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LEGISLATIVE COUNCIL, STATE OF ALASKA

Conference on Alaska's Future Frontiers

Friday, December 7, 1979

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Reported by: Laurel G. Barefield

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ALPHA GROUP PROCEEDINGS

(December 7, 1979, 9:00 a.m.)

Room 311

THE MODERATOR: If we move closer together, we'll make it easier for our reporter to record the input of this work session. We are 40 minutes behind schedule. We'll have to proceed.

Yesterday evening we finished with the presentation of the Alaska railroad systems taken by Red Swanson. This morning we're now into the area of Law and Justice, and I will start off this morning by asking for input from -- we'll begin with Mr. Alexie this morning in the area of Law and Justice.

MR. ALEXIE: Well, I think our Fish and Game protection officer in our area needs to get a little more pressure, especially during the commercial fishing periods. Well, I had a kick about the Fish and Game because sometimes they come, you know -- they come as a bullet and let the people complain without any warning and they give out tickets and tell them to come over to the court. Okay. Sometimes they don't owe us. There is something overpowered and sometimes they are too easy. Just like they haven't learned to get related with the people who are fishing or

1 hunting. I think they haven't really presented what to do
2 and what not to do. What I want is give a little less
3 pressure to our people and to themselves and explain what
4 they are going to be doing to the people. Let them notify,
5 instead of just going out and give them tickets and bring
6 them to the court.

7 And on the other hand I see it's too easy that --
8 like last year they were pretty tough. This past summer
9 they were too easy. A year before they were still tough,
10 and like there was people who were hooking. If I'm the
11 Game warden, if I have to check their -- check to see if
12 they have any sport fishing license of any kind, I won't
13 stop a solitary woman who is a couple hundred feet away
14 from the other group and give her a ticket since she's
15 quiet and tell her to come to the court and leave. If I
16 have to check, I must check the rest, too, instead of one
17 solitary leader someplace. Because that makes the people
18 have a kick, you know.

19 THE MODERATOR: Thank you, Mr. Alexie.

20 Linda Brown.

21 MS. BROWN: I read a couple of these articles and
22 looked at the statistical tables. I'm primarily in bush
23 justice because I feel that the meaning for addressing
24 certain kinds of problems are at least available, process
25 is available, in the more urban areas. And actually the

1 process isn't really available in a lot of the bush areas.
2 Some of the problems pointed out in these papers are very
3 real. I've been to a couple of bush conferences and am
4 living with some of the problems. I haven't experienced
5 them personally because I have not lived in the bush. But
6 I'm aware of them from a statistical standpoint, what some
7 of them are. And I think that we're going to have to spend
8 some money on bush justice, on criminal justice in the bush.

9 I know there are problems, for example, with even
10 getting body bags for burial. There's just not money
11 available.

12 I do have a couple of recommendations that are
13 fairly minor, considering the huge problems that exist
14 within bush justice. But one of the major problems that I
15 perceived is a lack of police forces in the bush,
16 regardless of size. It's simply not available. And the
17 training is available for the village policemen. There
18 apparently are very strict rules regarding who can be a
19 policeman and who can't, and a lot of training has to go
20 into that. I feel that the trooper academy in Sitka could
21 certainly expand its facilities to take in -- I know that
22 they have programs for village policemen. I really think
23 that definitely needs to be expanded and money spent
24 specifically in that area.

25 I also feel that there's a problem of detention

1 facilities where disorderly people or intoxicated people
2 can be detained before they create problems. Intoxication
3 in borough areas is a substantial problem, it's an historic
4 problem of long duration.

5 There are no detention facilities for people who
6 could be put aside until they are less rowdy before
7 problems actually happen. Those are two things that I
8 think would be expensive. I really feel strongly that this
9 conference has to address this issue and money has to be
10 spent in this area, because the crime statistics in the
11 bush are just terrible. I mean inexcusable for the State.
12 Thank you.

13 THE MODERATOR: Thank you, Linda.

14 Mr. Borodkin.

15 MR. BORODKIN: Yes. I'm not familiar with the bush
16 justice problems, but I do know the problems that the
17 gentleman raised here with Fish and Game. Fish and Game is
18 under the Department of Public Safety, and I strongly feel
19 that the people that's enforcing the Fish and Game laws
20 from Department of Public Safety should have specialized
21 training in Fish and Game laws and regulations that deal
22 with their respective areas that they're, you know, working
23 in. I don't know how this problem could be solved.

24 In my area, there has been people arrested for
25 certain violations, and oftentimes the arrest just does not

1 stick. They somehow -- people violating the regulations
2 and the laws find a loophole and get away with their
3 violations. So I think that they should really tighten up
4 in that area. They can do a fine job in enforcing the laws
5 and the regulations. That's it.

6 THE MODERATOR: Thank you, sir.

7 Mr. Bradley?

8 MR. BRADLEY: Thank you, Mr. Chairman. Well, I gave
9 some thought toward discussion that I had with Mr. Dahl
10 yesterday, which he said that the Brookings Institute a
11 decade ago dealt with big picture, large philosophical
12 issues and then iron those out or debated them pro and con
13 and then from out of that rose specifics.

14 So, taking a leaf from the "book of Dahl," I
15 guess, I would recommend my thought on the justice system,
16 that freedom and equality and the diversity of life-style
17 be stressed. Freedom, as we all know, is very important to
18 we Alaskans, and so probably enough said on that.

19 The equality argument or that point goes to
20 recent studies by -- oh, what's the research court system
21 called?

22 MS. BULLOCK: Criminal justice?

23 MR. BRADLEY: No, not criminal justice but -- our body
24 runs --

25 MR. DAHL: I wish you hadn't asked.

1 MR. BRADLEY: Well, anyway they've done a number of
2 reports on the incident of Alaskan natives that do time for
3 being drunk and disorderly.

4 MR. DAHL: Judicial counsel.

5 MR. BRADLEY: Yeah, judicial counsel. And it's
6 overwhelming, like a ratio of five to one. In other words,
7 if I'm caught drunk and not driving, anyway, they tell me
8 not to do it any more, and my counterpart from Kwethluk is
9 in Anchorage and he's caught drunk on the street and he
10 does five days, as an example of something like that. And
11 it's really out of round. There's no question of that.
12 Statistics prove that. And the jurists in the legal
13 profession are going to have to come to grips with it. So
14 we're stressing equality, which, of course, would take care
15 of some of that.

16 Diversity, I think, is important, because what I
17 may care to do -- and this is getting back to the late
18 '60s, early '70s, concept of freedom that doesn't impinge
19 on anybody else's freedoms, or doesn't have any negative
20 impact. It's argued that I should be able to do, if it has
21 no counterproductive, no negative impact on your lives. So
22 I guess enough for my broad philosophical statement. I
23 think those points are very, very important because as we
24 have influxes of people, most of us are from somewhere else
25 and we're happy to be here. And if we don't cherish

1 diversity and be tolerant and stress tolerance of people's
2 life-styles, why, we're all going a generation down the
3 line, 50 years down the line be just a New York City or a
4 New Jersey or something like that. Mind you, I've never
5 been to any of those states. I'm real provincial. But
6 what I know and what I've seen through the media and
7 reading I don't want to -- I don't want to end up like that.

8 Some specific, I think, examples that I might
9 share, just some thoughts, would be in the area of -- as an
10 example, the area of some tender, sensitive issues that we
11 have in the State like Fish and Game issues, subsistence
12 versus cash economy-type of thing. There's not as much you
13 can do with statutory requirements, about hook size, and
14 nets and fishing times and stuff like that from a
15 conservation standpoint. You sort of have to lock those in
16 and then enforce them equally and fairly.

17 But we have the capability in this state that
18 most countries don't have and no other state in the union
19 has, and that is the ability to put out through television
20 and radio some social messages. It seems to me that as an
21 example for Fish and Game most of the statutes are probably
22 reasonable. And we have regional Fish and Game Boards and
23 an overall State Fish and Game Board. But it would seem to
24 me that the State could spend some of its dollars -- not
25 too much -- in putting together programs stressing the

1 reasons for conservation, the reasons for having the laws.
2 The only reason the laws are there regarding Fish and Game
3 matters are to conserve the fish and to conserve the game
4 so that 50 years from now your children can enjoy a
5 subsistence life-style of catching those animals or, you
6 know, getting them and selling them, making a living from
7 them.

8 Also in the -- another substantive area is
9 abortion. While this State, through polls, has shown
10 overwhelmingly that this State is not prepared to roll back
11 on its position on the abortion issue, on the other hand, I
12 mean, life is pretty sacred, and it seems to me that this
13 could also be stressed by the State not to get into the
14 areas of religion, I guess -- keep that separate, naturally,
15 as our tradition has it. But to stress the sanctity of
16 life and that one ought to -- I mean, frankly you don't
17 have to forego sex because we all know now you just should
18 be maybe a little careful about cranking out kids because
19 they might not be wanted and then, frankly, the woman
20 nearly exclusively has to take on that responsibility of
21 aborting a child. And I don't think any of us would wish
22 that decision on our daughters.

23 Certainly I'm as modern as the next person, and I
24 personally believe that that responsibility resides in the
25 woman. However, it's a very sensitive issue and one that's

1 not going to go away. It's going to -- it's going to be
2 with us now probably forever. And that is an area I think
3 the State could do less to particularly handle.

4 In other words, not to tamper with the law, people
5 weren't prepared to do that. But on the other hand it
6 should be discouraged, the cranking out of children that
7 individuals aren't prepared for for one reason or another
8 to give birth to and then bring up. In other words, the
9 sanctity of life argument.

10 And another sensitive issue is the classic
11 pulverizing, hateful issue of drugs that's with this State.
12 And then I'll conclude, Mr. Chairman, because I know I've
13 rambled on for a long time. But there's -- most people
14 don't subscribe to escapism or taking any sort of liquor or
15 drugs to escape from reality. That's not good. We
16 wouldn't counsel our children to do that. However, what's
17 the other -- you know, what is the way to discourage that?

18 Well, you can put people in jail, but then that
19 gets into the equality argument, you know, who does time
20 and who doesn't do time. The black kid, or the Eskimo that
21 might do time, the lawyer's child might not. They might
22 put out 3500 bucks and get inferred imposition of sentence
23 or not stand trial for whatever quantum of drug, whatever
24 type of drug and thus they're not penalized. So there's
25 inequality there and there's injustice involved in that.

1 And so the State on the one hand should be discouraging the
2 consumption of any type of drug.

3 As Miss Brown knows -- because she was involved
4 in the Liquor board, and as all Alaskans would know for any
5 length of time, alcohol as well as other drugs are real
6 discouraging in our culture, in our state. But there's a
7 fine line from freedom and freedom of choice for adults in
8 all these things. But the State, I think, has the
9 responsibility to assert itself and say you ought not to do
10 this. We're not going to put you in jail. It's not a good
11 idea and -- there are ways of drafting these advertisements,
12 not only through the school systems but just by the State
13 itself, I think.

14 I guess with that, Mr. Chairman, I'll shut up.
15 Thank you.

16 THE MODERATOR: Thank you, Mr. Bradley.

17 Miss Anasogak? We're in the area of Law and
18 Justice. I'll come back to you after we go around, the
19 rest of the way around --

20 MS. ANASOGAK: Okay.

21 THE MODERATOR: -- the table to my left. Mrs. Bennett.

22 MS. BENNETT: It's "Ms." I don't really have anything
23 to add. I don't have any expertise at all in this field
24 except for my feeling that a modern communication network
25 is essential in this area as well as the others that we've

1 talked about as far as response in times of trouble and
2 things of that kind.

3 THE MODERATOR: Thank you. Mr. Stump.

4 MR. STUMP: I have a couple of points I'd like to
5 stress regarding law and justice. I think my first one
6 deals with the role of the State, the role of -- in the
7 lives of the individual, our private and personal lives. I
8 think I disagree with Mr. -- at least the way Mr. Bradley
9 stated that the State ought to tell us what we should or
10 should not do regarding our own private lives and what not.

11 I think that there's too much opportunity in the
12 laws now for the state to -- and I think Mr. Bradley would
13 agree with this -- for the state to unequally and unfairly
14 or selectively prosecute people for a wrong act, activities,
15 victimless crimes, if you will. And I think that in
16 directing the State away from control over the individual's
17 personal lives and to focus only when people's actions
18 affect other individuals and not in the sense of how they
19 affect them in a broad general sense. I think I agree that
20 alcoholism is a problem in the State, but I think that the
21 State should avoid creating a law based on the lowest
22 common denominator and making laws for the problems that
23 end up infringing on the rights of the individual and his
24 personal life. And I think that we have to be very careful
25 to, if we want to maintain the freedom of our people, then

1 we have to be very careful about getting in and having the
2 State make social justice that, in effect, dictates to the
3 individual how or how he should not behave.

4 And obviously, that's not to be interpreted to
5 say that the State, you know, has no control over -- or
6 should have no control over people who harm other people or
7 harm other property. But to say that the State should be
8 telling us what we should and shouldn't do as far as our
9 personal goals in life and our personal attempts to
10 establish reality or to escape it or whatever, I think, is --
11 creates a real problem and infringement on the private
12 rights. I think that's sufficient.

13 THE MODERATOR: Thank you.

14 Mrs. Bullock.

15 MS. BULLOCK: Bob, I don't feel that I can make any
16 comments about the justice system. I just don't have that
17 sort of background. I agree with you that they certainly
18 need some help in the villages. The situation has been
19 pretty bad, as we all know, out there. I don't know how
20 this can be solved without an extreme amount of cost, but
21 it is a problem that needs to be addressed, and some
22 solutions should be resolved on this.

23 THE MODERATOR: Thank you, Edith.

24 Mrs. Burnett.

25 MS. BURNETT: Yes, I'd like to take a 180 degree turn

1 from what Linda Brown and Mrs. Bullock have said. I think
2 the only thing that's going to work to the satisfaction of
3 all the people of Alaska is not to continue the way we've
4 been doing it, which is increased money, more law
5 enforcement, more rules and regulations. We need education
6 and preventative measures. And we -- I've been working a
7 little bit with the FNA in Fairbanks on alcoholism and he's
8 just done a marvelous job recently on commercials on TV.

9 MR. DAHL: What is FNA?

10 MS. BURNETT: Fairbanks Navy Association. They have
11 the alcoholic program. And they've been working with the
12 school, and the answer is not more policeman to pick drunks
13 up off the street. It's an endless cycle. The -- and we
14 all recognize that. But the film that we just saw on this
15 alternative education is what we should focus on. I really
16 hate to see any more money spent for incarceration, for any
17 facilities. We're destroying people. We're not helping
18 them.

19 But education and changing of attitudes -- I
20 think it's interesting that this gentleman over here
21 touched on, you know, the State's role in changing maybe
22 attitudes or regulating. And I think if we could just get
23 away from that and educate people as to the options. The
24 option to unwanted pregnancy is either an unwanted child or
25 an abortion, but the -- that is not the option. The option

1 is the responsibility of both parties to what the results
2 are. And only through, you know, really understanding this --
3 there's so many areas of this.

4 Child abuse is very high in the military because
5 of their perception of discipline. We need to change our
6 definition of discipline. Discipline is teaching. That's
7 the correct definition. We have -- we need to really
8 explore this area. It's -- I know nothing about justice as
9 far as in our courts. I don't think we have it there. I
10 don't think we'll achieve it this way. I think we can only
11 achieve it by changing our attitudes and developing
12 alternatives.

13 MS. BROWN: Very good.

14 THE MODERATOR: Thank you Mrs. Burnett.

15 Mr. Ackerman.

16 MR. ACKERMAN: I'd agree with Mrs. Burnett, but I also
17 agree with Miss Brown. I was in Galena and there was a
18 construction worker there that went berserk, and there was
19 absolutely no restraint at all. I called the State
20 Troopers. This was 3 in the morning. I mean he went
21 berserk. He come over and so there's three of us holding
22 this guy and finally, you know, after a half hour, he
23 hasn't shown up. I go get him out of bed. He comes over
24 and says, "There's nothing I can do."

25 The only thing they had was a heavy equipment

1 shop, and he handcuffed him to the Catapillar, and the guy
2 just bashed his head. So there was absolutely nothing he
3 was really willing to do. Finally we did get him to
4 handcuff him to the bed, and we stayed there up until the
5 morning and we got him out of town. You know, but you do
6 have a problem in the bush. These things happen.

7 I think Miss Burnett is right. We have to do
8 other things. but in the meantime we do have problems in
9 some areas.

10 And I'd also like to agree with Bob. You can
11 have justice if you can all afford it. You know, it's as
12 simple as that. Prepaid legal services for minor
13 violations, you know, traffic tickets and things like this.
14 Just minor violations. And we do have some kind of
15 representation and could --

16 I've been thrown in jail for a parking ticket
17 that the City couldn't find. I had to get a bail bondsman
18 to bail me out because I didn't have the \$200 cash in my
19 pocket. And if I carry \$200 and go into the legislature,
20 I've got a real problem there. I'm a real suspicious
21 character.

22 But, no, they come got me out of bed at nine
23 o'clock in the morning. I had a City officer there with
24 his hand on his pistol, and the kids really thought it was
25 something, you know.

1 But I think one of the things that we need is a night
2 court system. It is really hard for a working person to
3 take -- you get a ticket maybe, it's 20 or \$30. You have
4 to pay it. You can't afford the 100 or \$150 it takes you
5 to go down to court. And also it -- to serve on a jury
6 during the daytime is next to impossible for a working
7 person. If you had a night court -- and we've got a big
8 backlog. And there's no reason why we can't double shift
9 them and we can't do that. People would be able to serve
10 on the jury and we'd be able to have the trial. You could
11 have one of your peers on it. And I think this is
12 something that we really have to look at. And that is at
13 night court where people can afford justice.

14 THE MODERATOR: Thank you, Mr. Ackerman.

15 Mr. Dahl.

16 MR. DAHL: I appreciate the comments of the group. I
17 want to just mention a couple things. First of all, there
18 was an approach. I'm a little concerned, and I'm not as
19 concerned about it this morning because I see us dealing
20 with the problem, but I was concerned yesterday after Mr. --
21 after Red Swanson's presentation that we're really putting
22 the cart before the horse, if you'll excuse that cliché,
23 because we're dealing with solutions before we really have
24 defined the problem.

25 And I think that that's an important area to

1 recognize, because if you deal with solutions before you
2 deal with problems, to really understand what those
3 problems are and the breadth of those problems and the
4 philosophical base that has to go into that problem -- once
5 you have determined what the solution is you have limited
6 your understanding of the problem.

7 MS. BURNETT: That's right.

8 MR. DAHL: Once you have determined your ends the
9 means are established, or vice versa. I'm not saying that
10 very well. But I think we need to see what problems we
11 have and really carefully define them. Before we start
12 looking very seriously at solutions.

13 In terms of Law and Justice, we've talked a lot
14 about the criminal calendar and about the problems with the
15 criminal justice system. Certainly there are justice
16 problems in the State. Our Attorney General in an article
17 has stated that Alaska is the only state to abolish plea
18 bargaining. I think that's constructive. If none of the
19 other states have adopted plea bargaining maybe he's
20 discovered something that we haven't discovered. And that
21 is that plea bargaining is a good thing.

22 It is true that more cases are brought to trial
23 and the results of prosecution have been reasonably good.
24 What the Attorney General does not state in his article is
25 that the civil calendar has suffered terribly as a result

1 of that. To try to get a dispute before the courts of this
2 State is a major production because the criminal calendar
3 takes precedence.

4 And for a person with a legitimate grievance
5 against another person or against a government agency or
6 against a corporation -- to get that dispute before the
7 courts in this State is virtually impossible, not just
8 expensive. It's incredibly difficult.

9 I've got a case that's been put off in Dillingham
10 for three years. We've been ready to go to trial on this
11 for three years.

12 THE MODERATOR: A civil action?

13 MR. DAHL: A civil action. And every time we get
14 there the judge says either "I don't have any help, I
15 don't have a clerk in Dillingham, so I'm not prepared to
16 try that case today, because I need someone else" or "I'm
17 sorry, I've got a major felony that I've got to try and I'm
18 only there for a week."

19 And he's there every three months for a week.
20 Well, okay. When does this guy get justice?

21 I think that's a problem that we've got to deal
22 with. And I think we -- as much as I appreciate personally
23 and professionally the skill of the Attorney General, I
24 think this is a problem that we have not faced in this
25 State, and I think we've got to face it.

1 When Judge Moody presided in Superior Court,
2 Judge in this district -- he says we need more judges, and
3 we need them yesterday, and that's true.

4 You can't have a night court with the present
5 number of judges. It's not possible. These guys are
6 overworked. Their calendars are incredibly difficult.
7 They do not have enough time to spend doing the sort of
8 work that a judge really has to do in order to make sound
9 intelligent correct decisions. Okay. That is a problem.
10 Civil disputes are not being heard. We need to work out
11 solutions for that problem.

12 Another serious problem that has to do not so
13 much with the court system but with our whole approach to
14 justice -- I'm talking about civil justice now and not the
15 criminal side -- and that is that the small dispute simply
16 doesn't have a chance in our system. Now, we have -- we've
17 come a long ways by increasing the jurisdictional limit in
18 the Small Claims Court from 1,000 to \$2,000. That's a
19 major step. But there needs to be, it seems to me, some
20 way that the person with a relatively small dispute -- and
21 I don't care what the jurisdiction is. It might be 5,000
22 and it might be still within the relative -- and still be a
23 relatively small claim, according to the -- compared with
24 the size of the claims that reach our court systems.

25 There needs to be some way, there seems to me,

1 that that guy with a small complaint can get assistance and
2 can get his dispute heard. He can't afford to come to me.
3 He's got a complaint for \$2,000. He's going to come to me
4 and he says how can I get this guy to get out of this
5 apartment? How can I get this guy to pay his bill?

6 Well, by the time he talks to me and by the time
7 I file the complaint and do all the things that are
8 necessary I've eaten up the cost of that thing. And it's
9 not worth it to him. That is a problem that we need to
10 deal with. And I think that's -- those are the concerns
11 that I have in this area, Mr. Chairman. I appreciate that.

12 THE MODERATOR: Thank you, Mr. Dahl.

13 Mr. Vogler, are you prepared -- or would you at
14 this time make a --

15 MR. VOGLER: My name is Joe Vogler. I was
16 admitted to the Kansas Bar in June of 1934. I've never
17 practiced law but I've watched the legal system. And I
18 have watched protection of property, of life, totally
19 disintegrate in America where the people are now doing it
20 themselves. We've just got a young man -- two of them --
21 shot in Fairbanks by private individuals. We have a decay
22 in our moral fabric right now that is very, very tragic.
23 The teaching profession is certainly bearing the brunt of
24 very, very disasterous forms of retribution.

25 Ten years ago, they were telling the people, the

1 children, to do their own thing. They're doing their own
2 thing in the schools now. They're raping, beating, robbing,
3 maiming and killing the teachers. I don't know where we
4 start, but I think we're most fortunate in Alaska to -- at
5 least in the native culture the home is still a sacred
6 thing. It's gone completely to hell in the white people.
7 And that's where this thing has to start off. There has to
8 be a respect for person and property, because you can hire
9 judges -- we already have more attorneys in the United
10 States and Alaska than any other nation in the world. But
11 we're a lawless group.

12 I'm awfully tired of hearing all about the rights
13 that people have and absolutely no distinction made that
14 with every one of these rights there is a duty. I have a
15 right to be on the highway, to expect one-half of the road,
16 and I have the duty to see that I stay on that side of the
17 road. I have the duty to give another man his half of the
18 sidewalk. I have the duty to live up to my word, my
19 written word, my signature. I think that we all owe a duty
20 to our civilization, to our country, to our fellow citizens.
21 And this is where we have gone -- the churches are in
22 politics. They're in everything else except where they
23 belong in teaching morality. The teaching profession is
24 going into the business of indoctrinating people for the
25 socialistic life.

1 The legal profession has made things as
2 complicated as possible. They win many of their lawsuits
3 by procedural means and just delaying the thing. Thus,
4 everybody that knew anything about the deal is dead.
5 They're disgusted, like this gentleman just said, because
6 the costs are so great that you can't do anything about it.
7 I don't know what we can do about it. Of course, I'm the
8 guy fighting for independence because I think a lot of our
9 social and moral decay comes in here from the Lower 48.
10 They're beyond help. And we'll be damned lucky if we'll be
11 able to do anything for Alaska.

12 The first thing I would suggest is: We elect our
13 judges, our attorney generals and our magistrates. And I
14 have the written word from a man that I regard as perhaps
15 the most gifted man of all time. That was Thomas Jefferson.
16 This 1816 letter to a private friend -- you can get it in
17 book just out about the essence of Jefferson by Martin, if
18 you believe in history -- in which he wrote to a friend and
19 said when we were drawing up the constitution we were
20 following uncharted water.

21 We made a terrific mistake when we made the
22 judges subject to appointment. We should have made them
23 elected. You'll get some sour apples, ladies and gentlemen,
24 in an elective process, but I'll tell you one thing: They
25 don't get the idea they're God Almighty, sacrosanct above

1 the people's will and you can't pitch them out. This, I
2 think, is the first order of business, if you would
3 straighten this mess out.

4 This was a plank in the party of the Alaskan
5 Independence Party in '74. It was there in '78. And, if
6 we're forced to go into the race again, it will be there
7 again. There's also a committee in Alaska to do just
8 exactly that. And this would be my recommendation, if
9 you'd start to clean up this mess; that you make these
10 positions elective. Thank you.

11 THE MODERATOR: Thank you very much, Mr. Vogler.

12 Mr. Fisher?

13 MR. FISHER: May I respond? I'm sorry. I wasn't able
14 to stay here, but -- my name is Jim Fisher and I have been
15 at various times in the practice of law. I'm no longer
16 practicing law. I have some understanding of some of the
17 problems that do exist with the legal system having
18 experienced the frustrations myself and on behalf of
19 clients.

20 I would like to remind those who get caught in
21 that system that that system occurred when the ordinary
22 social means for resolution of disputes breaks down. Now,
23 what we need to do is to accept responsibility for our own
24 acts as much as possible to resolve those disputes to the
25 utmost we possibly can when we get involved in the legal

1 system. There have been some attempts to do that with some
2 of the smaller claims and in some of the villages. If you
3 can resolve those disputes before you get into the legal
4 system then you do not have to contend with the
5 frustrations that are almost absolutely inherent in a
6 situation that tries to cure something rather than prevent
7 it. And I think there are efforts along those lines. I
8 don't think they're very well understood. I don't think
9 they're understood by lawyers. They may not be understood
10 by the communities that attempt them, but they are
11 techniques that have been used in, you know, -- by the old
12 people in the villages. The villages used to resolve many
13 of their own disputes with community pressure, which still
14 exists. And if there was a greater encouragement of that
15 community concern, you're going to control things a little
16 bit better.

17 I know a teacher once who said he could keep
18 order just by the way he scowled at certain kids in town.
19 And, that is the way that hopefully, in rural areas, that
20 kind of encouragement instead of totally ignoring that --
21 the ability of the people to handle those things for
22 themselves -- that ought to be encouraged.

23 The election of judges appears to me -- or the
24 election of the District Attorney appears to me to be kind
25 of a single answer to a very complex system. It's a

1 complex question, and I really don't think it's going to
2 resolve any of these problems. In effect what it amounts
3 to is we've got to accept and encourage more responsibility
4 for our own actions. And how we do that in as mobile a
5 society as we are I'm not quite sure. But I think that's
6 what we've got to do. I think it can receive some
7 governmental help, and I'm not sure exactly how the
8 governmental help is going to encourage us to do that.
9 That's all I have.

10 THE MODERATOR: Thank you, Mr. Fisher. We'll take the
11 break while the Court Reporter changes the tape in her
12 machine.

13 (Short recess.)

14 THE MODERATOR: We will proceed.

15 Is there anyone that has not had an opportunity
16 to have some input into this area that we have under
17 discussion now? Mrs. Anasogak.

18 MS. ANASOGAK: Right now the problem that I face in my
19 village is the lack of communication and transportation in
20 order to get some law enforcement into the village whenever
21 a crime is committed. And not only that, the lack of
22 support to our local village policemen within the village
23 and also to be able to pay that policeman adequate monies
24 to protect the village is another area that needs to be
25 resolved. And the whole area of crime again comes back to

1 the area of education.

2 There's a lot that you can do in preventive
3 measures. Don't wait until that time. Isn't crime
4 prevented when he's young, his forming years. Sure, a lot
5 of our responsibility as parents is in the home. But the
6 school plays another important part of that child's
7 education. And to prevent it, especially in the area of
8 alcohol and drug abuse you see an awful lot of that in
9 villages. Alcohol is something that is a big problem in
10 the village. And more and more drugs are coming into the
11 villages. The small villages. Even now it's beginning to
12 be a big problem. And our young kids are getting into it
13 whether we like it or not. We're sure we could go out and
14 say -- tell our children, "Don't drink," or "Don't smoke
15 pot," or "Don't take any drugs." But they're not going to
16 really listen. They're going to experiment, and that's
17 where education comes in, is to teach our children. If
18 they're going to drink at least teach them what alcohol
19 does to you and to your system, to your body. And the same
20 way with drugs.

21 THE MODERATOR: Thank you, Mrs. Anasogak.

22 Is there anybody else, the lady on your right,
23 please?

24 MRS. BOSTON: I'm Lillian Boston, and I'd like to
25 address the problem of violent crimes against woman, of

1 which I was one.

2 Two years ago this man ran me off the road in
3 Eagle River by the bridge. So he runs me off the road, you
4 know, where the bridge is at night so nobody could -- the
5 people on the highway couldn't see that I was down there.
6 And he proceeds to beat me horribly, and thankfully I went
7 into shock because I couldn't feel the kicks or anything.
8 So I kind of flopped around and acted dead and he left. He
9 had a notebook, an address book that fell out of his pocket,
10 and I wasn't discovered until seven hours later, by which
11 time I had frostbite and he removed my driving gloves and
12 my boots and I had to have multiple amputations. And at
13 the time, my husband was working on the pipeline. I've
14 been married for 12 years, and I can realize what problems
15 the police probably do have, you know, in cases like this,
16 but it took them -- this happened in November, and they
17 didn't even pick him up until April, although they knew his
18 address. I spent so much time trying to convince them that
19 I didn't know the man and I had never seen him before. And
20 as a result I was in the hospital for five months and he
21 was in jail for three. And, you know, he had -- I was in
22 isolation. I couldn't even read a newspaper or even touch
23 the television set because you have to be kept very still.
24 But what was ironic is, you know, he went to jail and he
25 watched television and had access to a library, and I just

1 didn't think it was fair.

2 And the State statutes are such that the judge's
3 hand were tied. So he only got three months, and they
4 didn't even recommend that he get a psychiatric evaluation.
5 And my husband had to get me -- I started -- it was so
6 traumatic that I knew I was losing grip on reality, so I
7 asked him if he would get me a psychiatrist. And I had
8 seen him for 90 days, every day, and that's the reason why
9 I could handle it now.

10 And since this time, I've discovered that there's
11 a lot of woman that this has happened to. As a matter of
12 fact, my own cousin was found in July, over by the Fortress
13 Ridge, killed, and they -- the police know who did it, but
14 they can't get the evidence together to prosecute.

15 So I really think that the laws should be changed.
16 or made stiffer.

17 When the DA's office sent to the FBI for this man's
18 criminal record it was three pages long, all assault and
19 battery, different states. So, apparently, I wasn't the
20 first one. So, that's all.

21 MS. BURNETT: Excuse me. Is this man free today? Is
22 this what you're saying?

23 MS. BOSTON: Yes. And as a result, if it even gets
24 dark I don't drive my car. I take a cab to this day, you
25 know. And he's still here in Anchorage, and I hate to go

1 shopping alone. You know, I'm so afraid I'm going to bump
2 into him. We were getting some strange phone calls, but we
3 called the police and we had our number changed and the
4 calls stopped, and I'm sure it was him calling. But, like
5 I say, you know, I'm not the only one. That's been
6 happening all over the State. You read the paper and
7 somebody's being found on Highland Drive or something like
8 that.

9 THE MODERATOR: Thank you very much for your input.
10 It's very beneficial.

11 Mr. Kocsis?

12 MR. KOCSIS: Yes. I've practiced law for about 15
13 years on and off, and what I'm hearing around your table is
14 you're all talking about how the system can respond. I
15 suggest that you take a close look at this system,
16 specifically at lawyers. We rely on them for a lot of
17 things I'm not sure we should.

18 I do not find in the Constitution, a constitution
19 based on the concept of equal justice under the law. I
20 don't find lawyers written into that. Lawyers have written
21 their own role in this system, and I think everybody --

22 I think you might want to take a look at what
23 that role is. Lawyers have created it. They have insisted
24 it. They must been there to interpret a series of rule.

25 The purpose of the criminal law and one of the

1 differences between our system of law and other systems in
2 the criminal area, at least, is ours is all written down.
3 Every person is supposed to know what he is prevented from
4 doing, and they're supposed to know what they're required
5 to do. But somehow, the lawyers in this State -- and I
6 have to be one of them -- we've interposed ourselves and
7 we've told you you really don't know what it is you're
8 supposed to do and we will interpret it at a very high cost.

9 The law school professor explained it he said a
10 couple hundred years ago when we invented that system, we
11 translated everything in Latin and we lawyers have been
12 charging you ever since to translate it back. Well, that
13 may be a little extreme, but it's in that area.

14 I am not convinced -- and you might want to
15 consider the possibility that we ought to as a legislature
16 and as a people be able to write laws, directions to the
17 society, that are clear enough, that are concise enough so
18 that every person entitled to an education under our system
19 and hopefully are getting it -- every person ought to be
20 able to read it, know what's required, and they ought to be
21 able to go before the lawgivers, the judges in the State,
22 and be able to tell his story and know where he stands and
23 have that story listened to without the interpreter.

24 I want you to perhaps look at that kind of thing.
25 Do not be caught in this system. If you allow it to go on

1 lawyers will continue to impose upon you. This is our life
2 blood. If it gets real simple, you don't need a guide.
3 Just please think about that a little bit.

4 I agree with Mr. Dahl and Mr. Fisher, alternative
5 methods of dispute resolution. In New York City, for
6 example, you have in the Jewish community the Hasidim
7 courts which are nothing other than a group of Jewish
8 people who have agreed to live by a certain set of rules,
9 to accept the laws given by their own internal lawgivers.
10 They were Perhaps on a village counsellor type of concept.
11 You are in the community, you are subject completely to the
12 dictates of what that community says. When you violate
13 their laws, they will deal with it. We don't need a
14 complicated system. I don't think I'll belabor the point
15 any more. But there's going to be a bill, for instance, in
16 the next session in the Legislature about deregulation of
17 the Bar. Right now, in order to practice in this State,
18 you must belong to something called the Bar Association and
19 you pass a Bar examination and they police their own
20 members. A lot of our problem, I think comes from that. I --
21 I'm not assaulting the Bar, but I ask you to look at the
22 fox in the hen house kind of a theory. It's lawyers
23 looking at lawyers. It would be the same as any group
24 looking at itself. Are you really getting the kind of
25 examination you need? Examine very carefully, the role of

1 the lawyer in this -- you may want to make some
2 recommendations about what that is. I am not convinced --
3 having practiced law, I'm not convinced any one of you is
4 not able of going before a judge and explaining your case.
5 You ought to be able to do that. If you want, if the
6 criminal gets off and the lawyers are necessary to expedite,
7 the system would automatically break down and just become
8 gobbly-gook. You better examine the rules that you're
9 living under. Don't tell me that the lawyers are necessary
10 to interpret it. Change the rules so that we can all
11 understand them. You may want to make recommendations in
12 that area or not, but I hope you'll address that. Thank
13 you.

14 THE MODERATOR: Thank you, Mr. Kocsis. Representative
15 Jack Fuller. Do you care to have any input in the area of
16 Law and Justice?

17 MR. FULLER: Well, as you know, the bush has been
18 doing a lot of work on this bush justice. I don't have
19 anything strong to come out with right now, Bob, but I'm
20 deeply concerned with it, and as most of us members are,
21 problems we have with the bush. And certainly I think I go
22 along with Mr. Kocsis' -- his idea of being able to tell
23 your own story without an interpreter. I think it has a
24 lot of value to it.

25 THE MODERATOR: Thank you, Representative Fuller.

1 MR. FULLER: Thank you, Mr. Chairman.

2 THE MODERATOR: At this time I'd like to make my input.

3 I finished three years of law by correspondence.

4 I am not an attorney. If I had served my own personal
5 selfish interests when I was in the Legislature I would be
6 a practicing attorney today. I had that opportunity as
7 others did. Others took that opportunity. I elected not
8 to.

9 I authored and introduced legislation in the
10 Legislature. The Alaska Bar Association held their
11 convention in Juneau, and the Board of Governors of the
12 Alaska bar asked me to come in and talk to them about my
13 legislation. The bill had been referred to the -- it was
14 not referred to the small judiciary committee of which a
15 well-known Ketchikan attorney was the chairman. Rather I
16 had the skids greased. It was referred to state affairs.
17 But under Mason's rules some fuller action evolved, and the
18 bill had an additional referral to judiciary. When it got
19 to there it got a pocket veto. However, the Board of
20 Governors assured me that they would strengthen their
21 grievance committee, and they did. They also assured me
22 that anyone that failed to pass the State Bar exam or had
23 failed to pass the territorial Bar exam three times could
24 never take that examination again.

25 They assured me likewise that while we would have

1 reciprocity with other states -- and for the layman
2 reciprocity is where, if an attorney has been admitted to
3 the bar in California, for example, he can then, therefore,
4 transfer and practice law in Alaska, or conversely, an
5 Alaska attorney could go to California and practice law
6 without taking that respective State's Bar exam. But
7 anybody that failed to pass the exam three times -- if they
8 went to another state and passed it and we had reciprocity
9 with that state the record would stand, he could not enjoy
10 reciprocity.

11 I'm now aware that there have been some
12 violations of that agreement, people that had passed the
13 bar exam in other states and had failed to pass it here are
14 now permitted to practice law in the State of Alaska. I've
15 been made aware that people had a fourth chance to take the
16 bar exam in this State. On the other hand, I'm aware that
17 some people that had failed the third time have sued in the
18 State with the viewpoint to having an opportunity to take
19 the Bar exam again. And I'm not aware of any state that
20 has prevailed. It's a fox-in-the-henhouse situation, the
21 way it is today, as far as the Alaska Bar Association and
22 policing themselves goes.

23 In the area of bush justice, law and order in the
24 bush, I've noted progressive improvement. I'm inclined to
25 be impatient. But, on the other hand, based on the 1970

1 the bush area of Alaska -- the educational value of our
2 people in 1970, was fifth grade. And 6 percent of the
3 people had college degrees. Most of those people were
4 teachers, fish and wildlife biologists and those types.

5 The past 10 years I feel there's been substantial
6 improvement in bush justice. I am impatient. It's a
7 training process of people on the community level. The
8 magistrate system has had a really rocky time because the
9 people that have been appointed, applied to be appointed
10 magistrates and have been appointed are people that,
11 unfortunately, by and large while they're since r, they're
12 very ill-equipped. And you couldn't bring these people in
13 overnight to dispense justice in the bush and do it fairly.
14 It's a people input thing. Is it fair? Magistrates that
15 are related to probably everybody in the village directly
16 or indirectly -- second cousins or great uncles or whatever --
17 and culturally our family ties are very great in our bush
18 communities. The family group is extremely close. There's
19 a deep respect for the family structure.

20 In the area of drug abuse, it is substantially
21 accelerated in the villages. It's running neck and neck in
22 many villages with alcohol. The educational system, when I
23 was a youngster, taught us what 3,000 years of drug abuse
24 had done to China. Our textbooks no longer teach that.

25 In rearing my own family my wife and I taught our

1 son how to drink, how to handle alcoholic beverages. We
2 had wine at dinner, we'd have a cocktail on in the evening,
3 and, to the best of my knowledge, I doubt if he consumes
4 equivalent to a case of beer a year. I'm very thankful for
5 that. It's a process -- a learning process that's
6 important both in the home and in the school. You cannot
7 legislate morals or personal behavior.

8 The quality of the judges across the street that
9 I recognize is improving. I feel we have substantially
10 better quality judges on the bench today than we had 10
11 years ago. The courts are very lenient. There's -- you
12 recognize this, Representative Fuller, in the disposition
13 of cases at Nome. They're lenient to a point of
14 frustration for the people involved in law enforcement.

15 I've identified the problems, but the answers?
16 We all have to work at it collectively. We -- all of us,
17 friends and neighbors. I believe in salvaging people just
18 as we salvage aluminum containers, old tires or whatever.
19 Recycle them. Rehabilitation, I believe. I have nothing
20 further on this.

21 MR. ACKERMAN: Mr. Chairman?

22 THE MODERATOR: Yes.

23 MR. ACKERMAN: I have one comment I'd like to make, a
24 Fish and Game I overlooked.

25 I think, you know, in the area of Fish and Game

1 we have a state job requirement that disqualifies many
2 qualified Alaskans from participating that have the best
3 interest in State game and management and protection and I
4 think this is the area we really need to look at. Our Fish
5 and Game management -- we disqualify Alaskans that have the
6 best interest in management and protection of resource.
7 And that's what we're doing. Primarily our Fish and Game
8 people are people that come from out of state, and they're
9 not familiar with our problems and so don't have the same
10 concerns with them that we do. And it isn't just fishing.

11 I think our state job requirements in all areas
12 disqualify qualified Alaskans from doing something that
13 they have a vested interest in. And I think this is an
14 area we really need to look at in Fish and Game.

15 THE MODERATOR: The administrative rules and
16 regulations under the Administrative Procedures Act have
17 created that where they --

18 MR. ACKERMAN: Well, we really need to look at it. I
19 think there's -- we have to make some changes, you know, in
20 our procedures in this area, and I think in all our State
21 jobs. Because we do have qualified Alaskans that have a
22 vested interest in many areas that are disqualified by the
23 procedures from doing the job.

24 THE MODERATOR: There's another area that I'd like to
25 touch on that -- you jogged my memory on this, Mr. Ackerman.

1 Under the Administrative Procedures Act and
2 personnel rules and regulations, when there are job
3 openings the State is required to advertise these positions.
4 And numerous people apply for these positions, but before
5 they're ever advertised the positions have already been
6 filled by people in-house. And it is a waste, it's
7 deceptive, and this practice is carried on very avidly in
8 the Department of Fish and Game.

9 The Fish and Game people -- not just the Fish and
10 Game enforcement agents in the Department of Public Safety
11 but the Fish and Game people, Fish and Game biologists have
12 a very real tendency to hassle the people in the bush.
13 They have a very negative attitude, tunnel vision, if you
14 may, toward our people. Our people are game users, and by
15 and large for the most part the conduct of our Fish and
16 Game people -- or in the area that I live in -- is that of
17 preservationist, not conservationist. I profess to be a
18 conservationists. My interpretation of conservation is the
19 orderly utilization of all of our renewable resources on a
20 sustained yield basis for the utilization of man for all
21 time.

22 In the area of nonrenewable resources, recycling
23 wherever possible.

24 The State Department of Fish and Game and the
25 Fish and Game enforcement people in the Department of

1 Public Safety are a very real thorn in our side. And
2 Representative Fuller has been involved with it in virtually
3 every community he's been in this past year. I think you
4 might want to touch on that.

5 MR. FULLER: I might make a comment on it, Mr.
6 Chairman. I've seen -- experienced some of the frustration
7 in the formation of the subsistence section, and there are
8 people that have background and experience but not the
9 degrees that we have tried to put in some of these slights.
10 The only slights in the subsistence section were on the
11 helper category. And we've already had some turnover. I,
12 myself, made some recommendations not just from my
13 experience but from the people that represent the area.
14 The man that was hired was hired because academically he
15 looked the best. This was a native, incidentally. However,
16 he's no longer there. But I recognize this from just my
17 specific experience. And I go along with Mr. Ackerman. I
18 think that hopefully the Legislators can do something about
19 giving us some direction, because we do have the people
20 that are qualified. And I think there's a lot more than
21 just the academic ramifications. There's inspiration and
22 dedication in which many of our people have. And I think
23 we're just losing a great resource that we're not taking
24 advantage of.

25 THE MODERATOR: Thank you, Representative Fuller. The

1 body will now proceed to the area of communications.

2 Mk. KOC519: Mr. Chairman, excuse me. I'm sorry to
3 interrupt, sir. We have, speaking of communications,
4 behind you -- part of the record we're making of this
5 proceeding is going to have some television coverage of it,
6 some videotape coverage for it. In order to set up and be
7 ready when they go perhaps a five-minute break would be in
8 order, see they could be right on line, if that wouldn't be
9 presuming, sir.

10 THE MODERATOR: It is now eleven o'clock. We will
11 proceed in five minutes.

12 (A short recess was taken.)

13 THE MODERATOR: Come to order. We'll proceed into the
14 areas of communications. We have the benefit of the
15 presence of Walt Parker, who is from Lake Minchumina,
16 author of a paper on communications, here to open and give
17 us some highlights of his paper in order that we, then, may
18 proceed in an orderly fashion with our input and any
19 questions that we may have to poses to Mr. Parker. Walt
20 Parker.

21 MR. PARKER: Thank you, Mr. Chairman. That was a nice
22 introduction. Not too many people remember I'm from Lake
23 Minchumina.

24 Anyway, the communications paper was cast very
25 much in light of what's possible in the next 10 years and

1 what needs to be done. I didn't get very futuristic in it
2 because I didn't want to blunt the effect of what I really
3 feel needs to be done and concentrate on the rural areas
4 because that's where the basic problem is.

5 We've got the international and service to the
6 other states pretty well up to speed and the cost factors
7 on that are going to be handled within a national context.
8 So there's -- we don't have the effect there that we have
9 on our own rural system. It is pretty much up to us what
10 we do with it. And the paper simply recommends upgrading
11 that system very quickly using the concept of the small
12 earth stations as the back bone of doing that. The main
13 thing is to free up the communications jam that exists in
14 most of the rural areas there now.

15 I just recommended one more channel of television,
16 because I couldn't identify any particular need for more
17 than that at this time. And the main area of concentration
18 was in telephones, conference circuits, data circuits and
19 so forth which has not happened. A large percentage of the
20 people in Alaska have television reception capability right
21 now, various grades. But there's a substantial number of
22 them that are still having to communicate by bush phone or
23 an old Northern High Frequency rig that they may or may not
24 be able to get parts for much longer.

25 So the next thing I tried to float a few concepts

1 out on was how do we finance all of this? Well, compared
2 to costs now days because of the energy situation
3 telecommunications is becoming more and more of a better
4 buy compared to -- as a result of transportation in many
5 areas. And in order to bring the rural system up to speed,
6 we're not talking about massive sums of money. But if we
7 have to load all those expenses on the rural rate base, as
8 you well know better than anybody else in Alaska, why,
9 you're going to continue to have relatively insupportable
10 telephone bills in the hush. So

11 one of my long term dreams, and one I put in the
12 paper is to simply approach our interstate communications
13 by treating the State as a single area and spread the long
14 distance costs for calling within the State across the
15 whole state. One of the other options to that, of course,
16 is just to expand the districts within the State. But
17 unless you're able to spread the costs in some manner, why,
18 of course, the rural telephone user is always going to be
19 faced with a very high cost of service. I don't see any
20 other way out of that. And I'd sure be interested if
21 anybody else could come up with any concept.

22 They are still dealing, of course, with the
23 Federal Communications Commission, as you are well aware of
24 putting more of our Alaskan telecommunication expense
25 spreading those over the national rate base and we don't

1 know how we're going to come out over that. Because as far
2 as our interstate costs, why, that's the most innovative
3 and far reaching concept I was able to come up with at this
4 time.

5 And I didn't get into communications in its
6 broader sense of involving the media or any of that aspect
7 of it, so I just deliberately left that out of the paper.
8 But I did try to point out that from my feeling the level
9 of service we're going to provide in education and the new
10 rural education administrative area schools, level of
11 service we can provide in health to the health aids and to
12 the level of service we can provide to local communities in
13 helping them have more support services immediately
14 available and bookkeeping and the whole range of things are
15 directly tied with the quality of telecommunications system.

16 And I always felt for the last 30 years and feel
17 more strongly all the time that the one area where we can
18 substantially upgrade services across the whole wide range,
19 why, makes fairly minimal inputs in un money at this time.
20 The smaller stations I've always regarded as a great breakthrough.
21 They made financially possible to do some things that were
22 very difficult to finance before. So the other aspect of
23 financing is, in addition to spreading the cost of private
24 phone service over the rate base and a little broader than
25 we do now, why, state dedicated lines for education, for

1 health services and so forth -- if the State is picking up
2 the costs for those lines, of course, that's another means
3 of spreading the cost of service over the entire state.
4 And so I put some loose concepts in the paper also. That's
5 about it.

6 THE MODERATOR: Thank you, Walt.

7 Mr. Borodkin.

8 MR. BORODKIN: Yes, here about six years ago I was
9 living at Kotlik, and my wife and I was radio operators,
10 the kind of radio Mr. Parker is talking about, a two-way
11 radio. And since we left telecommunications has come into
12 that village. They now enjoy a telephone that can bring
13 any word throughout the world. They also have a
14 television. So I'm really pleased with the kind of
15 services that's getting out to the village as far as
16 telecommunications.

17 One thing I would like to say to you is: I hope
18 that the State continues to fund the demonstration project.
19 Another thing is that we also enjoy throughout the bush a
20 hot line that's connected with Anchorage Alaskan Native
21 Service Hospital. You can pick up that phone, and it's --
22 you can get through day or night. And at the same time you
23 can communicate with any of the villages. What it is --
24 it's sort of a round robin deal that is open. Once you
25 pick up that phone, it transmits throughout the whole

1 network, among the bush hookup through the earth satellite.

2 MS. BULLOCK: It's an open line?

3 MR. BORODKIN: It's an open line. What it is, is it's
4 a hospital related open line. And it's a vitally needed
5 link, and I certainly would like to see this continue.
6 It's been the greatest thing that ever happened in the bush.
7 Thank you, Mr. Chairman.

8 THE MODERATOR: Thank you.

9 Linda Brown.

10 MS. BROWN: I don't have any information on the
11 technology that's involved with Mr. Parker's plan, what's
12 really going on in the area of communications. I recognize
13 there's a need for continued funding for this kind of thing,
14 health hot line you know, that is extremely helpful in
15 areas that don't have doctors.

16 We talked yesterday about the need for public
17 television use in public for educational television to
18 augment educational benefits. And I think the funding
19 should continue. And I'm going to support these concepts
20 of increased communications in the bush. And I think it's
21 necessary. Thank you.

22 THE MODERATOR: Thank you very much, Linda.

23 Mr. Alexie.

24 MR. ALEXIE: What I would like to present is: I came
25 from where telephones are not dependable, so I think in the

1 future we'll have communication or communications improve
2 so we can talk to our friends or have emergency calls
3 quickly instead of getting held up someplace.

4 The telephone system is very important because
5 everybody in the villages are separated from the main town.
6 This is very important to have.

7 THE MODERATOR: Thank you, Mr. Alexie.

8 Miss Anasogak.

9 MS. ANASOGAK: Yes, the communications throughout
10 Alaska is very important. We do have one telephone right
11 now in the village, which is great when it works. And I
12 work as a health aide, and in my clinic I also have a radio
13 that's connected to the hospital and also a telephone
14 that's a direct line to the hospital, which is fine when
15 they both work. And I'm in one tight spot when both the
16 radio and the telephone is out because of whatever and I
17 need to get ahold of the hospital because of an emergency
18 and I can't get through.

19 I don't know what kind of system that -- when it
20 was the no-plank service, when it was under the direction
21 of Ramon Guiea -- he has a really good communication system.
22 I guess his agents in the village -- they all have radios
23 connected to them. That is one radio system. And I wish
24 my clinic had a set up like that. Anyway, when I transmit
25 over the clinic radio to the hospital anybody in the

1 village can pick up my transmission on their AM/FM radio.
2 That really shoots down radio, and in the end I get the
3 bulk of this, I get falsely accused of whispering to my
4 patients, this patient has so and so. Simply because
5 people are able to pick up my transmission over the radio.
6 And that's something that I don't think is fair. Something
7 should be done. And which is why I prefer the use of the
8 telephone over the radio. At least the telephone has a
9 much higher frequency that can't be picked up over the
10 local AM/FM radios. And I, for one, am looking forward to
11 the time where we can have reliable communications
12 throughout the State of Alaska and elsewhere. Thank you.

13 THE MODERATOR: Thank you. Representative Jack Fuller.

14 MR. FULLER: I would just like to back up to what
15 Georgianna has said. I worked with the North Sound Health
16 Corporation as Chairman of the Board for over a year, and
17 this was a real problem, confidentiality, and one of the
18 handicaps is the mechanical difficulties in the amount of
19 time that the telephone is in operation.

20 When I go over as Chairman of the Board there was
21 no logs kept, so the only thing the people could tell me is
22 that we had bad results. And we kept a log, and it's still
23 being kept, and that's a matter of record. But just to
24 give you an idea of how bad it was there was only a couple
25 of villages that were about 75 to 80 percent effective, and

1 the rest were 5, 10, 15 percent effective on the line. And
2 there's a lot of problems. I understand one of them is the
3 heat in the building. I mean, those are very sensitive
4 technical equipment, and you have a problem in the bush
5 with keeping the fuel oil going and having it on line. And
6 I think this is something that needs a lot more attention
7 and a lot more effort put into it to back them up.

8 THE MODERATOR: Thank you. Miss Bennett.

9 MS. BENNETT: I do not have technical knowledge of how
10 the telecommunications systems works, but I feel very
11 strongly that we need not only to continue funding but that
12 this is a very important area for us to increase funding in.
13 I can't think of a better use of state funds than to put
14 into systems. As Mr. Parker said, it benefits so many
15 different areas. There are not many places that we can put
16 that in that will benefit all the areas of Direct Service
17 that we've been discussing. And I won't belabor that point.
18 I hope that most people would agree with that. I think
19 that our community colleges should all be connected to the
20 computer network that some of them are connected to. The
21 phone bills at the community colleges are tremendous, and
22 it doesn't seem that that would be necessary. I believe
23 there are three or four community colleges now on a
24 computer network where they can send messages and it's very
25 cost effective and that's an area that should be increased

1 also.

2 THE MODERATOR: Thank you. Mr. Stump.

3 MR. STUMP: Yes. I'd like to refer to a problem in
4 Southeast Alaska, that is outlying logging camps; smaller
5 villages have problems that are very similar to the -- very
6 similar to the problems of the bush. And I think it's
7 simply a matter of recognizing that these problems are just
8 as much a problem in these communities in Southeast Alaska
9 as they are in the bush route, interior and eastern Alaska
10 an to see more attention paid to those. You're talking
11 about lack of phone communications. The bulk of the
12 logging camps in Southeast Alaska are the only kind of --
13 which are isolated in the fact that they have no road
14 connections to town, so their health problems are very
15 similar to the situations in the bush communities. Their
16 only means of communications is through a privately
17 operated radio telephone network run through the Alaska
18 Loggers Association, one in Ketchikan and one in Sitka.
19 And the level of service and the expense of the service is
20 quite low from service and from expense quite high. So
21 they certainly could use more state aid in that area.

22 Another thing regarding communications activities
23 the State that I'd like to address is the role of State
24 agency telecommunications facilities equipment and
25 personnel. There's an increased and quite, I think, unfair

1 kind of competition where these facilities that are paid
2 for by State monies are leased out or used by private
3 groups and also just in the agency use that is preventing
4 private concerns to compete for those projects or
5 activities. And I think that's something that has to be
6 addressed or you'll see the State simply preventing the
7 development of the private companies or groups in
8 developing those capabilities and whatnot. And that to me
9 gets -- goes back to the question of when you have a
10 displacement of various private groups in the field, you
11 have the affair of the control of the State over our
12 private capabilities. And I think that's something that we
13 again have to be cautious of. And that's all.

14 THE MODERATOR: Thank you, Mr. Stump.

15 Mrs. Bullock.

16 MS. BULLOCK: I have nothing to add. It's a learning
17 process for me as much as anything.

18 THE MODERATOR: Thank you, Mrs. Bullock.

19 Mrs. Burnett.

20 MS. BURNETT: Yes. Just one comment in planning for
21 the future. In medical emergency services, it's come to my
22 attention recently that -- depending on the area that
23 you're calling from -- there are many different numbers,
24 and we've been working towards some kind of a system of
25 common numbers for all the areas. Like if you call 911 in

1 one area it means one thing, and this is also with police
2 and so on. And if somewhere down the line the right ears
3 could hear, all of this state could be very beneficial if
4 we had common numbers that meant the same thing, which is
5 the essence of communication anyway, if we all knew what we
6 were talking about, when there's an emergency that occurs
7 and you pick up the phone and you get the right one at the
8 right time instead of going through two or three dispatchers.

9 The other thing is I would really like to caution
10 about is the expansion. I keep hearing about how great
11 educational TV is going. We had a program federally funded,
12 and it wasn't continued, it wasn't successful. And before
13 we reinvent the wheel in expanding educational TV, we have
14 to realize it's a very dehumanizing way of learning. It's
15 very sterile. Children are used to being entertained by TV,
16 Sesame Street. Public television has been very successful
17 because it does entertain. The cassettes and films are a
18 tool, a learning tool, and they should be a supplement of --
19 or an expansion, perhaps, of our system. But I really
20 caution you as far as a very expensive program of expanding
21 public state system of TV. Thank you.

22 THE MODERATOR: Thank you, Ms. Burnett.

23 Mr. Ackerman.

24 MR. ACKERMAN: I believe the stations should be
25 expanded, maybe not necessarily for the total education

1 process. But I think as Mrs. Burnett says, a good
2 supplement. Everybody should have an earth station. They
3 should have reliable communications. And I think what
4 they've done -- I've participated in several teleconference
5 hearings and testified before the Legislature in Fairbanks,
6 and I think these legislative offices with telecommunications
7 should also be expanded. It makes your government
8 successful. We are a large state. And I think with the
9 expanding of telecommunications, we can bring it a lot
10 closer together. We can solve a lot of our problems rather
11 than being shoved off in a corner. And I think that we
12 really need to put high priorities of our expansion of
13 telecommunications within the State.

14 THE MODERATOR: Thank you, Mr. Ackerman.

15 Mr. Sears?

16 MR. SEARS: I'd kind of like to expand on what Mr.
17 Ackerman said. There's been a move to -- a bill and
18 initiatives and other forms of legislation to move the
19 capitol of the State from Juneau to Willow, and one figure
20 that was quoted in the Frank initiative was \$9 million,
21 which coincidentally was the first figure that was given
22 for the construction of the oil pipeline. There were cost
23 overruns in the oil pipeline.

24 The buildings in the capitol -- the buildings are
25 essentially symbols. What you do in the capitol is

1 communicate. There's a lot of intercommunication, which is
2 the basis of government. And what I would strongly suggest
3 is that a very strong, highly developed communications
4 network be adopted for the purpose of legislation for the
5 Legislators, keep the capitol in Juneau and build some
6 buildings up here, but don't -- you know, leave the staffs,
7 leave the records in Juneau and have instantaneous
8 communication between there. And let the Legislators meet
9 in a more convenient place, but let there be strong
10 communications between the Legislators and Juneau to defray
11 the cost of moving an entire capitol inland. Thank you.

12 THE MODERATOR: Thank you. Mr. Jacobson.

13 MR. JACOBSON: I don't have anything.

14 THE MODERATOR: Okay. Mr. Fisher.

15 MR. FISHER: Yes. I would hope the communications
16 would promote more of a sense of community and decreased
17 polarization that apparently has accumulated in the State.
18 I would hope that the increase in communications wouldn't
19 cause further override some of the cultural differences in
20 the rural areas. And that's a real problem. We homogenize
21 everybody so we all act alike, think alike and have a
22 common background; that's going to be pretty monotonous.
23 But right at the present time, we could do something very
24 tangible and very down to earth to remove the obstacles of
25 communicating between people with the government. We could

1 accept collect calls from anywhere in the State but any
2 executive elective judicial branch. We did a study one
3 time about two or three years ago and then estimate was
4 about \$100,000. Say it was \$300,000. That's peanuts
5 compared to the money we spend, and to accept calls on the
6 telephones that are working from throughout the State would
7 probably bring a much better sense of communication with
8 the State and hopefully better factual information. What I
9 would suggest is a tangible, immediate step that could be
10 taken by the coming Legislature very quickly. That's all I
11 have.

12 THE MODERATOR: Thank you, Mr. Fisher.

13 Mr. Dahl.

14 MR. DAHL: Thank you, Mr. Chairman. I appreciate the
15 chance to be near the end here, because I want to summarize,
16 if I can -- next to the last, maybe -- I want to summarize
17 by suggesting some of the problems that you've suggested
18 and talk about that in terms of goals that we might have or
19 objectives that we might have to solve those problems.

20 We've talked about ourselves as a separate people.
21 We've talked about ourselves as being geographically
22 isolated. We've talked about ourselves as being culturally
23 isolated, culturally separated, emotionally isolated,
24 emotionally separated -- maybe spiritually isolated and
25 spiritually separated, too. I think the -- I also wrote

1 down the capitol move as something that perhaps needs to be
2 addressed in this area because it seems to me that the
3 capitol move initiative was a communications problem. It
4 was a response to frustration of people that were having
5 difficulty communicating their needs and desires and hopes
6 and dreams to the Legislature.

7 I think part of that, certainly, was
8 irresponsible media hype, but we need to realize that in
9 the context of that media hype there was a propose that was
10 identified. The solution may be the wrong solution, but
11 certainly the problem is a real one. How do you
12 communicate ideas to Legislators? I think we -- a lot of
13 water has gone under the bridge since that initiative
14 passed, and the opportunities and possibilities of a
15 telecommunications network in this State may be available
16 now so that the problem of communication can be solved.

17 Last night, Mr. Fuller talked about one of our
18 goals being an integrated society that there's no such
19 thing as racial differences, because of all the biological
20 things that went into the whole concept of race. I think
21 what that does not say, though, is that there is no such
22 thing as cultural differences, because there are those of
23 us who had the great opportunity to travel around a little
24 bit in the State, recognizing that there are significant
25 cultural differences that need to be bridged. They need to

1 be understood, they need to be maintained, if they want to
2 be maintained.

3 And one of the things that communications can do
4 to help us solve the problem of being isolated is to
5 increase our understanding of each other. I see that as a
6 worthy goal. Training in assistance and medical and the
7 rest of the problems that have been raised by this group
8 are certainly important.

9 Another thing that was raised last night that
10 needs to be inserted into this discussion in relationship
11 to the university courses or university study is the
12 possibility of feedback. It's no longer necessary for
13 educational TV to be one-way. Feedback can be made and
14 need not be nearly as sterile as how we traditionally
15 thought it to be. I think we have great possibilities in
16 solving some of the problems that we have in communications,
17 and I hope that we will use them as creatively as possible.
18 Thanks.

19 THE MODERATOR: Thank you, Mr. Dahl. Mr. Ron Hohman
20 is here, and he has some input on the communications area.

21 MR. HOHMAN: I'm Ron Hohman from the Bering Strait
22 School District. Some people call it the BS District. But
23 I prefer that you not call me that way.

24 For the past three years I've been Chief
25 Administrator for that school district which has been

1 charged with the implementation or actually the
2 establishment and then implementation and then operation of
3 the new REAA school district. We've had some of the same
4 types of problems that have been mentioned around the table,
5 and it's really been somewhat difficult in the
6 establishment and development of the new school district in
7 rural Alaska when you don't have the basic communication
8 privileges that sometimes are -- at least available in the
9 urban areas.

10 The school district or any organization generally
11 you have regular staff meetings, which is something that we
12 aren't privileged with. Although we do maybe once a year
13 have a staff meeting with our administrators. But the
14 80,000 geographical miles that kind of spread our district
15 apart creates the difficulty, if you don't have staff
16 meetings to rely on some form of communication. We do that
17 through memos or maybe via the AM radio. But it's
18 generally one-sided. So we don't have the opportunity to
19 have the dialogue. That's been very difficult, and now as
20 I see it, I think it's probably been our number one problem
21 in just organizing the district.

22 The other thing that I see happening now that can
23 really benefit us in refining and improving would be the
24 benefits that telecommunications would have for
25 instructional programs. So I support the comments that

1 have been made regarding the basic need for a
2 communications system that can provide us with the daily,
3 reliable effort in keeping some of our instructional
4 programs operating, as well as improving the delivery
5 system to maximize some of the State expenditures that can
6 come from a televised network of specialized instructional
7 courses.

8 THE MODERATOR: Thank you, Mr. Hohman.

9 We have a gentleman from a State agency, Larry
10 Golden, sitting in the back of the room. Do you desire to
11 have some input?

12 MR. GOLDEN: Yes, I would.

13 THE MODERATOR: You have the floor.

14 MR. GOLDEN: I'm presently working for the Central
15 Interim Committee on Telecommunications. And I'm sure some
16 of you will be very pleased to hear that there's several
17 projects underway now that are very specifically geared to
18 addressing some of the concerns that you've raised in this
19 discussion here.

20 Personally, I find it very gratifying to see how
21 the conversation has gone from very specific projects and
22 needs to larger issues, and goals for telecommunications in
23 the State. And I think that that's very important.

24 There's a tendency on the part of people to think
25 that issues dealing with telecommunications by virtue of

1 the fact that it's technical are the sole province of
2 engineers and perhaps FCC regulators and economists and
3 that sort of thing. But the bottom line as to goals, why
4 we're involved in telecommunications is very much a public
5 issue, and I think it suffers from the lack of continuous
6 public input into what it should be about, why we are doing
7 this. And I just want to say a couple things about that.

8 Some of the implications of telecommunications,
9 improved telecommunications are very obvious to us, such as
10 the availability of medical services, the need for phone
11 service in small communities where there is none at a point.
12 And we can relate to what those kind of services provide to
13 us in our everyday lives and how they help us. Some of the
14 broader communications of telecommunications aren't all
15 that obvious to us and need to be addressed and some of the
16 latter comments that were here, I think dealt with those.

17 Basically, telecommunications is a social tool, a
18 tool that you use to build your own society as you wish to.
19 And if you function in this way when it's set up to be
20 interactive system -- and I'm just talking two basic terms
21 in telecommunications. Broadcast system and interactive
22 system.

23 Broadcast system that's set up so there's one
24 central point sending a message to everybody and it's the
25 same message and you sit and you watch and you listen to it

1 and you like it or you don't like it and it ends.
2 Television and radio are like that and they certainly are
3 very valuable techniques.

4 Interactive techniques such as the telephone
5 computer system, competent communicating systems in the
6 long run prove to be much more efficient, much more
7 valuable as nuts and bolts, day-to-day things that
8 everybody in their own community can use to get the
9 information that they need to hear to make the decision on
10 a local basis and plan things for themselves. I think it's
11 axiomatic that as people have more access to information as
12 they know what's going on individually and groups in the
13 communities they demand to have more say in decisions.
14 This gets us down to the potential telecommunications,
15 either centralize the world or decentralize the world. And
16 it can go either way. And somebody will have to set
17 policies on that. And that kind of choice -- or those two
18 outcomes are very much dependant upon the economic
19 structure of telecommunications, which is a perfectly
20 complicated matter, but it's also based upon some very
21 simple policy decision.

22 I was involved in planning and setting up
23 lectures, teleconference network. I think that's a prime
24 example of an interactive system. And it's decentralized
25 that anybody at any time can get into the system and ask a

1 question of a legislature and get a response or provide
2 information to that legislator.

3 For the time being, I'll drop the whole thing
4 about interactive networks and say that I hope I made the
5 point that they're much more flexible. And it's something
6 that gives you and each of your communities information
7 that you need access to make your own decisions based on
8 that information, plan, use them as tools.

9 In the area of broadcasting, several people have
10 brought up the question of how do we bring Alaska together?
11 I don't have a simple answer to that, but I think that
12 broadcasting can provide some of the answer. National
13 networking of both commercial and public broadcasting, I
14 think, tends to have the effect of assimilating everybody
15 into a unified culture. Certainly we all want to know what's
16 going on all over the place. That's important. We can't
17 live in isolated pockets.

18 But at the same time, I think it's also incumbent
19 upon the broadcasting entity both publically supported and
20 commercial to do something about supporting the concept of
21 regionalized broadcasting so that people in various parts
22 of the State can see their own region of the State or hear
23 their own region of the State reflected back to them. To
24 help them in determining their own identity of who they are,
25 where they want to go to from here. And then also to

1 network that kind of programming so that people in other
2 parts of the State know what's happening everywhere else.
3 This would help us to bring us together, but at the same
4 time it could give us healthy respect for ourselves in our
5 own areas and a healthy respect for people in other areas.
6 I'll let it go at that. Thank you very much.

7 THE MODERATOR: Walt Parker. Did you have a question?

8 MR. PARKER: Yes, Mr. Chairman, in response to this
9 range of comments and specifically to Miss Burnett's
10 comments -- you know, the reason I didn't recommend any
11 more television was very sensitive to that particular
12 aspect in education. And my concepts of this are colored
13 by 30 years ago trying to -- sitting in the midst of the
14 Alaska bush and trying to get my wife through high school
15 and some of my older kids through the primary grades using
16 correspondence courses. I was doing -- I could do great on
17 the -- at the junior level. I had a college degree by then,
18 but I could do great at the -- with the K through 6. But
19 when I went into high school chemistry and physics, I was
20 lost trying to get my wife through that. So I think in
21 those particular areas where you view a whole mix of things
22 going out, computer instructoir -- you're computerized
23 instructors and so forth part of the students must, you
24 know, involve themselves, not to sit there and just have
25 them dumped on them is what we're thinking in terms of, as

1 far as educational telecommunications goes.

2 THE MODERATOR: Thank you, Mr. Parker.

3 Yes, Mr. Borodkin.

4 MR. BORODKIN: Yes, one thing I forgot to mention is.
5 During the initial installation of equipment I think
6 everyone in this room that's familiar with the system --
7 they have breakdown after breakdown, and this was because
8 of equipment being so new. And as time went by they've
9 made improvements. And I didn't realize that there were
10 this many breakdowns.

11 Is it possible that the telephone link that's
12 breaking down is because of an operator that isn't paying
13 attention to the equipment? I don't know what the system
14 is. It may have automatic switching. Could anyone answer
15 that?

16 MR. PARKER: Mr. Chairman?

17 THE MODERATOR: Go ahead, Walt.

18 MR. PARKER: Under the -- at the request of the
19 Lieutenant Governor, why, Alaska is sharing a working group
20 on the level of service to the small earth stations to work
21 out this whole range of problems that's made the telephone
22 service unreliable up to now, and they're making some
23 progress.

24 Do you want to say any more about that.

25 MS. THOMAS: Miss Barbara Thomas. I'm with that

1 Alascom. We had been going back through all the failures
2 at the small earth stations and trying to see a pattern of
3 causes. Power is obviously a big problem, and we're
4 looking through to the redundancy of service, and so we're
5 working with the governor's office and several other people
6 around the State working to solve these problems.

7 THE MODERATOR: Thank you. Miss Thomas. Mr. Fisher.

8 MR. FISHER: Question. It would be interesting to know
9 how many people here have experienced the teleconference or --
10 teleconference system of the legislative information system.
11 It would be kind of interesting to know how many of us
12 actually have been involved in that. (Indicating.)

13 MR. FISHER: What is that, roughly one-third of us?
14 I would recommend that system as an example of what can be
15 done and how it can make you kind of a village round-table
16 discussion right in the middle of that conference.

17 THE MODERATOR: Thank you. We're going to have to
18 move along here. It's pressing on lunchtime. She needs to
19 check her tape. All right. Then I have input that's very
20 important.

21 (Short recess.)

22 THE MODERATOR: Mr. Kocsis has some input.

23 MR. KOCSIS: Sure. I'm hearing everybody agreeing on
24 the potential of the system. From the legislative
25 standpoint I would ask the group and each individual, I

1 guess, to consider: What does it mean when you have the
2 interactive capabilities we're talking about or developing
3 it? At some point, I suspect -- and Walt, I may be wrong --
4 we may be able to put dishes into every house had Alaska
5 and have interactive TV. That may be long in the future.
6 I don't know. I can foresee it. What have you that
7 potential. What does it mean? Is a town meeting in the
8 old sense of New England? Is that what we're looking for?
9 What will it mean when a person can have it in their own
10 home in their own community and respond to questions from
11 the center of government? What is going to be the role of
12 the Legislature? What must we pay attention to when this
13 interaction is going on. I would hope the group would just
14 address this kind of thing. Is this? Democracy. I'm
15 talking about an interesting paper that Mike Bradner wrote
16 in '78. I recommend you get ahold of it. It should be in
17 the information offices. Take a look at it and please begin
18 on address that kind of question. The Legislature is going
19 to have to when does it mean when citizens can sit in their
20 home and interact with each other from all over the State?

21 THE MODERATOR: Thank you. I'd like to take this
22 opportunity now to make my input.

23 My family owned an independent bush telephone
24 company in the bush. We have operated -- we started our
25 first fully automatic unattended telephone exchange at

1 teller in 1967 and had an interface for long line service
2 with a Faranon VHF point, very high frequency radio. It
3 was very poor, highly susceptible to precipitation, noise,
4 ignition noises of all kinds. Finally after a number of
5 years and much hassling, our Alascon finally changed that
6 up for an UHF link. That is somewhat better but leaves
7 much to be desired.

8 We own and operate a private line telephone
9 system in Shismaref Alaska and one in Wales. Those areas
10 have been sadly neglected in the area of satellite earth
11 station communication because we already had local
12 telephone exchange service. Because we had the ability to
13 develop a local telephone exchange system, we were
14 penalized in the State satellite earth station program and
15 still are.

16 I subscribe to the philosophy that the local
17 exchange companies own the interface long line equipment
18 that interfaces in their exchange in their service area.
19 Then if there is a technical problem in that exchange
20 service area in the local exchange service area there can
21 be no buck passing. The long lines carrier can say, well,
22 it's in your end of the the local exchange service company
23 can't say well the problem is in your earth station or it's
24 in your VHF equipment. Your UHF equipment. There can be
25 no buck passing. Now, they -- the present existing

1 satellite earth stations that the legislature funded with
2 the five million dollar appropriation amount to
3 contemporary artifacts, and my company has had an
4 application pending for satellite earth station ownership.
5 We've had other applications pending in the mail. We
6 expect to train the local people, bona fide certificated
7 residents in the areas to maintain this equipment.

8 The cost of maintaining the satellite earth
9 station and other long lines equipment by Alascom in all
10 areas of Alaska are astronomical. The IBW, the Teamsters
11 and the union agreements that they have with the
12 technicians and such state that if a technician spends the
13 night in a village away from his home base, he is paid
14 eight hours pay at time and a half at \$17 an hour or \$204 a
15 night. And they call that sleeping bag time and that's all
16 billed in the rate base. It's no wonder that Alascom
17 sought an 87 percent rate increase in the interim state
18 service.

19 I urge that we have total saturation, a
20 satellite communications throughout all of Alaska. Junk
21 microwave systems that exist between Nome and Tin City
22 where they've built a repeater station on a hill 3870 that
23 is untenable and has been a perpetual source of problems
24 and outages. Go to a total satellite communications
25 configuration throughout the State.

1 Now, next year my company will be building local
2 private line exchanges in seven four communities. White
3 Mountain will be a tough one. No satellite earth station.
4 There's a piggyback shop. But in another village where
5 there's only a mere hand full of people counsel there's a
6 satellite earth station. There were people there at the
7 time the earth station was installed, and then there was an
8 exodus to White Mountain and people put their kids to
9 school up there and that village for the most part -- I
10 don't believe there's more than four or five people there
11 this winter. That's a very real waste.

12 There's a lack of cooperation between Alascom and
13 the State telecommunications dealing with the area of the
14 satellite communications that the State has in their
15 warehouse. There are approximately 20 of them. And this
16 must be resolved in the best interest of the people, State
17 of Alaska and quit Mickey-Mousing around with it. I went
18 out -- I operated the low frequency radio communication
19 just like Walt Parker. Many of us in this room for many,
20 many years. When I served in the Legislature I needed
21 better communications to communicate with my family and my
22 business. And I went to General Telephone Company -- I
23 asked them, you know, how about building a local telephone
24 exchange company in the bush out here so we can communicate
25 in the villages and get away from this low frequency radio.

1 And I -- the manager from Pacific Northwest sat back and
2 his big chair and put his foot on the desk and said,
3 however, there would be more telephones in a motel and they
4 weren't interested. So I wasn't interested and rolled up
5 my sleeves and left.

6 As Alaskans we are interested in telecommunications.
7 That's come out. It's come out right here at this table
8 today. They are profound communication. The new
9 technologies that are here they've arrived are hoping to
10 further through fiber optic. Through one fiber optic the
11 size of my little finger we can carry 3600 separate
12 communication messages, in fact, simply transfer data
13 transfer television and telephone voice modulation,
14 conversation. The same cable. It has arrived. The
15 position we are in in telecommunications today now with the
16 new technology that's available. But we don't have places.
17 That's where we were in 1950.

18 Walt, am I on the right wavelength? How do I
19 come on?

20 Mr. PARKER: You're right in that you don't want to be
21 afraid in modern telecommunications to junk or old
22 equipment, you know, because it's usually a better buy to
23 move into the new stuff as fast as you can. Just don't get
24 too attached to maintaining the old system. You know, we
25 have out space earth stations we bought only five years ago.

1 five years ago they were the cutting edge of technology.
2 They're not any more.

3 THE MODERATOR: It's lunch time. This little lady has
4 worked like a Trojan slave --

5 MR. ACKERMAN: I have one brief comment, Mr. Chairman.

6 THE MODERATOR: Mr. Ackerman. Pardon me, please.

7 MR. ACKERMAN: I was at Tanana this summer and we were
8 placing control systems in the school there and while the
9 telephones were out one day, I was there -- we were there
10 for three weeks total this summer different times. But the
11 thing I think that stressed me the most when I left -- and
12 I really believe the telecommunications should be expanded --
13 was that when we filed our flight plan the FAA flight
14 attendant said he only had one way communications, that he
15 couldn't dial out. But when we got to Fairbanks and we
16 cancelled our flight plan that he would know about it. And
17 I think that back up systems -- essentially, some sort that
18 we have constant communications. And I don't think that we
19 can rely entirely on telecommunications. But I think that
20 we have to have reliable back up system. It's just a
21 matter of survival.

22 THE MODERATOR: Redundancy.

23 MR. ACKERMAN: It's survival.

24 MR. PARKER: We needed it for military uses and so
25 forth. We built in all the redundancy we needed, so we

1 shouldn't be afraid of redundancy.

2 (A lunch recess was taken.)

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AFTERNOON SESSION

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3 THE MODERATOR: The meeting will come to order. We're
4 back on the record. We finished the communications portion,
5 and it's been suggested by several members of our group
6 that we proceed here and now to draft our group statement
7 or resolution. And then before this input gets rusty in
8 our mind. And the way things are going, certainly, yes, it
9 most certainly has merit. And I would then, therefore,
10 like to get into the area of drafting a resolution based on
11 general consensus of the body, on the general consensus of
12 the body in the area of our communications posture in
13 Alaska.

14 It seems to me that the majority of the input
15 concentrated in the area of expansion and upgrading. Is
16 that substantially correct?

17 MS. BULLOCK: Uh-huh, I think so.

18 THE MODERATOR: And that's saturation, totally
19 statewide from Shemya to Ketchikan to Brumeaux to Barrow to
20 Point Hope, wherever.

21 MR. STUMP: I think that if we take as we're making
22 recommendations and going along through crosses and dealing
23 with different concerns of government services and various
24 other things that there's a real tendency in not providing
25 a really valid prioritization of the thing because,

1 obviously, people are going to say, yes, we want the best
2 communications that we can get. And yes we want the best
3 education and whatnot. And I question how we can get away
4 from just giving recommendations to the Legislature that
5 says, "we want everything." I don't know if there's a way
6 that we can do that. I think maybe a possibility would be
7 to perhaps at the end of the discussions of these various
8 things we've made resolutions as we went along or we've
9 gone back to the ones we covered yesterday this morning and
10 made resolutions to then maybe reserve sometime to make
11 some kind of attempt to provide a better prioritization and
12 to allow people to attempt in their own mind to say when it
13 gets right down to the nitty gritty what they want to see,
14 what they feel is the most important in those ways.

15 MS. BURNETT: I think there's also a danger in saying,
16 you know, like the gentleman commented on, that we want all
17 these things but we have to recognize the ongoing operation
18 and maintenance, the change in state of the art, the
19 limitations of space and time construction. I realize that
20 isn't our job totally, but in prioritizing I think we
21 should keep those factors in mind.

22 THE MODERATOR: All right. Walt Parker, author of the
23 paper, I feel, might have some input now in the formation
24 of position on communications. And I'd like to call on
25 Walt to give us his thoughts.

1 Mr. PARKER: Well, I think in the discussions before
2 lunch that focused on the real areas of importance, which
3 is simply to make it possible for communications to
4 function throughout the State at a much higher level of
5 reliability than they are now. And for the system to be
6 inexpensive enough so that it's open to everyone, you know,
7 it's the old problem in designing a system that's supposed
8 to be available to the total public. If you cost it too
9 high, why, you cost out a whole range of people. So it's
10 the availability both in terms of having a system to utilize
11 and also the cost of it.

12 I think there are areas of concern that I heard
13 you addressing before lunch that I'd like to see followed
14 up on. As far as getting into all the other problems, why,
15 you just about have to sit down and write a major position
16 paper to do that. And the overall importance of
17 communications as opposed to a whole range of other areas
18 that I regard as a proper level forgetting into here.

19 MS. DUYACHAK: Senator, do you think if I put some of
20 these things up on the board it would help?

21 THE MODERATOR: Fine, please do.

22 Mr. ACKERMAN: Mr. Chairman, we're fortunate to have
23 Mike Bradman with us. He's going to come here for a couple
24 hours this afternoon. He's done papers on finance here and
25 has quite a bit of experience on the gas and oil industry.

1 I wonder if it would be before too much longer if we could
2 hear from him on the oil and gas policies.

3 THE MODERATOR: That would be very beneficial to have
4 Mike's expertise or input here. We're really behind.
5 We're covering a tremendous amount of trail in a very short
6 period of time, and we lost literally an hour yesterday.
7 We lost time this noon and started late this morning. I'm
8 apprehensive about the net result of this conference on
9 account of the time factor. It puts us -- we're penalized
10 had at the very beginning.

11 Mr. ACKERMAN: I think it would be very beneficial if
12 we hear something firsthand from Mike on some of our
13 financial problems and our resources and our oil and gas
14 policy. I think he has much experience in the two areas,
15 and they are both closely related.

16 MS. BULLOCK: Could we finish this communications
17 first?

18 THE MODERATOR: Since we're into it it shouldn't take
19 too much longer to get the general consensus.

20 MS. BULLOCK: It shouldn't take long.

21 THE MODERATOR: -- together here on a position
22 statement on communications. There is in put from bush
23 people that will be saddled with emphasis on educational TV.
24 Mrs. Burnett touched on the area of barrenness of the human
25 input in the classroom, sterile delivery system. We do not

1 want that. We do not envision that it would be a totally
2 sterile delivery system at all. The delivery system would
3 be maintained by the classroom teachers. Testing and
4 tutoring would be conducted by the teachers in the
5 classroom. The teachers would have to be prepared to
6 conduct the courses of instruction in the event of
7 satellite earth station failure or failure within the
8 equipment facility.

9 Yes, Mr. Ackerman?

10 MR. ACKERMAN: In telecommunications you do have two
11 way communication, and I think we ought to stress the
12 telecommunications a little bit longer than with we --

13 THE MODERATOR: Right.

14 MR. ACKERMAN: We're running -- we're having a class
15 in Juneau now, and the instructors in Fairbanks. And it's
16 a two-way thing --

17 THE MODERATOR: That's right.

18 MR. ACKERMAN: All the way through, and I think that
19 that's something that we really should explain and put an
20 emphasis on.

21 MR. BORODKIN: Mr. Chairman?

22 THE MODERATOR: Yes, sir, Mr. Borodkin.

23 MR. BORODKIN: The satellite, in the event it breaks
24 down you have back up system whereby you could use video,
25 cassette type thing that you can plug in without too much

1 problem. So that's one way of, you know, you have that
2 back up

3 THE MODERATOR: We're doing that now to some extent.
4 Yes.

5 MR. BORODKIN: They're using it in some areas.

6 MS. BENNETT: Mr. Chairman could I ask a question of
7 Mr. Parker

8 THE MODERATOR: Yes, Miss Bennett.

9 MS. BENNETT: Mr. Parker when you mentioned that our
10 earth stations that we bought five years ago were already
11 on the verge of being outmoded -- if a lot of money is put
12 into a telecommunication system, now, is that likely to
13 happen soon again or are the systems -- is it built into
14 them that the new technology can be utilized or --

15 MR. PARKER: You've got to regard your
16 telecommunication systems just as you do your car. It's
17 not going to last forever. It depends on how often you
18 replace it depends on how well you want it to operate.

19 MS. BURNETT: Excuse, sir. I don't think you can
20 compare it to a car. Lots of the State of the art
21 punctuates such that by the time -- I just felt that a
22 comparison in communications -- telecommunications and
23 phone systems and so on is not a good comparison because
24 the State of the art fluctuates at such a rate that
25 sometimes by the time we get a system installed it is

1 already obsolete or at least it's functional. Don't
2 misunderstand me but you have to re train your people in
3 order to make it --

4 Mr. PARKER: You have the same problem with computers.

5 MS. BURNETT: True.

6 Mr. PARKER: We'll have the mini rapidly advancing
7 system. What I'm saying is you have to make a decision
8 sometime --

9 MS. BURNETT: Right.

10 Mr. PARKER: -- and so you just have to make your
11 decision on the basis that what you're buying now is going
12 to serve your needs for now and evaluate your position five
13 or 10 years down the line as to whether it's still serving
14 your needs, whether it's better to buy a new system or
15 better to upgrade the system that's partially obsolescent.
16 The problem with the smaller stations now is it's not
17 enough capacity in most of them to serve most places to
18 provide adequate telephone services and do all the things a
19 lot of people want to do in education and health service
20 and so forth. So the question you're faced with
21 technically is whether you want to add on to existing
22 smaller stations or whether you want to buy a complete new
23 small earth station. Well, that's an answer that you have
24 to have some analysis you. Have to come up with your best
25 option, something that I'm not capable of providing you at

1 this time or even coming close to providing you because the
2 work -- the preliminary investigation hasn't been done as
3 to which is best -- the best option there.

4 MR. STUMP: I question whether or not this group has
5 the ability to make -- to really even consider those
6 particular concerns. It seems to me that if we were to
7 just stick with establishing our needs, trying to
8 prioritize our needs, that we could be doing the best
9 service we can for this legislative affairs counsel, and
10 perhaps maybe we should get right to that.

11 THE MODERATOR: This is why I alluded not to the
12 hardware but to the saturation of the system.

13 MR. PARKER: Mr. Chairman, it depends on whether you
14 want a communication systems that's like the one it is now
15 with a voice that's hard to use, it's expensive to use or
16 whether you want one that's easy to communicate at every
17 level and some effort is made to spread the cost of
18 operating the system as to total impact and not upon the
19 bush. So you've got the two areas, as I see it, the two
20 main areas of concern, how effective a system you want and
21 how you will finance it.

22 MS. BULLOCK: What are the costs involved, though?
23 You see? This is something we don't have the information.

24 THE MODERATOR: Yes, the cost on these new satellite
25 earth stations is coming down because there's so many

1 Bright young men from Stanford University and MIT and so
2 forth that have gotten into the act. There is so much of
3 that hardware available it's becoming highly competitive.
4 Like the first model T Ford. Then everybody started
5 building substitutes and locomobiles and Essex and Wimpit
6 and Chevrolet and you name it. There's no machine aircraft
7 manufacturers the same way.

8 MR. PARKER: Mr. Chairman?

9 THE MODERATOR: Yes.

10 MR. PARKER: This is -- it costs the existing carrier --
11 it needs to have something like 60 million a year in
12 revenue now to operate the system, isn't it? It's more
13 than that. In any case, most of that need is generated
14 from the urban areas. The extra costs for the rural areas
15 are probably on the order of a magnitude of 10 percent more
16 than what it costs to operate the system now to bring the
17 rural system up to a level that is comparable to what the
18 urban areas --

19 MS. BULLOCK: 10 percent more.

20 MR. PARKER: Yeah, 10 percent more, roughly what
21 revenues Alaska would needs.

22 THE COURT: The new hardware is on -- it's on cards
23 that a housewife could maintain.

24 THE MODERATOR: Mr. Dahl.

25 MR. DAHL: In the interest of time, rather than get

1 too much into some of the details that really are far
2 beyond the technical skill that we're able to muster right
3 here at the moment I've drafted some language that I'd like
4 to present for discussion.

5 THE MODERATOR: Please proceed.

6 MR. DALL: A resolution on Communications: To expand
7 and upgrade communication service and facilities throughout
8 Alaska with special consideration to, one, television
9 conferencing for legislative and educational purposes, two,
10 efficient telephone systems with a single toll area
11 spreading the cost throughout the State, and three, other
12 appropriate technology with a goal of integrating Alaskan
13 society while preserving the contributions made by diverse
14 cultures.

15 THE MODERATOR: Very well done.

16 MR. ACKERMAN: Move to adopt, Mr. Chairman.

17 THE MODERATOR: There is a move to adopt. Is there a
18 second?

19 MS. BULLOCK: Second.

20 THE MODERATOR: Is there an objection?

21 (No response.)

22 THE MODERATOR: Discussion? No discussion? Question.

23 MS. BULLOCK: Question.

24 THE MODERATOR: Those in favor indicate by raising
25 their right hand.

1 (Indicating.)

2 THE MODERATOR: Those opposed.

3 (No response.)

4 THE MODERATOR: Thank you very much. Very well done,
5 Mr. Dahl.

6 MS. DUYACHAK: Would you like us to Xerox that and
7 distribute it to the people?

8 THE MODERATOR: Please do.

9 MR. BORODKIN: Mr. Chairman?

10 THE MODERATOR: Yes.

11 MR. BORODKIN: I'd like to suggest that here after I
12 think such a resolution before it's adopted and passed,
13 voted on we should be afforded a copy of that resolution so --
14 in writing.

15 THE MODERATOR: Would you care to -- would you desire
16 to make that motion rescind our action?

17 MR. BORODKIN: No, no, I don't.

18 THE MODERATOR: I must apologize. We're pressed for
19 time, and with the vote I believe it's a consensus of the
20 body that Mr. Dahl had it in focus.

21 MR. ACKERMAN: I was wondering if possibly we could
22 hear from Mr. Bradner before we get into another topic.

23 THE MODERATOR: Yes. At this time I'd like to proceed
24 to hear from a representative, Mike Bradner' in the area of
25 finances and oil gas policy. Mike Bradner you have the

1 floor.

2 MR. BRADNER: Thank you, Senator. I was asked and had
3 the opportunity to write a paper for your backup material.
4 I'm not sure how they've got these numbered. It's on B75,
5 towards the end of the book. And I tried to take a broad
6 conceptual sweep dealing with disposable be revenues and
7 all of that implies. And of course there were disposable
8 revenues derived basically from one good fortune. No magic,
9 perhaps, or skill or exceptional planning on the part of
10 the State. Just the good luck of a series of holes in
11 Prudhoe Bay which now will support over 75 percent perhaps
12 up to 90 percent of the State budget regardless of what
13 else we choose to do with the money.

14 The paper was developed with an idea of giving
15 people a background of basically what the policy of the
16 State had been in spending in territorial days, what it was
17 in the early period, what it was in the first periods of
18 excess revenue spending, meaning excess revenues in terms
19 that revenues were available clearly beyond the dimension
20 of what almost any other operating democratic government in
21 North America would simply dream about.

22 And I chose to suggest also that produces some
23 difficulty because it immediately impedes your priority.
24 And I tried to stress one thing in the beginning of that
25 paper, that perhaps the universal parameter of our American

1 policy has been you didn't have enough money. And that's
2 what made you select A or B over C or D. And now we've had
3 a little experience with having enough money to do some of
4 the things we wanted. We now face another arena of having
5 possibly from 15 billion to \$75 billion in excess revenues
6 between now and 1995.

7 I detailed in the early part of the paper
8 basically four things that a government could choose to do
9 under those circumstances: They can reduce their existing
10 revenues and lower taxes. We've heard a little of that.
11 That doesn't make a dent in our disposable revenue. We can
12 increase spending on our historically established services.
13 What we're familiar and used to spending money for, what
14 we're comfortable with. If you go outside of those bounds
15 you're going to have difficulty. We can try to find new
16 services that are more ordinary to government to spend.
17 We're talking about communication. As an example that some
18 other governments might not spend money, might not be so
19 traditional where we can simply allow the accumulation of
20 funds and with no use. Send it to New York and bury it
21 beneath the streets.

22 You can look at the last period of excess revenue,
23 and I think the message in terms of conceptual diagram that
24 I would like to leave is that was the easy job. Alaska,
25 like all governments, is spending money on education,

1 transportation, health and social services, in that order.
2 You get that by giving money to local government.

3 They then spend it on the people because that's
4 the government that delivers direct services directly to
5 the people with the exception of health and social services
6 in Alaska. It's not true in other states. Even health and
7 social services in other states go through local government.

8 The task was easy the last time around. We
9 simply spent money, the 900 million, by giving it to other
10 governments, and we spent it to maximize spending on
11 education, transportation to a much lesser extent on health
12 and social services. And if you want to look at the degree
13 we now fund those governments you could almost make a case
14 that it's not possible without distorting those
15 institutions dramatically to spend more money on it.

16 Now, there's some exceptions in rural areas where,
17 obviously, the service requirements have not been met and
18 partially because the difficulty of a lack of structure to
19 easily translate them.

20 THE MODERATOR: Uh-huh.

21 MR. BRADNER: In stressing these points you often have
22 heard that, well, also there aren't certain taxes that are
23 exacted in the rural area of the State. But any more urban
24 areas have complaint. 75 percent of the Anchorage budget
25 comes from other governments. As of 1977 the Fairbanks

1 borough, owned \$23 million as a borough indebtedness. As of
2 that time policy actions of the legislature the State paid
3 for \$40 million in those bonds leaving an indebtedness of
4 only \$3 million.

5 The point that I would like to stress is we try
6 to get a concept of where we are now. It's that is an un
7 think able situation. To any other government in almost
8 any other place in the United States or any democratic
9 society. So there's another thought that goes with that.
10 We really can't look for guidance, for precedence, from
11 other places. There just aren't any. So now we're in the
12 difficult situation, not having an easy policy parameter of
13 not having enough money. It makes it easy to tell you or
14 you or you why I can't do something. You don't have enough
15 money. You understand that. That's part of your daily
16 life. That is no longer a really viable answer for the
17 politition. So our caution flag sometimes of making our
18 options maybe should be there. If we recognize that
19 discipline has been removed we're in danger of trying to do
20 everything for everybody all at the same time.

21 The thrust of my paper tried to arrive at a point
22 by saying we've done the easy thing. We've increased
23 spending in the general service area to where in terms of
24 most of the urban community you probably can't increase it
25 too much more unless the State simply could run the whole

1 show.

2 THE MODERATOR: Uh-huh.

3 MR. BRADNER: And when you pay the whole figure sooner
4 or later you're going to call the shots.

5 Now, in terms of rural needs it's a different
6 question. But I would only submit that in terms of the
7 dimension of money before us, what you could possibly spend
8 to meet those needs -- you're going to meet the needs
9 because the money is going to be there. You really arrive,
10 then, at the next dimension of: What do you do when you've
11 spent money relatively to the maximum where government is
12 used to spending money. And that brings you to a very
13 uncomfortable point in how our government has been used to
14 operating. Because it brings to you the point, then, of
15 what role government has in insuring there's some economic
16 equity. In insuring the fact that government is rich
17 doesn't mean that the private individual benefits other
18 than having this child go to a little better school or, you
19 know, having a flushed toilet and a few other things. It
20 doesn't mean that he can pay his house payment with it and
21 survive in an economic society.

22 What we have learned at this point -- that every
23 time we poke hole in Prudhoe Bay or the Beaufort Sea or
24 anywhere else that economic development is simply
25 inescapable, to fairbanks, the urbaners. That's why your

1 economic structure exists. It may not always be the kind
2 of development you want, but something is going to happen.

3 I once heard the statement that there's one group
4 of people who will inescapably benefit from native land
5 claims. And that's the people in the urban economic
6 structure. Because regardless of what happened out in the
7 field is an economic benefit in the Senate.

8 THE MODERATOR: That's right.

9 MR. BRADNER: But what I would submit is the converse
10 isn't true, that general development doesn't necessarily
11 mean that people in the outer reaches of your economic I
12 can structure benefit. And the thrust of my paper -- I
13 brought it up to the point of suggesting that whether we
14 like it or not and whether people at this table
15 philosophically believe it's a good idea or not, if the
16 State is going to be dabbling in direct economic
17 participation or direct energizing by some means the
18 economic structure with the next series of disposable money
19 that you have. And that that situation is maximized by the
20 fact that Alaska also is an owner of resources.

21 It might interest this group to know that the
22 State of Alaska is the second largest oil reserve holder in
23 the United States. So when you put the de facto situation
24 together, whether we think it's a good idea how closely
25 government operates within the private structure we're a

1 gigantic resources corporation. If you put that together
2 with the fact that you generally have excess capital that
3 it probably means one way or the other that state policy is
4 going to reach out and try to find a bank to make those
5 revenues meaningful in terms of private paychecks. And
6 that is, perhaps, more realistic to recognize that not only
7 is that going to happen but it is happening. It's
8 happening as quick as you say bottom fish, state loans
9 program, not business loan programs. There's been talk
10 about public financing of a gas plan in Fairbanks, gas line
11 participation. It's coming all the around us. And that it
12 may well be useful to recognize the fact that that has
13 happened and is going to happen and try to direct that
14 policy to more prudent areas in the State. Which are
15 actually less wasteful than feeling that, you know, it has
16 not happened because it's there.

17 So I think, you know, the underlying thrust of my
18 presentation was that the oil revenues of the State as
19 derived has put the State in this financial position.
20 Again, I feel I'm going to be able to say that and be a
21 screaming, you know, believer that by golly government
22 shouldn't get in private business. The fact remains that
23 you were a multi-billion dollar financial corporation.

24 And the fact remains on the other side of the
25 fence that you are one of the world's largest and most

1 research corporations in North America.

2 And you have to find out what do you with those
3 two things and how you put them together. And I think the
4 second thrust is that it's easy for us to talk about how
5 you deliver money and what you do with money in those areas
6 that we're really in common agreement on. Americans have
7 always been willing to spend almost any buck they got their
8 hands on for education or on transportation or on health
9 and social services. I would include things like
10 communication within transportation. As long as you have
11 the money. And often a group you could get caught, and
12 it's easy to be talking about the details on how you
13 deliver those things.

14 The next area is extremely uncomfortable, and
15 it's unclear how to do it. There's lots of problems
16 accomplished.

17 THE MODERATOR: Thank you, Mr. Speaker

18 MS. BURNETT: Could I have one clarification before
19 you proceed?

20 THE MODERATOR: Yes, please.

21 MS. BURNETT: Mike, you said that -- or the impression,
22 I guess is that the municipalities really benefited from,
23 like, say, the holes punched in the ground and like the
24 bush or outlying areas did not.

25 Being involved a little bit with local government,

1 we were faced with tremendous problems that we had to solve
2 at the local level. We had double shifting in schools, we
3 had crowded schools, we had increased needs for special
4 services we had to increase taxes to pay for them. I want
5 you to explain a little further how the municipalities
6 benefited from this because I don't understand that.

7 MR. BRADNER: Well, we're both, of course, talking
8 about Fairbanks. The State got \$14 million of impact aid
9 to Fairbanks. When taxes went up a lot of it was because
10 the sales tax generated a lot more money coming into the
11 stores.

12 The very existence of the last pipeline in
13 Fairbanks increased the tax basis from \$300 million in 1973
14 to about 1.6 billion. Fairbanks now -- it's problem is not
15 that of having government -- we were a tax- poor community
16 in 1969. Our taxes were 28 mill, 2 mill short of the legal
17 limit. And as both of us know the taxpayer was in full
18 revolt. By 1972 we were at 15 mill. By 1976 we had \$1.6
19 billion tax base with only about 15,000 15,000 for
20 population. And so here we are. Fairbanks taxwise, is now
21 a more wealthy community than Anchorage. As per capita.
22 But that doesn't necessarily mean your economy is good.
23 That's just the point I'm talking about.

24 MS. BURNETT: Your quality of life is different.

25 MR. BRADNER: That's right.

1 MS. BURNETT: You said that you know these thing are
2 supposed to somehow improve the quality of life. I have to
3 disagree that it has improved the quality of life for the
4 municipalities as well as for the other. Maybe a few. But
5 overall the need to provide services and so on has
6 increased so that the volume of life has decreased in spite
7 of this. And they have not been a failure. If that's --

8 MR. BRADNER: Sure.

9 THE MODERATOR: Okay. Now we'll get it in order. We
10 will start with Mr. Tom Dahl and come down the table this
11 way.

12 MR. DAHL: I'd like to pass on this.

13 THE MODERATOR: All right, Mr. Fisher.

14 MR. FISHER: This is the one I wanted to skip over and
15 go on to resources.

16 MR. DAHL: Yeah, I did, too.

17 MR. FISHER: No, I'm going to skip. That's unusual
18 for me.

19 THE MODERATOR: Mr. Jacobson?

20 MR. JACOBSON: Same thing.

21 THE MODERATOR: Skip? Mr. Ackerman?

22 MR. ACKERMAN: I'm going to respond a little to what
23 Mike was saying. I was on Local Boundary Commission for
24 many. Lots of bush areas aren't even organized ment they
25 received no revenue sharing at all. And that was the only

1 thing available to them. And I think on a per capita wide
2 basis on the money we spent we spent it in the urban areas.
3 We did not spend it in the bush. And the bush is behind
4 and now is the time that we can catch up a little bit. The
5 North Slope Borough was created specifically -- I attended
6 the hearings when they formed that borough up there, and
7 they didn't even get public anything. Nothing off the 900
8 million. And that's why they formed the borough. And so
9 they could -- I think that's what Mike was saying. The
10 urban areas have got too much; it's just that the rural
11 areas have got too little. Now is is time --

12 MR. BRADNER: Mr. Chairman let me make one point of
13 clarification.

14 THE MODERATOR: Okay.

15 MR. BRADNER: I think what I'm trying to say, Mr.
16 Chairman because of pipeline or whatever reason -- your
17 service entity is irrelevant. Your personal economics grew
18 in a great peak you came crashing down. You're a little
19 squealing right now. But noticed in the rest of the State,
20 that those areas many of them went into depression 40 years
21 ago. But somehow because they were rule, you could of add
22 the word subsistence to them or else that was ignored. Now,
23 you're beginning to hear Anchorage squeak a little bit.
24 And you watch people respond and you watch that legislature
25 responspond right now. (Indicating.)

1 But in 1948 the Alaska railroad quit burning wood
2 in the Yukon River and the all wood yards dried up and the
3 cash economy dried up with it. There once was a fur
4 industry out there, and that was one of the magic renewable
5 resources. Somebody didn't want it any more and it was
6 gone. People used to be able to work in a lot of different
7 ways in mining operations, whether it was at Grant Creek or --
8 when I came to Fairbanks it was true from Oolahue to Luisa
9 and somebody else working in the summertime. Suddenly they
10 weren't there any more. In 1962, 1963 Chatanika shut down.
11 Chester shut down. But nobody knows. Now, Seattle, when
12 the SST contract was cut off the people jumped out windows.
13 The PHH's went bananas. Somebody noticed. What I'm
14 suggesting is that when you look at Alascom resources, Inc.,
15 and you are a large financial corporation one way or the
16 other we'll probably shake out of or dull drums and pursue
17 the problem creating the private economy, and there it is
18 wiped out and nobody's noticed.

19 THE MODERATOR: Okay. Mrs. Burnett.

20 MS. BURNETT: I'll pass.

21 THE MODERATOR: Mrs. Bullock.

22 MS. BULLOCK: Pass.

23 THE MODERATOR: Mr. Stump.

24 MR. STUMP: I'd kind of like to see our process for
25 discussing this to go more towards a discussion-oriented

1 thing rather than just one at a time making comments around.

2 THE MODERATOR: Do you want to change procedures.

3 It's perfectly amenable. It's irrelevant to me.

4 MR. STUMP: I think it would give us an opportunity to
5 get more involved in pertinent discussions and developing
6 our resolutions.

7 THE MODERATOR: Okay. Whatever is's the wish of the
8 body.

9 MR. DAHL: Mr. Chairman?

10 THE MODERATOR: Yes, Mr. Dahl.

11 MR. DAHL: I sense a need to deal with the one
12 remaining subject matter that we have, and that is resource
13 development or Resources. Before we get into how to spend
14 the money. I see that as a content thing rather than a
15 procedure thing, and I would suggest that we do that.

16 THE MODERATOR: I see the need to, if I may, address
17 the disposal of revenues in the -- in the vein of resource
18 development. They can be synonymous. If I may digress a
19 bit on this round table proposal that Mr. Stump suggests --
20 we have the youngest population in the United States, and
21 I'm convinced it will always be that way. Now, most young
22 people and young families, I believe, are very real, normal
23 people that are beginning to strive to build a family and
24 develop an estate. I see the canneries and the fishing
25 vessels and the processers owned by the Japanese. Because

1 the commercial banking system in Alaska was unable to cope
2 with the financing of Alaskans for ownership.

3 Now, I see no reason why the disposable resources
4 and in the long term investment funds and leveraging
5 section of our revenues from our nonrenewable resources --
6 why, then, therefore, since the commercial banking
7 structure obviously hasn't had the capacity to finance
8 these -- this industry where it would amount to Alaskan
9 ownership -- why we cannot develop a device that will make
10 ready financing available, bona fide Alaskans, where they
11 came -- develop ownership in the renewal resources and then,
12 therefore, become solvent, independent, healthy, the whole
13 shot. I just throw that out for some food for thought.

14 MR. BRADNER: However, I think where I've been going --
15 and the question is you use the State's financial corporate
16 wealth. In fact, \$75 billion the City made. You're as big
17 as the biggest bank in the United States. And you use the
18 fact as an omen. Other states aren't owners of resources.
19 That's a very rare exception. You own something, acres of
20 land, you get a cut of a percent. You have access to
21 marine resources and other resources. You own a three mile
22 limit of the coastline, 60 percent of the United States.
23 That is a gigantic resource corporation. You have the
24 financial corporation, the resource corporation. Do you
25 institutionalize those some way to develop your own

1 resources and through that then you create to develop your
2 own resources. You have a chance to direct the resources.
3 Because I want to point out something that's over here. We
4 are not a sovereign. We are a sub-sovereign. There's a
5 little thing that a politition doesn't like to recognize.
6 A commerce clause of the Constitution. I cannot interest
7 local hiring and have protection by governmental action of
8 business as much as I want to. But they resolved that
9 question 200 years ago up in Philadelphia. In the United
10 States Constitution it was not about freedoms and things
11 like that. That was the Bill of Rights. That was after.
12 The Constitution was the commercial document. At that
13 point they resolved the problems discriminating against
14 each other's trade. And so what I am suggesting -- and a
15 lot of us that have been through other -- as I think the
16 Moderator has -- is that, you know, you may find your
17 avenue for directing your policies to the best benefit of
18 your citizen, not by trying to act as a sovereign but
19 trying to act to control your resource wealth and financial
20 wealth, by directing it at a different place. I think
21 that's the question. Are you going to use those two roles
22 to develop the resource wealth. And then are you goin o
23 try to ease that -- not as government but as a manager to
24 see that it again fits the right people in the right places.

25 THE MODERATOR: All of that.

1 MR. BRADNER: So, it's all problems of economic equity.
2 Otherwise we can have some growing economic islands.

3 MS. BULLOCK: Mr. Chairman?

4 THE MODERATOR: Mrs. Bullock.

5 MS. BULLOCK: It may seem like an extraneous question
6 I'd like to ask Mike: How does the Alaskan municipal bond
7 bank authority operate with the thought, perhaps, we might
8 have a centralized financial institution through which
9 these monies would flow?

10 MR. BRADNER: Okay. There's a variety of things you
11 can move money for. The bonds pending usually had been a
12 device where government went and got East Coast money,
13 bought it back and reloaned it. And none of us who are
14 involved in this kind of thinking suggests that you should
15 use or loan money, but some way you can facilitate the use
16 of someone else's money. If you can get State institution,
17 part of a revenue bond, bring other money, use that with
18 your loan. Which leveraging money obviously, that's what
19 you do. And you don't, you know, ever use your own capital.
20 You use somebody else's capital.

21 THE MODERATOR: Right.

22 MR. BRADNER: There also -- we have many participants
23 in such efforts around the State. I don't think -- the
24 State can't be a joint investment and a profit making
25 corporation in the structure. There's lots of potential

1 Alaska owned partners in the State these days that worked
2 there 25 years ago. But don't exist in any strained
3 economic areas. They're rural areas.

4 THE MODERATOR: Mr. Stump.

5 MR. STUMP: Reference is made to foreign ownership of
6 corporations in Alaska, and it -- there's more, I think, to
7 the problem than just the inability to get the financing
8 local in or, you know, into residents or into Alaskan hands.
9 I think a lot of it had to do with just a matter of
10 expertise, and I think that the way that the native
11 corporations have responded to their wealth by getting into
12 management partnerships with people who do have the
13 expertise there's a possible solution to that to see the
14 ownership develop towards more Alaskan people involved and
15 whatnot and to still avoid the pitfall of having a
16 tremendous amount of wealth to go into nonefficient
17 management or un -- not as capable management people.

18 THE MODERATOR: But then in the example of Household
19 Finance, we -- for all these years for 50 years, we managed.
20 And all of a sudden, "Hey, they've gone the stateside route."
21 In order to get financing to buy aircraft, to compete with
22 the rising cost of fuel I had to go out to a financial
23 department and they went to the loan sharks and the loan
24 sharks bought him out and they owned 50 percent of the
25 stock. And there's no Alaskan-owned company any more.

1 That's what I'm talking about. We have the expertise in
2 Alaska to manage our industry, but we have the capacity to
3 go out and hire management to bring them in.

4 MR. BRADNER: Mr. Moderator, there's another good
5 example of the mill at Haines the timber; you would have to
6 sell a lot of timber at Fairbanks. They haven't sold
7 timber at Fairbanks for 15 years. They needed money to
8 finance their operation. They have to go farther and
9 farther for timber sales. The only money available is
10 Japanese money. Now, when somebody provides money because
11 they want to buy your product then we say we want the
12 product and we want all of it. So they just chip the sides
13 off the logs; they went straight to Japan. That mill has
14 been in the act of actually trying to get out under that
15 ownership pattern so they could go into additional
16 processing strictly for coming back into the Fairbanks and
17 Anchorage market. That's the kind of response your having.
18 They want the resource back over there on the cheapest
19 possible basis. That's the reason they buy it.

20 MR. STUMI: I beg to differ with you on that, Mike.
21 And I don't want to get involved in here, but I'd like to
22 talk to you more after because I'm fairly particular about
23 those circumstances; which I think you're confusing.

24 But to get back to the question of the State, how
25 the State is going to handle the excess revenues and how

1 it's going to get it in the hands, I would like to bring
2 out the problem of -- that you brought up, I think, very,
3 very well in your article here in the booklet of how to get
4 it into a private enterprise and to see that it gets to the
5 people in the most direct way allowing them the most direct
6 control or the most --

7 MS. BURNETT: Discretion.

8 MR. STUMP: -- discretion, individual discretion,
9 whether that be individual as a single person or an
10 individual partnership or corporation. But in order to
11 bypass the problems and the -- of bureaucratic control,
12 central planning and whatnot. I'm not disagreeing with
13 planning as a basis, but I think --

14 MR. BRADNER: But I'm saying that's only a problem
15 because traditionally we have not confronted it in the
16 United States. It chose to either be separate or tend to
17 be separate than we are. That is not true with other
18 governments in the world. British petroleum is one of the
19 most innovative petroleum companies in the world, one of
20 the most successful. Government owned, government finance
21 set up in a highly entrepreneurial fashion. Canadians are
22 very successful at it.

23 Now, many times they will opt never to be the
24 operator. They will always be a private operator. But
25 they are very direct participants. Now, I acknowledge that

1 the fact of getting into this agreement, lots of problems,
2 and there's going to be some losses and tragedies along the
3 way, but you're better off recognizing that, the fact of
4 what you're doing. We're already doing it. We'll hang
5 pretty words on it and pretend like we're not doing it but,
6 in fact, we're going down that channel whether we like it
7 or not and into that area. And I have simply advocated
8 that you recognize what we're doing and institutionalize it
9 so we can see the problems as they arise and also suggest
10 that by doing this in this way you have some control of the
11 resource actions in your state. The counter argument I
12 would make is excluding that you have no control.

13 THE MODERATOR: Mr. Borodkin.

14 MR. BORODKIN: Yes, Mr. Chairman, I agree with your
15 remarks and also Mr. Bradner. I think our renewable
16 resources are being taken over by the foreign countries.
17 And one reason is because of financing we cannot today get
18 out and get a \$10 million -- this is just an example. Get
19 a \$10 million pact from them to operate a processing plant.
20 We went through this exercise this year, and what happened
21 is we paid 15 percent interest and upward of that. So it's
22 pretty hard to survive when you're paying that kind of
23 interest. You just can't.

24 And if this trend doesn't change I think with the
25 native corporations that own 40 million acres you're

1 looking at huge amounts of renewable resources. Timber and
2 your hard rock minerals is going to go to the foreign
3 interests because of financing problems. This is a real
4 problem. It's -- there's no way around it unless the funds
5 that -- disposable revenues may be one way of solving this.
6 The Federal Government is not, you know, making too many
7 loans available for renewable resources. That's the real
8 problem. I just don't know how to deal with this. Right
9 now we're in a position of really breaking even because of
10 high interest rates and improvements we made, gear
11 financing, boat financing. It all takes money. Maybe
12 somebody else can carry on from there.

13 THE MODERATOR: Mrs. Burnett had raised her hand.

14 MS. BURNETT: I think, you know, in the overview we
15 all want the same thing for the, bush, whatever. We want
16 to improve the quality of life. We want to use the money
17 in a way that it won't be depleted and have something for
18 future generations. We found out last time around that the
19 politicians tried to meet the needs of the people when they
20 came and asked for more money. They raised the
21 expectations, perhaps, of local governments and so on, and
22 now that those revenues have decreased we're in a lot of
23 trouble. We need more. The municipal needs a 300 percent
24 increase to try to meet just basic services, police
25 protection, et cetera. That's just the facts.

1 What I think we all want to do is take this money
2 and get it into private enterprise. We don't want the
3 government to handle it for us. We want the least amount
4 of government possible. I would prepare a very simplistic
5 formula, maybe in addition to or maybe in lieu of revenue
6 sharing, is that we -- State government on a per capita
7 basis allocate to the municipalities investment capital to
8 be placed in local banks, perhaps on their capitalization
9 to handle it. We in the municipalities could run our
10 operating expenses from the interest. The banks would take
11 the total risk for loaning their money to the private
12 sector. We don't want to insure loans for people. The SBA
13 does it -- you, it doesn't work. It's a big operating
14 problem. Once you establish all these things then they
15 become government agencies that you have to keep funding
16 and funding and funding. We have something that would put
17 it so the people coming in, now, the scope of what you're
18 talking about, you know, the millions -- would possibly
19 have to have another formula. But I think for local
20 revenues, I do disagree with life. Our quality of life
21 didn't go up. It went down. The people -- the old timers
22 suffered. They had a lot of trauma. We had a lot of
23 problems during this time. They did spend more money.
24 State government spent more money.

25 So my proposal is to allocate, perhaps maybe

1 through the native corporations, through the Boroughs,
2 through the municipality, somehow on a per capita basis
3 this money and then that that capitol cold not be touched,
4 only the earning. that would give the basis for
5 capitalization through the private sector and let the banks
6 worry about whether they get bad loans or not from the
7 State.

8 THE MODERATOR: The banks got it and they took it and
9 invested it on the outside. And they'll do it again.

10 MS. BURNETT: Yes, but the local governments and the
11 people didn't have control. Only bureaucracy had control
12 of that.

13 MR. BORODKIN: Mr. Chairman, I do want to qualify my
14 comment that in no way that I am pitching for the native
15 corporations or -- I think what I was trying to say was if
16 there is a loan program, it should be on a statewide basis
17 not only for the area.

18 THE MODERATOR: Mr. Ackerman.

19 MR. ACKERMAN: I think what Mr. Bradner was talking
20 about you know with the cooperation of the development
21 between the State and the native corporations is an
22 appropriate thing. He is personally in area of. We're
23 looking at 40 million in Bristol Bay. We have processing
24 facilities for 20 million, and he's out talking to the
25 Russians and Japanese and everybody else to process our

1 timber. We've got one \$10 million plant that's really a
2 nip and tuck operation because it's 15 percent interest.
3 And that should have been a cooperative between the State
4 and the corporation or whoever it did, and that financing
5 shouldn't have been that difficult to develop an Alaskan
6 resource. You know, I don't like to disagree with Mrs.
7 Burnett on, you know, the quality of life in Fairbanks, but
8 we have one of 15 in the country trash compactors, and we
9 have a solid base disposable system second to none. It's a
10 very small one. It's the smallest in the United States.
11 It cost three and a half million dollars. That would not
12 have been available if it hadn't been for the impact funds
13 that went into the Fairbanks municipal economy. And that
14 is one benefit we did receive.

15 THE MODERATOR: There's one resource factor that is
16 being overlooked here in this area of disposable revenues
17 and term investments. And that is that the north Pacific
18 Fishery Commissioner rules by very rigid guidelines, and if
19 we do not utilize the fishery to its maximum benefit --

20 MR. ACKERMAN: Right.

21 THE MODERATOR: -- and it isn't harvested we have to
22 get the foreign fishermen to come in forever more. So
23 we're almost forced into a corner of getting into a crash
24 position to say -- to whole communities: Here's so much
25 gear. Go fish." We have to say to the airlines AI and so

1 forth -- we need so many planes to fly these fish out of
2 the communities. We have to say to the processors we need
3 so many processing ports to come in and get these or the
4 North Slope, Fishery Commission is going to dictate we lost
5 so much foreign gear to come in now and forever more.

6 MS. BULLOCK: What is the timing on that?

7 THE MODERATOR: I don't know the timing, but Senator --

8 MR. BRADLEY: Tilla.

9 THE MODERATOR: -- Tilla, sent us notes, and he's
10 deeply involved in that commission, and I strongly suspect
11 Bob Bommert knows, and other people. People from Bristol
12 Bay. Anderson and -- those people. Kodiak people.
13 Because that's their -- now, their cup of tea, they're
14 commercial fish oriented just as these gentleman -- Mr.
15 Borodkin and Mr. Alexie -- they've been up on the fishery.
16 They recognize it for what it is. We're going to have to
17 get off a high center and move. With efficiency and
18 dispatch authorized to protect the resources for Alaskans
19 for all time. And I say it's a crisis period that we are
20 in because if we don't move rapidly and efficiency we're
21 going to lose a substantial amount of that resource because
22 we didn't utilize it.

23 MR. BRADNER: Mr. Chairman, one clarification. I
24 didn't mean to infer that people necessarily living -- the
25 quality of life in Fairbanks improved necessarily, a period

1 of economic activity. What I do suggest is that when you
2 analyze not only Fairbanks but every other State in local
3 government and State you find the service profile has been
4 pushed to a level that the State policy makers are probably
5 very nervous about allocating too much more revenue for
6 fear of local control because you'll be becoming the only
7 funding source around. And we're very concerned about
8 going any farther and that the margin of revenues
9 immediately in front of us is fine. You can put \$150
10 million into that service area. You can put a hundred more
11 million dollars into it. And I could venture to say we
12 could put enough money into the banks with no problem that
13 the bank could come tiptowing back to the State legislature
14 and say, "Look, you're distorting our priorities, too.
15 It's not healthy for us." This fact, in 1970 that happened.
16 Because we didn't have deposits in the bank. We jolly well
17 put them there, and they told us very quietly to stop.
18 That leaves you at the next point.

19 THE MODERATOR: We're going to have to stop here and
20 change the tape.

21 (Short recess.)

22 THE MODERATOR: We're back on the record.

23 MR. DAHL: Mr. Chairman, I understand that Rob Kocsis
24 has been asked to leave? Is that correct?

25 THE MODERATOR: Asked to leave?

1 MR. DAHL: Or encouraged not to participate in this
2 group?

3 THE MODERATOR: I was not aware of it.

4 MR. DAHL: Okay. I think he misunderstood, then,
5 because I think his participation here -- it's been very
6 helpful for me to expand my thinking.

7 THE MODERATOR: Where did that come from?

8 MR. DAHL: I'm not sure. I think we should make a
9 point that he needs to be invited.

10 MR. BRADNER: Mr. Chairman, I might offer one point of
11 clarification. I found myself in on the creation of the
12 permanent fund. And it's a broad conceptual thing. I was
13 for it. Where I began to see it go from there I began to
14 become very uncomfortable. And I found it to be a period
15 when -- because people were comfortable and relatively
16 prosperous that, you know, everybody said, "Wow, let's just
17 put the money away for ever more." That was the tenor of
18 the political current, whether it came from the Anchorage
19 Chamber of Commerce or anyone else. And I found myself in
20 the position of saying, "Wait a minute. A minimum of funds
21 should be available for -- and there's a difference --
22 present and future generations. And there's one bill in the
23 Legislature that reads only "future generations." And
24 money can be a tool for today and tomorrow and be used to
25 guide a lot of social benefits and economic benefits in the

1 State. I think only as a moment of panic right now because
2 some people -- the concept was maturing and people were
3 beginning to have some change in concepts and different
4 ideas. Now suddenly because of restricting economy and
5 federally tight money maybe some people panicked too far
6 the other way. But that will pass.

7 MS. BULLOCK: Mike, do you have any feel for the
8 legislature that's coming up about what their thoughts
9 might be or what the trend might be?

10 MR. BRADNER: Two years ago was very much short of a
11 purist's permanent fund concept. Last year less, this year
12 even less so. Mainly because I think the temperaments in
13 rural legislators who also have had great reservations
14 about the permanent fund.

15 THE MODERATOR: Mike, I would like to see legislation
16 that would handle these funds within the states through the
17 state banking institutions to strengthen our banks, to
18 strengthen our communities, our business communities.
19 Consequently our communities. But I don't want to see
20 these funds channeled outside of the State of Alaska where
21 they will not be put to work for the development of the
22 renewable resources and non renewable mineral resources of
23 Alaska.

24 So one of the reasons that -- one of the
25 principal reasons that fishing industry in total is

1 virtually controlled by the Japanese today, is because the
2 Alaska banks didn't have the capacity to handle the
3 financing the industry needed and the outside participating
4 banks weren't willing to participate. And now if the
5 Legislature will roll up its sleeves and go to work and sit
6 down eyeball to eyeball with Alaskan bankers and put it
7 together we can turn that around. Fishermen can get \$10
8 million from Alaskan banks at the legislatively interest
9 rate that the bank manages for managing it. Give the bank
10 2 percent of the action for handling it. We can -- our
11 people can become the most viable, independent, well to do
12 people per capita, perhaps in the free world by this
13 approach.

14 Mr. Dahl.

15 MR. DAHL: Mr. Chairman, I've been concerned -- I had
16 the same concern in 1969 that I have today, and that is
17 that our effort result in not only increasing government
18 service but an increase in the size of the State
19 bureaucracy.

20 THE MODERATOR: Yes.

21 MR. DAHL: I think it's critical -- well, I agree with
22 Mr. Bradner in that we have -- the world is fresh for us.
23 We have a different set of decisions to make in that the
24 reason that other jurisdictions, other governments are
25 opposed to the increase in bureaucracy is that they can

1 afford that bureaucracy. We are not in that position. I
2 can't afford a large state bureaucracy, and I fear that.

3 THE MODERATOR: I do to. Scared to death.

4 MS. BULLOCK: So do I.

5 MS. BURNETT: Nobody wants it.

6 MR. DAHL: I don't know if we don't want it. I know
7 on one hand we say we don't want it. On the other hand we
8 say, "Provide services. Provide services, provide
9 services." And I don't think you can provide services
10 without people to do it. Unless the -- and I think it has
11 to begin with this group maybe -- we begin with the
12 philosophical position that supports a free enterprise
13 stance.

14 MS. BURNETT: Yes.

15 MR. DAHL: Now, if we are really creative we will
16 develop the kind of funding sensitivities or --

17 THE MODERATOR: Mechanisms? --

18 MR. DAHL: -- programs or projects or whatever that
19 will allow private enterprise in Alaska to be viable. One
20 of the geniuses of the act that established the Alaska
21 renewable resources corporation, I believe is what that's
22 called --

23 THE MODERATOR: Right.

24 MR. DAHL: -- is very low overhead, three trustees, a
25 good chunk of money - I can't remember how much, but a

1 bunch -- that they were encouraged to use as venture
2 capitol for renewable resource activities in the State.
3 That is, or for example: Fisheries, timber, any other
4 corporation -- one of the reasons that private enterprise
5 has had this status is they can't get money for things.
6 Alaskan banks are not creative in their financing. It's
7 easy for an Alaskan bank to say, "I'm sorry we don't have
8 the money." And that's why many Alaskan businesses are
9 forced to go outside to get funds. Well, why should any
10 Seattle bank loan money to an Alaska business with the
11 Seattle economy burgeoning the way it is. It doesn't have
12 to.

13 Venture capital is critical, and it seems to me
14 that State partnership with private enterprise, State
15 providing funds for private enterprising in creative ways --
16 one of the things I've been talking about with Mr. Kocsis --
17 it's not a few considered, but it's a fresh idea for a lot
18 of us, and that is for the state to provide a -- an
19 airplane, for example. An air taxi operator in a bush
20 village needs an airplane that will provide all kinds of
21 services to the area. He does not have the capital to do
22 it. Where does he get that capital? He -- does he borrow
23 the money? Maybe. That's certainly one approach. It's a
24 very traditional approach. There's a more creative way to
25 do it and that is for, the State to buy the airplane and

1 lease it to that air taxi operator where the revenue that's
2 generated by his own service pays the cost of the lease and
3 the insurance, no risk to the state and the airplane is
4 dumped into a mountain the state is paid because -- by the
5 insurance, yet it provides this air taxi operator with the
6 capital that he needs to provide the kind of equipment
7 that's necessary. And this sort of thing can translate
8 into various kinds of business ventures, and I think it
9 should.

10 THE MODERATOR: All right. Now, would this instrument,
11 then, be handled -- serviced by a bank in that air taxi
12 operator's area?

13 MR. DAHL: I don't think even the bank has to involve
14 at all.

15 THE MODERATOR: So hoping the bank on the other hand,
16 has air taxi operator clients that they're financing
17 aircraft that -- and these two taxis are competitors. Then
18 how does that fit? There can be a discrimination there
19 against the banking system's client and the banking system.

20 MR. KOCSIS: May I respond? One of the things you can
21 look at in that instance is, if the state is involved they
22 could allow the local bank to be the processor in the
23 service organization for that particular instrument. What
24 the state would do in a situation like, that I would
25 suspect, is they would be able to control the amount of

1 service charge. Banks make their money on that sir service
2 charge.

3 If the state is willing to make a commitments,
4 the bank should be allowed to make some profit, but it
5 ought to be held at reasonably, so that the citizen does
6 have the benefit directly than the state is trying to get
7 to. The bank will still make money. They will not make as
8 much money because we will control the spread.

9 THE MODERATOR: All right. Now here if you have a
10 young fellow with no seed money. You know? Strong
11 character like a young man I know at Nome, Chuck Fagastaf.
12 Started in with just nothing, just nothing. But he had
13 character. He was industrious. He was sober. He was
14 aggressive and positive. And he's off and running today.
15 Now, in my own experience in getting started -- and I
16 talked with a man that is deceased -- he's gone now but was
17 a friend 33 years ago, Captain Austin E. Lathrop at
18 Fairbanks. He owned the bank in Fairbanks. I met him as a
19 student when I was a student at the University of Alaska.
20 The Captain told me -- he said, "Young fellow, if you have
21 an idea and you can satisfy yourself in your own mind you
22 can make it work. But you don't have all the expertise to
23 handle it, you can hire brains for 35 hours a week." Now,
24 this was 33 years ago. We can do the same thing today for
25 \$35,000 a year. I banked at that bank for 33 years, and I

1 started in there -- when I started in there, I had -- I
2 started out with a savings account of \$12.50. And I've
3 borrowed probably a couple million dollars at that bank
4 down through the years. I had the finest kind of treatment.
5 But I started with nothing. This is what I want to see
6 happen. Character loans. They have to be careful, they
7 have to be well screened, but character loans so that our
8 people in our rural communities don't have anything but
9 have a resource they can develop, can get bankrolled.

10 Mrs. Burnett.

11 MS. PURNETT: Mr. Dahl, I don't know the -- you seem
12 to know more about this corporation. You said you had
13 three executives what's the State corporation that was
14 goint to loan?

15 MR. DAHL: Alaska Renewable Resources Corporation.

16 MS. BURNETT: Could you tell me how long ago that was
17 set up this.

18 MR. DAHL: No. last year?

19 MS. BURNETT: As I understand it, over a year ago --
20 and they hired these three executives at over 50,000 per
21 person and they have yet to make a loan. That's why I
22 believe in the private sector. A bank would go broke on
23 that kind of operation.

24 THE MODERATOR: You better believe it.

25 MS. BURNETT: A bureaucracy -- you know, it doesn't

1 service the people.

2 THE MODERATOR: I think she should dump them.

3 MR. BRADNER: Mr. Chairman, there's a variety of ways
4 that partnership -- financial partnership between state can
5 be set up. And it would be a mistake to think you could
6 conceive anyone that would do it.

7 Now, there's a real naive approach of the
8 resources corporation. First of all you have three
9 commissioners helping people package loans and develop them
10 at the beginning and then they're going to approve the loan.
11 You know, no banking institution or anything would set
12 itself up that way, a slightly different bunch of cats.

13 And I think most what we would find would emerge
14 in any partnership is where a lead role is taken in a
15 private institution, package is a resource project together,
16 bringing it to participation because that does allow the
17 single thing that Mr. Chairman mentioned, that the banker
18 can use.

19 And a bureaucrat -- because you're taught that
20 basically it has a hard time using. line up two loans side
21 by side, one looks good but something up here tells you
22 it's bad. (Indicating.) And it may be just the sheer
23 talent and ability and confidence in the people running the
24 show that it doesn't quite look as good on paper and it
25 smells good. And with the private operator doing the

1 packaging it allows for that kind of intuition to be
2 applied to the process. And I would think certainly --
3 because again I'm saying we all get back with this image
4 that bureaucrat sitting there parceling out loans. I think
5 that's what we're talking now because we sort of come in
6 backing in the door to anything. We just set up sort of
7 conventional state loan programs. And of course that's all
8 we know so that's what we do. There's all kinds of
9 packaging, I think -- I certainly conceive of any financial
10 partnership being one of -- where generally the package is
11 developed and brought to you by private individuals, barkers,
12 maybe an outside loaner. You know. There's all kinds.
13 And a broad sweep in a state policy should encourage the
14 development of the institutionalization that facilitates
15 this partnership between state and private industry. And
16 we do hope maybe there's enough state input that a priority
17 may be directed to pushing development where it's the most
18 needed. The demographics are best.

19 MR. ACKERMAN: Mr. Chairman, I wonder if possibly we
20 could get this down on paper and circulate it for, you know,
21 consideration as one of our concepts?

22 THE MODERATOR: I think it's time that we get it down
23 on paper. We've kicked it around and that beat it to death. .

24 MR. ACKERMAN: I wonder if Mr. Bradner has got it on
25 something or possibly --

1 MS. BURNETT: How about Mr. Dahl?

2 MR. BRADNER: The points he sort of drew --

3 MR. DAHL: I haven't finished it, Mr. Chairman, but
4 I've got a start. Alpha group resolves that the
5 Legislature adopt the policy of a financial partnership
6 between the state and private enterprise in cooperation
7 with local banks in order that -- and that's where I
8 stopped.

9 MR. ACKERMAN: Mr. Dahl and Mr. Bradner confer.

10 MS. BURNETT: The availability of funds to be allocated
11 to a private sector, something to that effect.

12 MR. DAHL: As long as you don't use the word
13 "infrastructure." I have to idea what that is.

14 THE MODERATOR: And let's get incorporated in there
15 right down to the gut hard character loan approach where we
16 have people without collateral that are of strong character.
17 They're young and healthy and aggressive and progressive,
18 that all the indicators are with reasonable diligence,
19 they'll be able to pay that loan back.

20 MS. BURNETT: At an expedient process or something
21 that will move this thing. You know, a year of three
22 \$55,000 people isin credible to me. That haven't made a
23 loan. Money to burn.

24 MR. BORODKIN: Would that be a prime rate or what --

25 MS. BURNETT: No, we can't get into -- we can't.

1 THE MODERATOR: No, it would not be prime. It would
2 be at a lower interest factor.

3 MS. BROWN: That prime rate doesn't apply.

4 MS. BENNETT: That's right. That should be in the
5 resolution. That's what we're trying to do.

6 LINDA BROWN: That definitely should be. We may wind
7 up with -- paying prime rate.

8 MS. BULLOCK: Probably something should be in there
9 about the difference between the lending and what the bank
10 is going to get out of it, too. So if there's some
11 suggestion the way we'd like to see this operate.

12 THE MODERATOR: Mr. Dahl, did you hear Mr. Bullock?

13 MR. DAHL: I'm sorry.

14 THE MODERATOR: Let me repeat that, Edith.

15 MS. BULLOCK: Well, I was saying that I think there
16 probably should be something in there that would say that
17 the bank would get the certain percentage limit this so
18 that they do not have that ability to --

19 MR. KOCIS: Mr. Chairman, while Mr. Dahl is posing
20 here I might tell you something. There's such a plan that
21 is asking you -- I want it on the record the Senate Bill 1
22 which is pending before the Senate right now combines a lot
23 of what this group is talking about, and broadly what it
24 does is the State has to manage its money the most
25 efficient fashion, Senate Bill 1 is responsive to money

1 problems the State has right now, the potential. We have
2 the permanent fund. What it says is the State's major role
3 concerning its money is to manage it wisely. The kind of
4 investments you put your money into your most secure don't
5 exist in Alaska for the most part there's government papers
6 and grade A stuff that's outside. So you invest it in that
7 and take the income from that investment and you leverage it
8 and use some principal and create some way, then, after
9 you've got this bundle of money that you've leveraged based
10 on the income from the responsible investment and you
11 distribute that to people. Senate Bill 1 says you do it
12 through the loan program. If the banks can participate in
13 that program to the effect they can service the loan and
14 they can the state will fund the loan out of this fund.
15 The banks are controlled, however, in the amount of
16 interest they can charge or service charge they can level.
17 Now, because the state is involved -- and we think we can
18 package the loans properly -- you're getting tax exempt
19 revenue bonds as the source of the money. That means that
20 it comes in view at the lowest possible level of any money
21 in the country, if the bonds will sell because them because --
22 guarantees you're able to provide on the income at the same
23 time. Under the Internal Revenue code there's a loop hole
24 that says for any amount of tax exempt bonds -- if you
25 issue \$100,000 you're allowed to indicate and issue 25

1 percent above that at the same interest rate, the tax
2 exempt rate. That 25 percent can go to any purpose. It is
3 not restricted to public purpose investment. The central
4 bill brings together the management of all the money in the
5 State including that surplus in the general fund, puts its
6 in a big pool and makes it available for the guarantee and
7 says now we've got some leverage capability here. When you
8 start issuing bonds and real sigh the 25 percent that comes
9 in at the same right -- well, if you've got a billion
10 dollar bond you've got a lot more than 25 above it than if
11 you're issuing a hundred thousand. It's arrangement
12 technique. But the approach that the Senate is taking, if
13 what I'm hearing is correct -- I think you're indicating
14 something along those lines. There's a lot of problem
15 about the leveraging and there's a lot of problem about how
16 you give it out to the loan program. You can't charge much
17 more than, I think -- a rate of percent and a half above
18 what you get the money in for.

19 MR. BRADNER: Yeah. Tax exempt bonds -- there's a
20 stating that federal rule you can only be above so much.
21 We ran into the reverse problem a few years ago. Alaska
22 Finance Corporation dropped so low due to a lucky sale it
23 created such a run on money that it was -- I mean, it wiped
24 it out prematurely. But I would say that it's a standard
25 practice now for any money that's facilitated through

1 government carry limitations on it. No bank is going to be
2 able to mark you up on excessive interest rate.

3 MS. BULLOCK: What about the rate that the State would
4 get? Is that

5 MR. BRADNER: The practice to date has been for the
6 State to run, you know, at a certain margin below the rate
7 going at the normal market.

8 MS. BULLOCK: Below the prime rate.

9 MR. BRADNER: From time to time you may have to have
10 some unusual ability because you can get the situation
11 where you can -- you know, if the Feds knock the rates
12 upright now we can create a run on your funds and you may
13 want -- you know, like you might want to give the governor
14 the authority at any time to curtail the flow of funds.

15 MR. KOCSIS: I think it's real important that people
16 look at the State function in two ways. One is the
17 creation and management of money. The other is the
18 distribution. And in that position you've got enough. If
19 you manage it well, you can literally leverage everything
20 you'd ever dream of doing. The question is is it really
21 responsible? Do you really want that much money out? The
22 management function, if you organize it right, will allow
23 you to do. Walt wants transportation -- hell, we can do it
24 all, if you manage it right. We can manage some of the
25 money necessary to do it. You're at the responsible

1 distribution level. I think the Legislature sometimes
2 fails to separate that.

3 MS. BENNETT: Mr. Chairman, when we talk about loans
4 for private enterprise are we including craft cooperatives
5 and things of this kind also? We're not speaking just -- I
6 assume that it would, wouldn't you?

7 THE MODERATOR: I don't know why not.

8 MS. BENNETT: They're a money making enterprise.

9 MR. BRADLEY: Sure.

10 THE MODERATOR: It's enterprise.

11 MR. BRADLEY: I just want to say now that everything's
12 died down, and our two men are down there drafting that
13 resolution.

14 I'd just like to back up what Michael said. In '75
15 I personally was a great backer of what's tur ed out to be
16 the House's version of permanent fund or conception. Mr.
17 Kocsis has referred to it as a management tool that was
18 rather conservative. I've now come 180 degrees by looking
19 at -- I think the Senate version of the Senate Bill SB-1 is
20 a much more humane and progressive and dynamic document in
21 the house. And like Mr. Bradner, my personal friends are
22 on the other side, or were on the other side along with
23 myself. But I don't know how to explain my renaissance
24 except that, you know, times change and your views change.

25 THE MODERATOR: Right. They sure do.

1 MR. BRADLEY: And I think that character loan -- from
2 a guy with gray hair I'm -- I'm really impressed.

3 THE MODERATOR: Thank you.

4 MR. BRADLEY: No, really, seriously. Because that's
5 absolutely okay, you know. There are all sorts of people,
6 you know, young people which I'm not that much any more.
7 35, but....

8 MS. BENNETT: We have to be careful, too, that
9 everything is a viable business.

10 MR. BRADLEY: It should be reasonably viable.

11 Let me tell you I really think we've got a great
12 problem in the state with excessive timidity. Nobody's
13 willing to take a chance, nobody's willing to absolutely
14 want to study it to death. You want to hire every
15 consultant in the world so you can't make a mistake.

16 Now, maybe in New Jersey you know they've already
17 gone through their formulating period and they're all
18 messed up. But in the frontier -- in a frontier setting
19 you've got to be able to -- I mean, that's what pioneering
20 is all about. Every pioneer didn't -- you know, a lot of
21 them got bushwhacked and starved, you know. You've got to
22 take some chances, reasonable chances.

23 MR. KOCSIS: We did do some things for the people of
24 Alaska, for ourselves. That can't be done anywhere else.
25 When you talk about the credibility of the individual

1 involved. You've got to be responsible but we want to move
2 in many direction of allowing decent people in this State
3 to benefit of their own mind, trusting each other. Hell,
4 /ST it doesn't mean anything to be in Alaska I guess we
5 could pose a system like the rest of the world. But we
6 think it means something. We thought enough to come here
7 and talk about it. It's irresponsible to the Legislature
8 not to give you an opportunity and what they're basically
9 saying -- I work for them -- I hear we are frightened to
10 let the people make that decision, so we sit on them.

11 MR. BRADLEY: And even more they're questioning their
12 own manhood, or womanhood that we don't know, enough the
13 shysters from New York they might take us, you know. I mean
14 pound for pound, we're brighter than they are because we're
15 here. It's clear on the face of it.

16 MR. BRADNER: I think what Bob has referred to is very
17 valid today. There seems to be a tremendous fear that some
18 private operator is going to get one buck away from you,
19 you know, and somebody's going to say, "Aha, you let Mr.
20 Big take you for a ride." But, boy, you let a bureaucrat
21 throw it off the dock, you know --

22 MR. BRADLEY: Or not do anything, you know.

23 MR. BRADNER: You really have to get back to the point
24 where you say you're not afraid to make some decisions or
25 try some avenues and maybe come up with egg on your face

1 occasionally and --

2 THE MODERATOR: For 12 years when I was on the House
3 Senate Finance Committee there was a feud every year, the
4 Alaska veterans' revolving loan shark. It was a healthy
5 fund. They had a loss of one-half of 1 percent per year
6 and here last year it evolves that it's in trouble. And
7 people want to abolish it do away with it wipe it out
8 because it's in trouble. It's in trouble because it's a
9 people thing. The people that managed it let it get in
10 trouble. Get rid of the people and get new people to
11 manage it. Don't get rid of the program. The program's
12 right, the people aren't.

13 MS. BULLOCK: What about the farm loan, revolving fund?
14 Same thing?

15 THE MODERATOR: Same thing. It's a people management
16 thing.

17 Mr. Dahl.

18 MR. DAHL: Mr. Chairman, we have drafted a resolution,
19 but in considering if you'll have to realize this is not a
20 race horse. This is a camel.

21 THE MODERATOR: Right.

22 MR. DAHL: This camel is a horse that was put together
23 by a committee, and that's what this resolution is.

24 I have a Pollock story about that.

25 Alpha Groups resolves that the legislature adopts

1 a policy of a financial partnership between the State and
2 private enterprise in cooperation with local financial
3 institutions with a view toward, one, supporting private
4 enterprise through the provision of venture capital, two,
5 capital support for projects and equipment through leases
6 with the lease rate based on actual revenue received from
7 use of the product and, three, approval of borrowers based
8 on relevant factors beyond those presently considered by
9 banks. The State economic policy should be developed with
10 goals of desirable social and economic development looking
11 toward the improvement and strengthening of the private
12 sector.

13 THE MODERATOR: I'd like to change one of the hooves
14 on the camel.

15 MR. DAHL: Just give it another hump.

16 THE MODERATOR: Okay. Leases or lease purchases? How
17 does that fit?

18 MR. DAHL: Fine. Some of these things are going to
19 surface as a result of such a program they're going to be
20 so good some of the banks are going to say, "Hey, we'd like
21 to have a piece of the action.

22 MR. DAHL: Mr. Chairman, before we move on this I
23 would suggest that we have our support staff type this and
24 get copies of it before us so we can see what the language
25 is and move in that direction.

1 THE MODERATOR: Is there any objection?

2 (No response.)

3 THE MODERATOR: No objection. It is so ordered.

4 MR. DAHL: Thank you, Mr. Chairman.

5 MR. BRADNER: Mr. Chairman, one maybe final comment:
6 I had the experience of being in the Legislature a number
7 of years, and you thought you were dealing with a lot of
8 problems outside your urban areas, and after a while you
9 found out you were treating the end product and you try to
10 provide a water system or help with a housing program with
11 some of these. But you could never get at the main problem,
12 and that was the economic base. And by instinct as a
13 politician you knew in the first place you didn't have the
14 revenue to even try. The basic resources and tools weren't
15 there.

16 Alaska, Inc., as I call it, your resource base
17 was very immature. So you really were just beginning to
18 feel that. And you had no real ak excess revenues and so
19 you've dealt with the problems the only way that we had a
20 system to do it, and that was dealing with the end products
21 of just, you know, reaching in and doing what you can. And
22 I think now something's changed and you have two very
23 interesting tools to deal with, and another one that the
24 Land Claims Act gave you, which is this quasi public
25 private entrepreneurial treaty that exists in the form of

1 the land corporation, who would have their own set of
2 problems and their own successs and their own mistakes.

3 And only one following comment. I think how
4 bewildered the State is and unsure of going into this area
5 is exemplified by the fact that the Land claim settlement
6 is now eight years old, and I will defy you to find one
7 place fundamentally where the State has chosen to recognize
8 the value of that resource and the State has a great value
9 of working functionally with it to try to help facilitate
10 an economic base, you know, out yonder. And, I mean, eight
11 years is an awful long time, but it's better than nine
12 years. And so there's really three potential tools laying
13 there that weren't there in the years that yourself, Mr.
14 Moderator, and I serve in the legislative body.

15 MR. ACKERMAN: This is a point we taught to bring out
16 because we haven't looked at it, and we've sort of excluded
17 it.

18 MR. BRADNER: Certainly. People always say, well, gee,
19 why don't the corporations do something? And of course the
20 reason is capital. And to seek reasonable security and
21 reasonable profits, you know, do something back home. But
22 it might be very interesting for the State to look and see
23 how they could help secure and facilitate the use of the
24 corporation's capital back home without making them, you
25 know, at an extreme risk situation. I think we have to

1 recognize their capital is no different than anybody else's
2 capital.

3 THE MODERATOR: Mr. Bradley.

4 MR. BRADLEY: Excuse me. Go ahead, Gary.

5 MR. ACKERMAN: I think this gets to the point that in
6 eight years we have to start doing things in cooperation
7 with the native corporations. You know, we've got 103
8 million with the 40. That's 43 million acres, you know,
9 that's available to us that's under federal control. And I
10 think we have to live with it in joint participation. And
11 I think this is something that really needs to be included
12 in our sale. I think you know we really need to bring it
13 out in the light of day to look at it and start talking
14 about it and start working together in these areas.

15 MR. FISHER: Instead of hoping it will go away?

16 MR. ACKERMAN: Right.

17 MR. FISHER: that's what I hear of the land claims.
18 For eight years the State says I could go that way.

19 MR. ACKERMAN: Well, we started out with land claims
20 and we were talking -- we were talking about a million
21 acres of land. And then we finally, you know, said why a
22 million acres if we could get a hundred million acres from
23 under the feet the federal domination the entire stating
24 going to benefit from it and we ended up with a compromise
25 of 40 million acres. It's not under the federal domination.

1 So now we should start with the 103 million we had from
2 statehood we should start looking at joint development in
3 things, you know. And we really need to get on the road
4 with it. And like I say there's no reason for going nine
5 or ten years before we start looking at it.

6 THE MODERATOR: You're going to have to get that land
7 in production, get it yielding revenues as soon as it's
8 transferred because in twenty years time after it's
9 transferred then it's subject to fee -- fee simple title
10 land is subject to taxation, if the State elects to tax it.
11 It's going to have to be yielding revenues in order to pay
12 the taxes or they'll lose it.

13 MR. KOCSIS: Shouldn't we draft a resolution of this?
14 Presently, there's a real strong feeling we ought to get
15 out on the record. I agree with you.

16 MR. ACKERMAN: The straight resolution is appropriate.
17 For one thing we were talking about it before earlier in
18 our transportation costs. You know we pay for a round trip
19 ticket and get a one way ride. If we start developing
20 these areas, you know, we can start, you know, getting a
21 round trip ride. We have to do that first -- it's
22 essential.

23 THE MODERATOR: Mr. Bradley.

24 MR. BRADLEY: Mr. Chairman, I didn't want to miss this
25 opportunity to put my good friend Michael on the hot seat.

1 And for a specific project. That I know that he and I have
2 strong feelings on. We both have a little bit of conflict
3 of interest, maybe he more than I. But since we've
4 obviously demonstrated a certain level of trust for Mr.
5 Bradner I think he's a very honorable and trustworthy I
6 just want to bring it out, and that's the gas line. And
7 I'd like him to impart his -- you know, as much knowledge
8 and opinions that he has on that issue that's going to be
9 at least one specific issue that's going to possibly be
10 dealt with because it deals with the resource, gas. It has
11 to indicate the availability of financing through local
12 government, State Government or both of those, at least the
13 State. There's private enterprise involved with that.
14 Classic private enterprise and the whole host is sort of a
15 cornucopia number. And I wondered if he could --

16 MR. BRADNER: Bob, in a way that is the type of thing
17 that's almost outside of the type of thing we're
18 considering here because I think when you're dealing with
19 what you call medium size deveopment. When you're trying
20 to package a loan -- maybe its the developing of \$20
21 million again. Three million coming from here and 4
22 million come from there and the State alone is 10 million,
23 and it's something you can expect institutionalize the
24 process so the Legislature is not involved in any one.
25 Obviously, anything that's being held, State participation,

1 involvement, something like with the gas line and measure
2 themselves in hundreds and millions of dollars. I mean,
3 we're naive if we think that, "Hey, let's give legislators
4 that make every one of those decisions on an individual
5 basis." You know, this would be the case with the gas line.
6 If it's good investment or it's good policy or there are
7 social benefits or other things that will go along with it,
8 if the project is needed, you do it, you know, and if it's
9 a good return on it. Like the gas line could end up in a
10 lot of ways being a very good return that might support
11 other items. But I don't think there's any way that you
12 set up loan committees of private enterprise, buyer
13 contracts or anybody else who would dare take the risk to
14 make those decisions because they'll find a way to say no
15 every time because they're scared to death. It's the
16 safest thing for them to do. So there's no way of -- you
17 know, that those what I call magna investment decisions are
18 simply going to have to come to the legislature each time.
19 They may have some source of advice if there's an
20 investment corporation for retaining consultants or this
21 sort of. But that's simply going to be a case by case
22 process.

23 MR. BRADLEY: Right. And I agree with you. What are
24 your feelings also on case by case on that specific case?

25 MR. BRADNER: Yes, I got involved in that project

1 because I thought basically Carter was going to be an
2 energy leader in America. A lot of us may have to content
3 with El Paso and some of those thing but basically the
4 energy market of North America isn't the West Coast, it's
5 the East Coast, and you draw a straight line between the
6 two, and I always felt your best policy ought to be --
7 especially where there's a large draw of federal control
8 and you want to retain as much control as you can, you use
9 every device you can to get it. And you may want to be
10 involved in future oil lines, gas lines, gas plants, not
11 misallocate funds. If you can use somebody else's money to
12 do it, you do it. But there's lots of different scenarios
13 you could use. For instance, you could making a case that
14 the state was a 20 percent participant in some type of
15 petroleum development. Believe me they could have a large
16 say in it because they may have something like a gas line
17 that none of the other partners have. They have future gas
18 to sell. So, I mean, that's obviously what Exxon was
19 after, the gas line. They came along and they said, "Hey,
20 we want 30 percent control or 40 percent control. We'll
21 have future gas to sell. All the other partners are
22 consumers and were 48 States so you don't need 51 percent
23 control of something. And I think that's the message, that
24 the State can retain a basic resource policy because you
25 have other future resources too, you know, to offer in the

1 future. You don't need anywhere near 51 percent control
2 that when you suddenly approach your partners and say, "Look,
3 we'd like to see a labor agreement because a non-labor
4 agreement in avoidance of labor negotiations usually means
5 you scatter hire all over the other states. And what the
6 labor organizationers can't get out of them, even though a
7 labor agreement doesn't mean exclusive Alaska hire, it
8 means 75 percent. So believe me, your partner stands up
9 and says, "Well, yes, sir, because you have something down
10 the line they want, a good example might be we allowed
11 Valdez to issue a billion dollars. We didn't allow them to
12 do. We could rant and rave now of of the Alyeska policy,
13 what do they need from us? They don't need anything. We
14 can't even raise any tax. If you raise the taxes on them,
15 you're going to have to do it on maybe a marginal line that
16 goes from there to Dyon. So you can't even go after Dyon
17 in Canada. Say if Dyon is a corporation, developed gas or
18 oil in Canada near Fairbanks. And it would very marginal.
19 It would be a very marginal operation. So if you wanted to
20 try to get at Alyeska and you increase the tax rate to 30
21 mill you have to do the same for the marginal operation.
22 And what I'm saying is this: We had no hold, we had no
23 real hold on Alyeska as a pipeline company. However, had
24 the State perhaps issued those bonds and there might be a
25 certain posture since you can issue tax exempt bonds for

1 harbor improvements and so on that Alyeska might be
2 considering the fact that they might want to come back to
3 you again. And get a half a billion dollars from
4 improvements, which is all the New York bankers want, you
5 just facilitate them. And when you made certain
6 suggestions to them how they might moderate their social
7 economic policy they might be interested because the
8 businessman in adopting such policy only infer one thing.
9 He understands money. And so when you develop resources
10 and so on and so forth you have to work with money.

11 MR. KOCSIS: The State's role, then, for instance in
12 the pipeline, gas pipeline why not facilitates the proposal
13 for the priorities which is the simple thing. North Slope
14 or you've got the one in between and the Fairbanks, I guess
15 are the ones we go across. Those three government entities
16 join together and the North Slope -- beg your pardon --
17 build the treatment plant for the gas, they own their
18 portion. The next borough owns their portion and the next
19 borough owns their portion. They make a profit on the line
20 they manage it through a tri-bureau authority and there's
21 production of -- reduction to local control but the State
22 would not be as heavy participant because there's pretty
23 good tax basis there. Is that a healthy thing.

24 MR. BRADNER: I know, I think you can develop all
25 kinds of different scenarios. Sometimes there's some

1 defects of, you know, an industry 00 horse around a local
2 government, too.

3 MR. KOCSIS: What we're talking about in overall
4 policy maybe the State wants to begin thinking about that
5 kind of commitment. To support local government that in
6 what if you've got total state support the State policy is
7 we're going to go trace development of local control and
8 the local tax base we get those kinds of things those are
9 the decisions.

10 (A short recess was taken.)

11 THE MODERATOR: We have a finance resolution draft
12 before us, financing resolution.

13 We have some stuff to go back into. Government
14 transportation.

15 MR. STUMP: We haven't touched resources yet.

16 MR. FISHER: Mr. Moderator, I've got a draft
17 resolution working for discussion.

18 THE MODERATOR: Fine.

19 MR. FISHER: It's in the process of being typed the
20 second time.

21 THE MODERATOR: In what area, Jamie?

22 MR. FISHER: Transportation. So it ought to be coming.
23 The staff seems to function almost with lightning speed. I
24 can't believe it sometimes.

25 THE MODERATOR: Let's go ahead, then, with this

1 financial resolution draft copy and review that for action.

2 Alpha Group resolves that the Legislature adopt
3 the policy of a financial partnership between the State and
4 private enterprise, in cooperation with local financial
5 institutions, with a view toward: One, supporting private
6 enterprise through the provision of venture capital; two,
7 capital support for projects and equipment, through leases
8 or lease purchases, with the lease rate based on actual
9 revenue received from use of the product; and three,
10 approval borrowers based on relevant factors beyond those
11 presently considered by banks. The State economic policy
12 should be developed with goals and desirable social and
13 economic development toward the improvement and strengthening
14 of the private sector.

15 That is the problem that Mr. Borodkin brought to
16 our attention in the area of \$10 million loan for handling
17 raw fish purchases.

18 Is that substantially correct?

19 MR. BORODKIN: No, I --

20 THE MODERATOR: You had to get it through 15 percent?

21 MR. BORODKIN: Yeah, I don't think I should be made
22 part of this resolution.

23 THE MODERATOR: Not that wording but -- direct that
24 kind of loan financing or that kind of financing to be
25 available.

1 MR. FISHER: Let me suggest something. No No. 2 right
2 after "Capital." Why not put a capital or operational
3 support."

4 THE MODERATOR: All right. Very well. You're always
5 very good at amendments, Jamie.

6 MS. BENNETT: Also in No. 2 -- the leases and lease
7 purchases -- it seems to me that we could strike "projects"
8 in that. We're talking about equipment in that.

9 THE MODERATOR: Projects? Capital support for
10 projects and equipment.

11 MR. FISHER: And --

12 THE MODERATOR: Projects could be a mining project.
13 It could be a milling project.

14 MS. BENNETT: But it's still for equipment for the
15 project. For fish, not necessarily.

16 MS. BULLOCK: No, no, it's for capital investment.
17 and I'm talking specifically about leasing and lease
18 purchase agreements for equipment, right?

19 THE MODERATOR: You could lease a facility on a lease
20 purchase.

21 You could lease a building.

22 MR. FISHER: Maybe she's --

23 MS. BENNETT: I'm just really talking about a minor
24 point in the wording of it.

25 MR. FISHER: Are you suggesting to strike equipment

1 because capital and operation support project and leases.
2 That will take care of everything.

3 MR. BORODKIN: Would that take care of it without
4 saying "fish"?

5 (Discussion off the record.)

6 MS. BULLOCK: Mr. Chairman --

7 THE MODERATOR: Yes.

8 MS. BULLOCK: In the second line after "enterprise" we
9 should put in the State of Alaska.

10 THE MODERATOR: Very good thought, Edith.

11 MR. STUMP: And Alaska's private enterprise?

12 THE MODERATOR: Modify Alaskan companies. Or
13 "Alaskans." And we wouldn't want to be extending this kind
14 of a financing device to a company that was controlled from
15 outside.

16 MS. BULLOCK: Right.

17 THE MODERATOR: If they're controlled from Outside let
18 them get their financing from Outside.

19 MS. BULLOCK: Private enterprise.

20 THE MODERATOR: Whether it's a Household Finance
21 coming in to -- use leverage their money and use our money
22 in financing aircraft for Household Finance lien. We
23 wouldn't want that to happen. It's a foreign held airline
24 now for all practical purposes. We're striving to use
25 these nonrenewable resource revenues for the development of

1 industrial activity.

2 MS. BULLOCK: Alaskan owned?

3 THE MODERATOR: Alaskan owned industrial activity. By
4 Alaskans. It's for Alaskans.

5 MR. STUMP: Between the State and Alaskan owned
6 private enterprise? Would that cover that?

7 MR. FISHER: Wasn't the suggestion just kind of
8 physically? That's what she's looking for.

9 MS. BULLOCK: Well, I really am thinking it should be
10 confined to the Alaskan entrepreneur. But how to best state
11 this. What does Mr. Dahl say?

12 THE MODERATOR: Line 1, supporting private enterprise
13 through the provision of venture capital to Alaskans --

14 MR. DAHL: Mr. Chairman?

15 THE MODERATOR: For development within Alaska.

16 MR. DAHL: Wow. I have some problems with that. I
17 think you're limiting the legislation more than you really
18 want to.

19 THE MODERATOR: Okay.

20 MR. DAHL: I think what we're doing in these things is
21 giving some fairly -- a fairly clear direction as to
22 policies that we like to see follow. I agree with you,
23 Edith, that it's good that this be limited, and I think
24 your original idea was really sufficient, and that was to
25 say -- supporting private enterprise in Alaska through the

1 provision of venture capital."

2 THE MODERATOR: Okay. Where do you want to amend that?

3 MR. DAHL: Just add the words after "enterprise" add
4 the words "in Alaska." That was Edith's original thought
5 and I think that's excellent.

6 THE MODERATOR: Jamie, where were you coming from on
7 that?

8 MR. FISHER: Object to my proposal? My proposal was
9 in paragraph No. 2: Capital and then insert after "capital"
10 the words "and operational support for projects and
11 equipment through leases and lease purchases." Because of
12 the illustration that Mr. Borodkin gave us with respect to
13 the loan the what he's talking about is not just the
14 facility. They need operation money, and that's what the
15 PAC loan is.

16 THE MODERATOR: Capital and operational support for
17 projects and equipment through lease or lease purchases
18 with the lease rate based on the actual revenue received
19 for use of the product.

20 MR. FISHER: It's ambiguous enough you can read
21 anything into it you want to.

22 MR. DAHL: It's designed to confuse as few as possible.

23 MS. BENNETT: It doesn't say it's only through leases
24 and lease purchase? I mean, that's what --

25 MR. FISHER: You put the only in.

1 MS. BENNETT: It seems to me that's what that sentence
2 says.

3 MR. STUMP: How about including? Change it to
4 including.

5 MR. FISHER: How about including but not limited to.

6 MR. STUMP: Unnecessary.

7 MS. BENNETT: Yeah.

8 THE MODERATOR: Including -- strike after equipment
9 strike through and insert "including but not limited to?

10 MR. FISHER: No, just including.

11 MS. BENNETT: Just "including."

12 THE MODERATOR: Okay.

13 MR. ACKERMAN: Where do we put "including"?

14 MR. STUMP: Replace "through."

15 MR. STUMP: I'd like to see us vote on it.

16 MS. BENNETT: I have --

17 THE MODERATOR: A motion --

18 MS. BENNETT: I have one more addition. We still
19 don't have anything in here about the preferred rate of
20 interest, do we? And number one that could added.

21 MR. ACKERMAN: I think Mr. Bradner said they were
22 really limited to that. There could only be one and a half
23 points over the money we've got. I mean that's a
24 requirement that's already on it.

25 MS. BENNETT: Okay.

1 MR. ACKERMAN: That takes care of it, Mr. Chairman.
2 Before we start on it, if you could read it its entirety as
3 it's been amended.

4 THE MODERATOR: All right. Alpha group resolves the
5 Legislature adopt the policy of the financial partnership
6 between the State and private enterprise in cooperation
7 with local financial institutions with a view toward: One,
8 supporting private enterprise through the provision of
9 venture capital in Alaska; two, capital and operational
10 support for projects and equipment including leases or
11 lease purchases with the lease rate based on actual revenue
12 received from use of the product; and, three, approval of
13 borrowers based on relevant factors beyond those presently
14 considered by banks. The State economic policy should be
15 developed with goals of desirable social and economic
16 develop many toward the improvement and strengthening of
17 the private sector.

18 MR. ACKERMAN: Move for adoption.

19 MS. BULLOCK: Exception.

20 MR. STUMP: Exception.

21 MS. BULLOCK: My proposal was to move on the second
22 line after private enterprise within the State of Alaska.
23 That covers the following points. And number one says
24 supporting private enterprise through the provision of
25 venture capital. Is that correct?

1 MR. DAHL: Mr. Chairman?

2 THE MODERATOR: Right.

3 MR. DAHL: Sorry if I misunderstood, Edith. I thought
4 your amendment was to change number one to read: "Supporting
5 private enterprise in Alaska through the provision of
6 venture capital."

7 MS. BULLOCK: Well, if this is the way you like,
8 that's fine.

9 MR. DAHL: That's what I thought you were asking to do.
10 I misunderstood that language when Bob read it.

11 MS. BULLOCK: So now we have it: "Supporting private
12 enterprise in Alaska through the provision of venture
13 capital." Okay.

14 THE MODERATOR: Supporting private enterprise --

15 MS. BULLOCK: In Alaska.

16 THE MODERATOR: -- in Alaska through the provision of
17 venture capital.

18 MR. STUMP: Where are we? Question?

19 THE MODERATOR: Okay. Number one: Supporting private
20 enterprise in Alaska through the provision of venture
21 capital." Is that correct?

22 MR. KOCSIS: That's correct. Mr. Chairman?

23 THE MODERATOR: Mr. Kocsis.

24 MR. KOCSIS: Is the question called? I'm assuming on
25 the record I would agree with the wording but I'm assuming

1 by "providing they would also help in facilitation of that,
2 too. In other words, they'd provide seems to indicate they
3 would be the ones to give the money. We also should agree
4 they should go out and facilitate it for them wherever it
5 is. Is that included?

6 THE MODERATOR: Through local financial institutions.
7 It would be State funds handled through local financial
8 institutions.

9 MR. KOCSIS: Do you want also to indicate the State
10 could facilitate federal funds on that, too, for instance.
11 They could facilitate the native corporation participation.

12 THE MODERATOR: Right.

13 MR. ACKERMAN: Why don't we say --

14 MR. KOCSIS: On the record, is that part of what we're
15 saying? Is that assumed in there? Is that the feeling of
16 the group?

17 MR. ACKERMAN: Why don't we say, "provide and
18 facilitate" it?

19 MR. KOCSIS: I'm not asking to amend. I want to make
20 it clear. The record will be available, if you want to say
21 it. Okay. I want to make sure I'm understanding it to do
22 everything they can. You do mean they should encourage all
23 participation, not provide just their own money. They get
24 in everything else they can, too.

25 MR. ACKERMAN: I think we add provide facilitate it

1 will give us a lot more opportunities to do what we want to
2 do. We don't necessarily have to provide all the money if
3 we can facilitate it it serves the same purpose, and I
4 think we ought to include it in the resolution so it's
5 clear.

6 THE MODERATOR: Okay. Is that paragraph one?
7 Supporting private enterprise in Alaska? Is that the
8 paragraph?

9 MR. KOCSIS: It would be it says "through the
10 provision of venture capital." The specific situation I
11 envision that I think is covered -- I just was trying to
12 make sure what the record is: For instance, the State
13 would subsidize loans. Well, they're not providing all the
14 capital they're providing a subsidy or they're guaranteeing
15 a loan. They're facilitating a loan. They've not actually
16 giving you the chunk of money. I want to make sure we're
17 dating that. I just want on the record that's what you do
18 mean.

19 THE MODERATOR: It's a rather laborious the way I
20 interpret it. Let's read it.

21 MR. KOCSIS: Yes. Supporting private enterprise
22 through the provision of facilitation of venture capital.

23 MR. DAHL: Keeping the words in Alaska.

24 MR. KOCSIS: in Alaska, yes, sir.

25 MR. STUMP: Would you repeat that?

1 MR. KOCSIS: You're merely adding after -- I will read
2 the whole thing. Supporting private enterprise through the
3 provision or facilitation of venture capital in that Alaska."

4 MR. STUMP: I'd agree with that.

5 THE MODERATOR: Supporting private enterprise and then
6 delete "in Alaska there." All right. Through the
7 provision or facilitation of venture capital in Alaska."
8 Is that the way you want it?

9 MR. KOCSIS: I think we've discussed enough so the
10 record will show what we're talking about. Yes, I feel
11 comfortable with that.

12 THE MODERATOR: There was a motion by Mr. Ackerman for
13 the adoption of this financing resolution. Is there a
14 second or an objection?

15 MR. ACKERMAN: I think we ought to read it again so
16 it's going to be the way through. We've had a couple of
17 changes since that time.

18 THE MODERATOR: All right. Your motion is on the
19 floor.

20 MR. ACKERMAN: I'd -- there was an objection.

21 THE MODERATOR: All right. You seconded it. There
22 can be an objection for reading and then there can be
23 withdrawal of the objection and we can vote for adoption or
24 rejection. Do I hear a second?

25 (No response.)