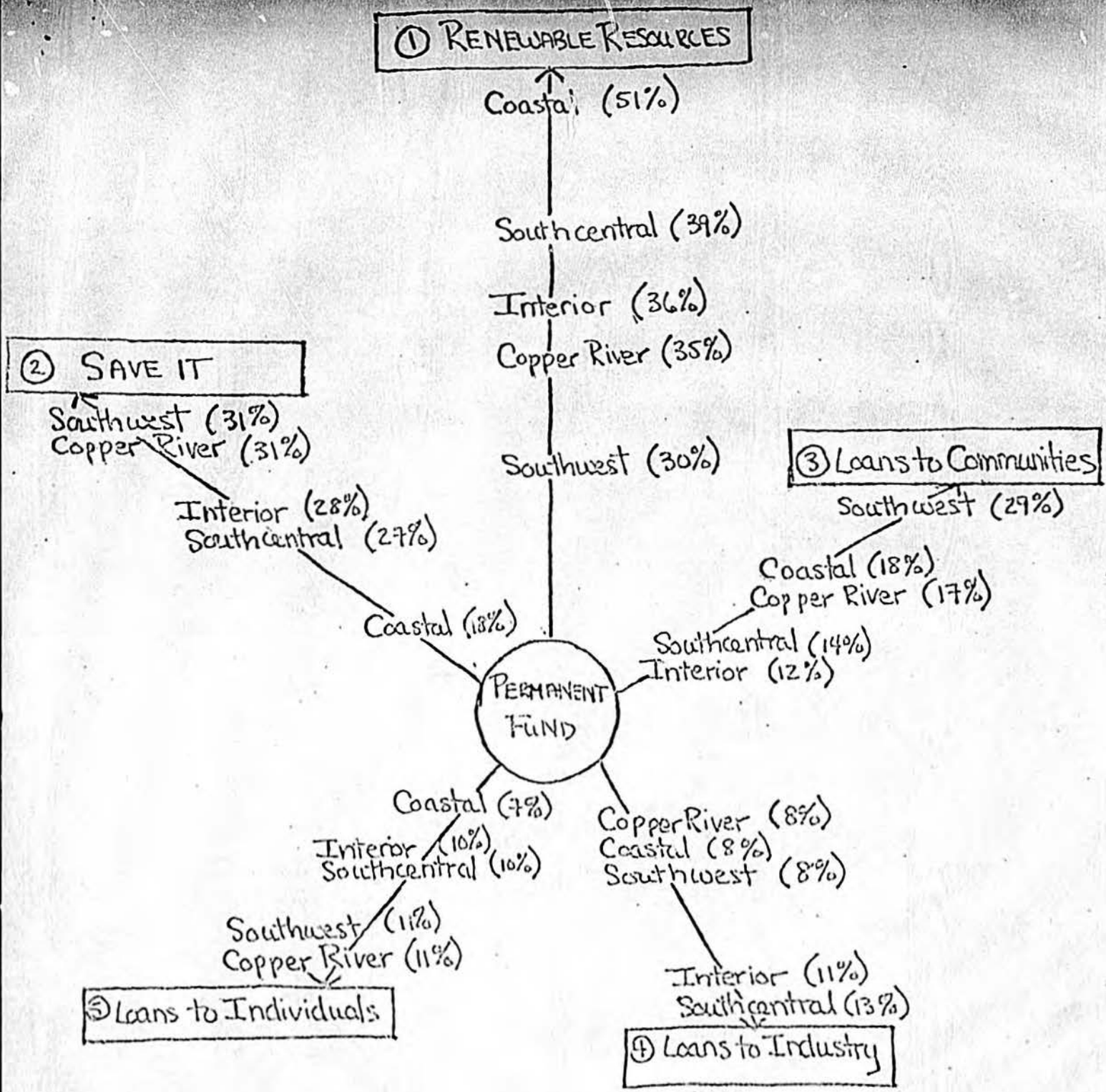


TABLE # 2.

ALLOCATION OF PERMANENT FUND
REGIONAL PREFERENCES
(Percent Distributions)

*** Due to changes in the questionnaire after workshops in the Southeast and the North, questions 1A and 1B could only be tabulated for five regions - Southcentral, Copper River, Southwest, Gulf Coast and Interior.

Question 2

What areas of human need do you feel require the most attention?

For Alaskans participating in the Public Forum, education and employment were the broad social concerns. The two are inextricably linked. Education provides the knowledge and skills which lead to more challenging jobs, better salaries and a higher standard of living.

The pie chart (Table #3) illustrates how participants state-wide viewed critical human needs. The arrows indicate the degree of importance residents from region to region placed on these issues.

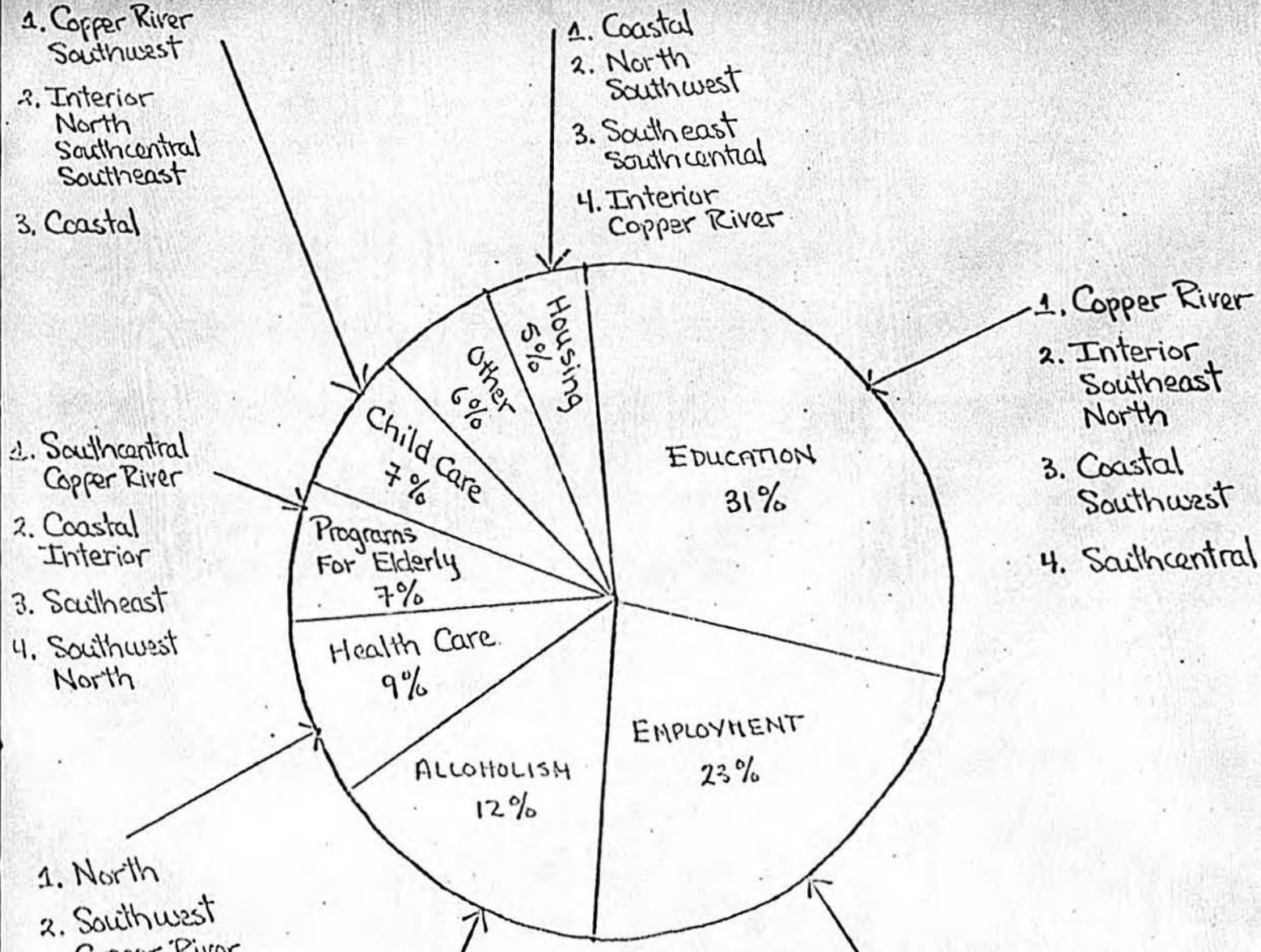
For instance, a higher percentage of people in Copper River supported education compared to the percentage of people favoring that option in Southcentral. This does not mean that Southcentral was not supportive of education, as can be seen by Table #4. It merely means they were less concerned overall than Copper River with channeling our energies in that direction. Southcentral ranked highest on employment - pointing, perhaps, to a larger concentration of unemployed or transient workers.

State-wide, who are the people who expressed a greater degree of concern for employment? They are white and blue colalr workers. They have lived in Alaska more than ten years. And the older they get the more importance they placed on this problem. (See Table #6)

Many in the blue collar category were fishermen, construction workers, some farmers and lumberjacks. Their work is often seasonal. Thus, with the advent of winter, jobs taper off and summer incomes must be stretched over the winter months. Blue collar votes seemed to indicate interest in year-round employment opportunities.

It is interesting that a significant percentage of those over 45 years of

and regional comparison)



1. Copper River
2. Interior Southeast North
3. Coastal Southwest
4. Southcentral

1. Southcentral
2. Interior
3. Southeast Copper River
4. Southwest Coastal North

1. Southwest
2. North Coastal
3. Southeast Southcentral
4. Interior
5. Copper River

1. North
2. Southwest Copper River
3. Southeast Coastal Interior Southcentral

1. Southcentral Copper River
2. Coastal Interior
3. Southeast
4. Southwest North

1. Copper River Southwest
3. Interior North Southcentral Southeast
3. Coastal

1. Coastal
2. North Southwest
3. Southeast Southcentral
4. Interior Copper River

age leaned more heavily towards the employment issue than younger participants. One deduction might be that as the individual gets older he has a more difficult time finding work. This is also the age that many women who have finished raising families attempt to enter the job market.

Throughout the state, respondents approached this question from both philosophical and practical viewpoints. The vote for education and employment may, perhaps, be distinguished from the remaining options as more of an affirmation of basic human values rather than pointing to critical social service problem areas.

So while education and employment were the umbrella concerns state-wide, the social issues which received a lower percentage of the votes should not be overlooked.

Here is the considerable value in comparing each issue region by region. (Tables #3 and #4)

Health care and alcoholism programs were more important to inhabitants of the North and Southwest than in other regions. Alcoholism is viewed as a severe problem state-wide, but it seems to have more destructive impact on the smaller communities.

Throughout the State a slightly higher percentage of those under 25 years and those over 55 years tended to list alcoholism as their number-one priority. Alcohol abuse touches all ages. The very young may suffer with an alcoholic parent. The adolescent must cope with the widespread use of drugs and alcohol among peers. The elderly perhaps turn to alcohol to escape infirmities or loneliness.

Understandably, programs for the elderly were more popular the closer the participants were to the twilight of their years. A higher percentage of respondents in Southcentral and Copper River were concerned with this option. The degree of interest here was at the low end of the scale for the Southwest and the North. The old tend to be taken care of within the traditional family framework.

The care of children issue had a somewhat puzzling twist. In comparing this issue on the basis of age, it was found that a higher percentage of those over 55

TABLE #34

HUMAN NEEDS QUESTION
BY REGION
(Percent Distributions)

	Coastal	Copper R.	Interior	North	South Central	South East	South West	State wide
Alcoholism	14%	7%	10%	14%	13%	13%	18%	12%
Care of Children	5%	11%	8%	7%	7%	7%	10%	7%
Education	32%	43%	38%	37%	29%	38%	31%	31%
Programs For Elderly	8%	9%	8%	3%	9%	6%	3%	7%
Employment	16%	19%	24%	15%	28%	21%	17%	23%
Health Care	9%	10%	9%	14%	9%	9%	11%	9%
Housing	16%	1%	3%	10%	5%	6%	10%	5%
	100%	100%	100%	100%	100%	100%	100%	
Total # respondants:	164	140	108	123	1729	426	235	3009

Employment Option [illegible]
(Percent Distributions)

A. Employment by Occupation

	Prof–Tech.	White Collar	Blue Collar	Not In Labor Force
Employment	22%	32%	33%	25%
All other first choice options for question 2	78%	68%	67%	75%
	100%	100%	100%	100%
Total # respondents:	979	602	651	596

B. Employment By Length of Residence

	3 Years or Less	4 to 10 Years	More Than 10 Yrs.
Employment	21%	26%	30%
All other first choice options for Question 2	79%	74%	70%
	100%	100%	100%
Total # Respondents:	539	844	1644

C. Employment By Age

	Under 25	25-34	35-44	45-54	55+ over
Employment	19%	20%	26%	39%	34%
All other first choice options for Question 2	81%	80%	74%	61%	66%
	100%	100%	100%	100%	100%
Total # Respondents:	336	938	649	597	492

voted for child care as their first option. One would imagine that people in the 25-30 years of age category, who would be the ones most likely to have small children, would have had a stronger voice here. That was not the case.

Finally, although housing was only favored by 5% of the total number of respondents state-wide, it was of great importance to the Gulf Coast. In that region, housing tied with employment (Table #4). Yet it was the option of least importance to the Copper River region.

Question 3

How should public school construction be financed in both organized and unorganized boroughs?

This issue did not arouse the interest, energy or controversial debates among participants that the other five topics seemed to kindle.

A third of the participants state-wide chose the status quo - meaning that they were content to continue with the present system of financing public school construction.

A region-by-region comparison, however, provided couple of interesting insights. A far greater percentage of participants in the North than in any other region voted for a state income tax solution to the problem. A good portion of the North, as designated by the Public Forum, lies within the boundaries of the North Slope Borough. Thus, under the present system, that borough is responsible for supporting 50% of school construction. While participants favored local control, they wanted the school construction funds to come from outside their borough.

In Southcentral and Interior, which predominantly represent the opinions of the Anchorage and Fairbanks areas, a higher percentage of respondents wanted to see the instigation of local property taxes through the State. It is these two urban areas which probably carry the heaviest burden for financing school construction in rural Alaska. In addition, for these two regions, local funds seemed synonymous with local interest and control.

Question 4

What should be the objectives for managing Alaska's land?

Land was an intense emotional issue in Public Forum meetings and prompted lively discussions. While the most popular choice for management of state lands was to provide "land for people's needs", those "needs" varied from individual to individual and from region to region.

Most commonly, however, that option translated into...

1. Land for individual ownership, (i.e. homesites)
2. Land for personal use, (i.e. to support subsistence activities in rural Alaska.

The degree of interest in this option increased with the age of the respondent and also with his or her length of residency in the state. (Table #6)

Under the land issue, renewable resource development was the second priority. In addition, the longer a respondent had lived in Alaska the greater was his or her concern for protecting the future of those resources. (Table 6b)

Interestingly, the Coastal region, while exceptionally strong in its support for renewable resource industries in Question #1, was much less adamant in advocating this option for the land question. Here, Southeast took the lead. Since timber is the economic mainstay of Southeast this was not a surprise. But it does point out that the Coastal region tended to equate renewable resources with fishing which was perceived as not being dependent on the land.

It is significant to look at the two options which participants did not favor highly.....state management of land to raise revenues or for industrial development.

** For the sake of comparing all seven regions on this question, it was impossible to include the option "Preserve the Natural Environment" since it was added to the questionnaire following workshops in Southeast and the North. However, compared on the basis of five regions, it received substantial support. Approximately one-fifth of the participants in Southwest, Southcentral, Coastal and Interior regions

THE TWO TOP CHOICES IN QUESTION 4 COMPARED BY Region and Length of Residency (Percent Distributions)

A.

	Coastal	Copper R.	Interior	North	S. Central	Southeast	Southwest	Statewide
1. Manage Lands to Meet People's Needs	44%	59%	43%	25%	38%	39%	40%	47%
2. Manage Lands to Promote Renewable Resources	28%	20%	26%	37%	27%	41%	23%	33%
All other options under Question 4	28%	21%	31%	38%	35%	20%	37%	20%
	100%	100%	100%	100%	100%	100%	100%	100%
Total # of participants	166	135	725	122	1802	419	185	2012

B.

Length of Residency –	3 Yrs. or Less	4-10 Yrs.	More than 10 yrs.
1. Meet People's Needs	34%	40%	42%
2. Renewable Resources	24%	27%	30%
All other options listed under Question 4...	42%	~~33%~~	~~28%~~
	100%	100%	100%
Total # participants	595	938	1900

voted for this choice as their top priority.

Question 5

What should be the State's policy on future oil and gas lease sales?

The cautious, moderate approach to oil and gas leasing was by far the most popular.

Nearly 60% of Public Forum participants agreed that the State should sell leases at a constant pace to assure a steady flow of income.

Only a few were intrigued by the idea of quick sales and thus quick bucks. And there was no significant support for the state's previous modus operandi.

While the perponderance of votes advised moderation, the "No further leasing" option provided an interesting and important difference. Eighteen per cent of respondents preferred that the state not sell any more leases.

There may be a correlation between the desire to place a moratorium on lease sales and potential OCS activities, such as tanker travel or impact on fishing areas. (Table 7)

The Gulf Coast was the strongest vote here, seconded by Southeast and Southwest. The high percentage of participants in the Interior (Fairbanks areas predominantly) who voted for this option as first priority, reflects a cautious attitude towards future development.

Age, length of residency, and occupation also seemed to influence the way people voted.

A higher percentage of those under 35 years of age marked "don't sell" as their first priority for state policy on leasing. Ultimately it is the young who will have to live with any adverse impacts that oil and gas development causes.

Of all the occupational categories, blue collar workers were more leary of leasing. It is possible this may reflect the vote of fishermen who see real conflicts between the pursuit of their own livelihood and the course of the oil industry.

Finally, it was the newer residents of Alaska, those who had been here less

Table # 7

OIL AND GAS LEASING SCHEDULE COMPARISON BY REGION

(percent distributions)

	Coastal	Copper R.	Interior	North	S. Central	Southeast	Southwest	Statewide
SELL FAST	1%	—	1%	8%	2%	5%	6%	2%
SELL AT CONSTANT RATE	43%	60%	53%	51%	61%	60%	49%	58%
SELL WHEN NEED $	3%	10%	9%	14%	8%	7%	12%	8%
DON'T SELL	30%	11%	21%	13%	15%	23%	23%	18%
OTHER	23%	19%	16%	14%	14%	5%	10%	14%
	100%	100%	100%	100%	100%	100%	100%	100%
Total # Respondents	166	135	713	116	1774	488	185	3618

than 10 years, who were more inclined to vote "don't sell".

A fairly high percentage of participants (14% - "other"), were not satisfied with the options presented. Most of those respondents wanted to stress that the State do thorough research into potential environmental and social impacts prior to any leasing.

Question 6

What is the best use of Alaska's royalty oil and gas?

Nearly half of the Public Forum participants felt that the state should provide in-state residential use of the royalty oil and gas.

It is noteworthy that in the regional comparison, Southeast and the North participants voted more highly for selling the royalties to make money than did other regions. Basically many in those regions felt that they wouldn't get the use of the oil or gas royalties in kind so they would rather make a profit from them.

People close to the source or to the pipeline corridor tended to vote more heavily for in-state residential use of the royalty oil and gas.

Alaskans expressed the desire to have oil and gas available for their use. They did not want to be caught short during another energy crisis. There was also a common assumption that in-state residential use of the oil and gas would mean cheaper energy.

Industrial development had a certain amount of support here. However, it was clear through Forum discussion that people did not want industry subsidized by the state.

Table #8

Use of Royalty Oil and Gas By Region (Percent Distributions)

Royalty Oil + Gas	Coastal	Copper R.	Interior	North	S. Central	Southeast	Southwest	Statewide
Sell for $	8%	8%	9%	26%	14%	37%	16%	16%
Sell To Get Industry	11%	20%	19%	10%	24%	20%	20%	21%
Sell For Residential Use	69%	54%	51%	51%	42%	31%	55%	45%
Other	12%	18%	21%	13%	20%	12%	9%	18%
	100%	100%	100%	100%	100%	100%	100%	100%
Total # respondents	161	130	718	113	1765	462	179	3529

INTRODUCTION

QUESTION SEVEN

The intriguing element about this question is that when people had the opportunity to discuss topics of their own choosing, many of the same issues of the first six questions resurfaced.

Both renewable resources and the land issue were once again strongly reinforced here. They were first and third prioities state-wide.

Throughout Alaska, the ten most popular areas of concern included the following braod categories. The lists under each category reflect the more specific topics voiced by Public Forum participants.

Question 7

What other important State problems do you feel should be considered?

1. Renewable Resources

   Fisheries; forestry; agriculture; recreational lands; subsistence; Fish and Game management; and wildlife management.

2. Government

   Size/growth/cost; inefficiency; local control; accountability; decentralization; improvement of utilities (rural Alaska)

3. Land

   For community expansion; individual homesites; subsistence; parks and recreation.

4. Transportation

   Improvement of ferry services and schedules; Need for competitive air service, better equipment and airstrip work in rural Alaska; Commuter service by rail; improvement of road syste .

5. Economic and Population Growth

   Population and growth concerns; taxes; cost of government; new wealth; unemployment.

6. Alternate Energy Sources

   Exploration and research into wind, solar, tidal, hydro, geothermal energy alternatives.

7. Health and Social Services

   Problems of alcoholism, the elderly, housing and employment; need for welfare reform.

8. OCS

   Fears of adverse impacts to communities and environment.

9. Crime

   Stricter penalties for criminals; more police protection; election of judges; reform of judicial system; law enforcement in the Bush.

10. Capitol Move

Pro and Con