

S

B

7

5

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF STRATEGIC PLANNING

BILL SHEFFIELD, GOVERNOR

POUCH AD
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

March 11, 1983

The Honorable Vic Fischer
Chair, Senate State
Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

SB 75 was introduced by the Rules Committee at the request of the Alaska Statehood Commission. Four special appropriations to the Governor's Office are offered in the bill, implementing four of the twenty recommendations of the final report of the Alaska Statehood Commission, "More Perfect Union, A Plan for Action." Section 1 proposes \$10,000 for a study of funding flows between the federal government and the State. This study encompasses Recommendation #16 of the final report of the Alaska Statehood Commission. Section 2 implements Recommendation #4 of the Statehood Commission's final report, calling for \$200,000 to fund an institute to perform research and to act as an advocate of resource states' interests. Section 3 implements Recommendation #7 of the final report, appropriating \$100,000 to establish a legal action fund. Section 4 requests \$30,000 to call a national convocation on federalism to be sponsored by the National Governors' Association. This request would implement Recommendation #8 of the Statehood Commission's final report.

Attached to this memorandum are copies of the relevant sections of the Alaska Statehood Commission's report, "More Perfect Union."

The approach taken by the Statehood Commission was to urge the State to take an aggressive, leadership role among the western resource producing states, especially to combat the current move to limit the taxation capability of the energy rich states. The northeastern states support research and public information campaigns to limit the taxation capability of western states. The recommendations which are selected by

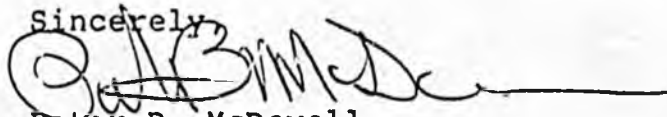
March 10, 1983

this bill for implementation through special studies are aimed at the accumulation and dissemination of information and at the use of State funds to set Alaska in a lead role among the western states.

The goals of the Alaska Statehood Commission deserve and will receive serious consideration by the Administration. The Governor is aware of the need for careful research and concerted action among the western states to combat Congressional initiatives that are not in the best interests of Alaska. Governor Sheffield joined Governor Hammond in discussions with western Governors about common problems. Approximately, \$125,000 (FY 83) supports preliminary work related to Section 2, specifically, the identification of energy production and resource issues of concern to Alaska and western states. If preliminary work warrants further efforts, Governor Sheffield intends to pursue this matter. It would be premature, however, to identify a specific approach, such as an "institute," at this time. Instead, sufficient funds should be available in the Governor's budget to address these further issues of coordination and agreement among western states and of what should be done by whom and at what cost.

While the Governor's Office appreciates the direction implied by SB 75, we do not support the expenditure of \$340,000 for the projects listed above.

Sincerely,



Peter B. McDowell
Director, OMB

Enclosure

Our research²² indicates that a state can, by rejecting a grant it accepted in prior years, embarrass the federal bureaucracy into reforming the grant and pruning the tendrils of conditions which have sprouted from it.

Section 16
1 16 The Legislature should fund the Department of Revenue or other appropriate agency to make an annual study of and report on the flow of federal spending and revenues in Alaska.

Basic data about the federal government's economic relationship with Alaska has been difficult to obtain in coherent form from either federal or state agencies, though this information is critical for defending against congressional efforts to confiscate or limit state oil and other resource revenues.

The information is also critical for showing our fellow Americans through the national media that Alaska contributes more to the national treasury than it withdraws.

Because of the lack of available data, the Statehood Commission commissioned two studies on federal revenue and spending in Alaska from the University of Alaska's Institute of Social and Economic Research (ISER, 1981, 1982).

The first study, covering federal fiscal year 1980, showed that the federal government was earning \$2 from general economic activity in Alaska for every \$1 that it spent here. The second study, for fiscal year 1981, showed that by then the federal government was earning \$3 in Alaska for every \$1 that it spent.

The latter study showed that economic activity in Alaska accounted for one-sixth of all of the federal government's Windfall Profits Tax revenues in 1981 and one-twentieth of all of its revenues from corporate income taxes.

The studies also showed that the federal income tax lands unfairly on Alaskans, hurting families and businesses and distorting investment decisions in this state.

Put in the larger context of economic data about Alaska's high cost of living, its lack of transportation and of energy systems and its lack of adequate housing, the information from these economic studies can show the fair minded that Alaska not only is paying its way in the family of states but has urgent needs at home for its income from temporary oil supplies. Poor until recently, Alaska needs to catch up in supplying to its citizens the basic services that other states offer and most Americans take for granted.

A general theme in this final report from the Statehood Commission is that Alaska must collect more precise, reliable information about

itself and disperse it widely across the nation and the state.

Keeping up with how much the federal government earns from Alaska and how much it spends here is a key part of that effort.

17 The governor should establish an office of external relations on his staff, to be headed by a special assistant to coordinate Alaska's expanded relations with other states and with foreign nations.

Much of this report argues the necessity for Alaska to reach out to other states and its neighbors in Canada to establish new coalitions, working groups and conferences to deal with mutual needs.

This work is so important that the Statehood Commission feels that one high-ranking official reporting directly to the governor should have the responsibility of coordinating and directing these efforts with all parts of state government.

It is just as important, however, that this office also concern itself with Alaska's efforts to strengthen its relationships with many foreign nations, especially those with which it trades and those with which it hopes to increase trade.

It is not generally known that in 1981 "Alaska rated number one in the nation for exports as percentage of total shipments from the state. Furthermore, export-related employment in Alaska was 34.7 percent of jobs in Alaska's manufacturing sector, which includes seafood processing" (Hemphill, p. 2).

Alaska's exports to foreign markets in 1981 equalled \$1.2 billion; its imports from foreign countries totaled \$229 million, according to Hemphill. Alaska thus was one of the few U.S. states in 1981 with a positive trade balance and so made a significant contribution to the country's trade situation.

Japan bought most of Alaska's exports--\$935 million worth. Japan also was the largest exporter to Alaska--\$59 million in goods.

Four classes of goods made up the bulk of Alaska's 1981 exports: seafood products, at \$427 million; liquefied natural gas, at \$310 million; forest products, at \$278 million and fertilizers, at \$133 million. These figures do not include goods shipped from Alaska to other U.S. states for reprocessing and export.

The nation and Alaska need to expand markets for these products and to find markets for such other Alaska products as coal, other minerals and grains. Developing these markets demands con-

²²See the Alaska Statehood Commission publication, *Shifting Power from the Federal Government to the State of Alaska*, by Harold Hovey, 1982.

4

~~Alaska must act immediately to create in Washington, D.C., a research and advocacy institute and ask other resource states to join in supporting it. The institute would combat efforts in Congress to limit or tax state resource revenues.~~

Efforts to strip Alaska and other resource states of revenues from oil and other energy sources center around the Northeast-Midwest Congressional Coalition and its research arm, the Northeast-Midwest Institute.

The Institute has become the dominant source of detailed information about resource extraction and taxing available in Washington to the national press, members of Congress and other federal officials.

The Coalition and the 18 states it represents seek to have resource incomes of individual states pooled by federal law and redistributed to all states. Such federal action would be a major blow to one of the last pillars of state sovereignty: the power to raise and allocate revenues. The Coalition even wants the federal government to prescribe how individual states may spend resource revenues.

The Northeast-Midwest Institute is only too happy to provide facts, figures and research documents to bolster efforts in Congress to nationalize the incomes of what the Coalition has tagged the "United American Emirates," the oil-producing states.

A major political battle looms. It will be fought largely in the newspapers and on radio and television for the hearts and minds of the general public.

The need for a counterbalancing institute of resource states seems obvious and may be critical. Such an organization would perform and publish scholarly research on matters of special interest to the resource states. The institute must be located in Washington, D.C., for maximum accessibility, effect and credibility. It is very important for reporters, the administration, members of Congress and their staff to have personal access to the institute's researchers as well as to its publications.

Alaska must lead in starting such a research and advocacy institute and keeping it funded. The Legislature should provide the governor with money enough to fund the institute's first years and convince other states to join the effort. To do nothing or to delay too long in face of an obvious threat to Alaska's financial well-being will only turn the threat into an impoverishing reality.

5

The state Board of Education and Alaska school districts should require the teaching of Alaska history, citizenship and culture.

The Statehood Commission worries that in our oil-propelled rush into the mainstream of the nation's economy, we may be cutting our ties with what is special about Alaska. Further, by failing to attend to our history we risk repeating mistakes made during Alaska's early days of copper, gold and fishing booms and busts.

We have a system of public and private education second to none, and yet we do not require education about our state's history.

Alaska's long isolation from the other states has ended. Arctic villages once accustomed to occasional newspapers by barge and dogsled now receive their baseball games televised live via satellite. One out of three Alaskans has lived in the state less than five years.

It is not easy to preserve our heritage with such turnover and in the face of a mass culture tuned to a common denominator, but we must try. We have a system of public and private education second to none, and yet we do not require education about our state's history. We do not require instruction on our rich and varied regional and statewide cultures.

We should also teach every student—from elementary through post-secondary schooling—the reciprocal duties between citizen and state, and between citizen and national government. A citizenship program should teach respect for the dignity of every individual; the observance of rules written for the common good; respect for private and public property; strong ethical values; development of a social conscience; and democratic ideals.¹⁸ If Alaska needs a model it need look only as far as the education required of aliens requesting U.S. citizenship. It is paradoxical that naturalized citizens often have a better knowledge about America than those born here.

The Legislature should speed development of the classroom material required, and make the materials available to all public and private school systems.

Education is Alaska's opportunity to invest in the next generation of voters and leaders. It is our preventive medicine against the repetition of past mistakes. It can be our way of preserving and

¹⁸In 1980 the Anchorage School Board approved a similar list of goals for a citizenship education program.

a state-called convention to propose amendments.

The rules are long overdue, but we doubt that Congress will write them.¹⁹ It prefers to hold up the specter of a runaway convention to discourage the states ever asking for one. In this way Congress keeps complete control over which amendments are submitted for ratification.

The states must force the issue under Article V by calling for a convention to amend Article V. Rules must set out how convention votes would be apportioned and should define the scope of a convention's proposing powers. We believe a convention should be limited to the consideration of subjects named in the state resolutions asking for a convention. It should not have blanket authority to propose other amendments.

For Alaska, a federal convention has both danger and opportunity. Much depends on how votes are apportioned at the convention. We recommend the Alaska Legislature, in its resolution, call for equal votes by state. Under this plan, if there were 500 votes to go around, Alaska would have 10 votes, or 2 percent.

Were apportionment to follow a congressional model (votes according to the size of a state's congressional delegation), Alaska would have only 3 out of 500, or 0.6 percent of the votes. If votes are apportioned strictly by population, Alaska would have still fewer: 1 out of 500, or 0.17 percent of the votes.

Equal votes among the states would be true to the plan of the Constitutional Convention of 1787. That convention was "first and foremost a gathering of states" (Rossiter, p. 68). We suggest emulating the U.S. Senate: two delegates per state in a constitutional convention, for a total of 100 votes.

Section 3. 7

Alaska should take the initiative to establish a legal action fund for the states.

~~This fund would oppose illegal and coercive federal restrictions, regulations burdensome to state and local government, and excessive use by Congress of its commerce powers to override state and local laws.~~

At present no one adequately represents state and local views when federalism questions come

up in court--questions such as, "What does the Constitution say about this conflict between state and federal government?"

The federal government has the Office of the Solicitor General. Special-interest groups--often at odds with state and local governments--have

In short, state and local governments must start working together to oppose creeping federal intrusions.

their legal defense funds.

But lawyers for state and local governments find themselves outgunned in the higher courts on complex federalism questions. They speak only for their employer, but the court decisions handed down will infuse the internal workings of all state and local governments, rewriting charters and constitutions and increasing liability to civil lawsuits.

In short, state and local governments must start working together to oppose creeping federal intrusions.

They triumphed on one of the few occasions they did work together--in the mid 1970s, challenging federal power to impose minimum wage and overtime laws on state and local governments. The National League of Cities, the National Governors' Conference, 19 states, and three municipal governments joined in a lawsuit to defend their authority to set wages and hours. The outcome was a landmark victory for state and local powers: the Supreme Court decision in *National League of Cities v. Usery*, 426 U.S. 833 (1976). It was one of few times in which the Court has held that the 10th Amendment (reserving powers to the states) is a limit on federal action.

Alaska should take the lead to get a legal action fund for state and local governments underway. It should put up money to operate the fund for one year. Lawyers for this fund would file lawsuits and intervene in others as advocates for all state and local governments, at all levels of court.²⁰

A century ago the fundamental questions of union and disunion, of federal and state powers, were debated on the floors of Congress and bloodied the fields of Shiloh and Antietam. Today the arena is not Congress, not the battlefield, not even the halls of bureaucracy. The deepest inquiries of our union now pivot on what judges say. States have ignored this fact too long. They should pool their energies and channel them accordingly.

¹⁹The weight of academic opinion is that Congress does have the power to pass laws defining convention procedures.

²⁰A pilot project underway is a move in the right direction. A private foundation and several nationwide state and local government organizations have brought to being the State and Local Legal Center. Two attorneys will monitor the Supreme Court and will research and help prepare arguments for these governments. However, current plans aim only at the Supreme Court and providing assistance there. We believe active intervention at all levels is needed.

8

~~Alaska should provide seed money to the National Governors' Association or like organization to sponsor a national convocation on federalism in the United States.~~

Not since 1787 have the leaders of the nation met to talk over the health of the relationship between the central government and the states. In that time the federal government has grown in power far beyond that envisioned by the nation's founders, for reasons good and bad. In

We think other Americans feel it is time to take a good look at what their governments have become...

the past year, we have discovered no evidence to make us retreat from our statement in our preliminary report that:

"By anyone's standards, the system of government in the United States has become greatly centralized, highly bureaucratized, frighteningly intergovernmentalized and often so complicated that it seems to be paralyzed..."
(*More Perfect Union*, p. 26)

On the national level, recent discussions about federalism have failed to center on a fundamental restructuring of the relations between Washington, D.C., and the 50 states. Instead they have dealt with the more superficial matter of swapping responsibilities for who pays for certain health and welfare programs.

There is no doubt that since the founding, and especially in the two decades just past, federal powers have waxed, while the powers of the states have waned. The question is whether this process should continue without examination by the president, the governors, and other chief appointed and elected officials of the nation and the states.

We think not. We think other Americans feel it is time to take a good look at what their governments have become, to determine what is the proper role of the central government and the sovereign states in our federal system.

There has long been talk about having a national meeting to raise national consciousness about the respective roles of the central government and of the states. But no one has taken the first

step to make such a convocation happen. Alaskans, if they are serious about staking out federal powers, can take that first step by putting down the seed money to have the nation's governors organize the convocation. Alaska can even offer to host the convocation in Alaska, in 1984 during the 25th anniversary celebration of Alaska's accession to statehood. But whatever the place, Alaska should do what it can to stir the nation and get this convocation underway.

9

Alaska and other states should consider amending the U.S. Constitution to strengthen the role of the states.

Since the ratification of the 17th Amendment,²¹ which took the duty of electing U.S. senators from the legislatures and replaced it with direct election by the people, the states have lacked a collective voice in setting national policy. The states should contemplate proposing substantive amendments to the Constitution which would strengthen state roles, protect proper state powers, and counter federal growth.

The topic of possible amendments is perfectly suited to the agenda of a national convocation on federalism (Recommendation 8).

Over the years a variety of amendments have been proposed to alter the relationship between federal and state governments. Among them:

- a "state veto" of federal legislation (except for federal laws dealing with defense, foreign affairs or civil rights) by a vote of two-thirds of the state legislatures;
- a measure prohibiting the federal government from imposing any condition upon the states by grant requirements that it could not impose constitutionally by statute or regulation; and
- a "court of the union" composed of the chief justices of every state's supreme court. Assembled at the request of five states, this court would have the power to overrule any U.S. Supreme Court decision.

We are not prepared to endorse any of these proposals. We offer them for scrutiny as ways in which states might assert more control over national decision-making.

Critics have pointed to the states' poor record in championing civil rights during the 1950s and 1960s. They argue that any amendment strengthening state powers will reverse the progress of the last 30 years.

State officials reply that states have come a

²¹Under the original Constitution state legislatures named senators for each state. Alexander Hamilton said this power was an "absolute safeguard" to the states, and one which could not be dropped without "an entire dereliction of the federal principle" (*The Federalist Papers*, No. 59). Towards the end of the 19th Century, though, this duty was causing many deadlocks and much hard feelings in the legislatures. By 1912 two-thirds of the states called for a national convention to propose an amendment providing for direct election of U.S. senators. Congress forestalled this convention by proposing a similar amendment. The states ratified the amendment in 1913.

Introduced: 1/26/83
Referred: State Affairs and
Finance

Funding Information
General Fund \$340,000
Other Funds -0-
\$340,000

BY THE RULES COMMITTEE
BY REQUEST OF THE ALASKA
STATEHOOD COMMISSION

1 IN THE SENATE

2

SENATE BILL NO. 75

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making special appropriations to the Office

7

of the Governor; and providing for an effective

8

date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$10,000 is appropriated from the general fund
11 to the Office of the Governor for a study of funding flows between the
12 federal government and the state.

13 * Sec. 2. The sum of \$200,000 is appropriated from the general fund to
14 the Office of the Governor to fund an institute to perform research and act
15 as an advocate of resource states' interests.

16 * Sec. 3. The sum of \$100,000 is appropriated from the general fund to
17 the Office of the Governor for the share of the State of Alaska of a legal
18 action fund for all states.

19 * Sec. 4. The sum of \$30,000 is appropriated from the general fund to
20 the Office of the Governor for the share of the State of Alaska of a
21 national convocation on federalism sponsored by the National Governor's
22 Association.

23 * Sec. 5. The unexpended and unobligated portion of the appropriation
24 made by this Act lapses into the general fund June 30, 1984.

25 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

SENATOR VIC FISCHER, CHAIRMAN

POUCH V, JUNEAU 99811

(907) 465-4954



MEMORANDUM

TO: Senate State Affairs
Committee Members

FROM: Senator Vic Fischer, Chair
Senate State Affairs Committee

DATE: March 20, 1983

R : Senate Bill 75

I have asked the Governor's Office to give its opinion on Senate Bill 75, a special appropriation to the Office of the Governor as requested by the Statehood Commission. Attached is Peter McDowell's response to my inquiry.

I would like to discuss the possibility of committee action on this bill at our next regularly scheduled meeting.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

DIVISION OF STRATEGIC PLANNING

BILL SHEFFIELD, GOVERNOR

POUCH AD
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

March 11, 1983

The Honorable Vic Fischer
Chair, Senate State
Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

SB 75 was introduced by the Rules Committee at the request of the Alaska Statehood Commission. Four special appropriations to the Governor's Office are offered in the bill, implementing four of the twenty recommendations of the final report of the Alaska Statehood Commission, "More Perfect Union, A Plan for Action." Section 1 proposes \$10,000 for a study of funding flows between the federal government and the State. This study encompasses Recommendation #16 of the final report of the Alaska Statehood Commission. Section 2 implements Recommendation #4 of the Statehood Commission's final report, calling for \$200,000 to fund an institute to perform research and to act as an advocate of resource states' interests. Section 3 implements Recommendation #7 of the final report, appropriating \$100,000 to establish a legal action fund. Section 4 requests \$30,000 to call a national convocation on federalism to be sponsored by the National Governors' Association. This request would implement Recommendation #8 of the Statehood Commission's final report.

Attached to this memorandum are copies of the relevant sections of the Alaska Statehood Commission's report, "More Perfect Union."

The approach taken by the Statehood Commission was to urge the State to take an aggressive, leadership role among the western resource producing states, especially to combat the current move to limit the taxation capability of the energy rich states. The northeastern states support research and public information campaigns to limit the taxation capability of western states. The recommendations which are selected by


March 10, 1983

this bill for implementation through special studies are aimed at the accumulation and dissemination of information and at the use of State funds to set Alaska in a lead role among the western states.

The goals of the Alaska Statehood Commission deserve and will receive serious consideration by the Administration. The Governor is aware of the need for careful research and concerted action among the western states to combat Congressional initiatives that are not in the best interests of Alaska. Governor Sheffield joined Governor Hammond in discussions with western Governors about common problems. Approximately, \$125,000 (FY 83) supports preliminary work related to Section 2, specifically, the identification of energy production and resource issues of concern to Alaska and western states. If preliminary work warrants further efforts, Governor Sheffield intends to pursue this matter. It would be premature, however, to identify a specific approach, such as an "institute," at this time. Instead, sufficient funds should be available in the Governor's budget to address these further issues of coordination and agreement among western states and of what should be done by whom and at what cost.

While the Governor's Office appreciates the direction implied by SB 75, we do not support the expenditure of \$340,000 for the projects listed above.

Sincerely,



Peter B. McDowell
Director, OMB

Enclosure

Our research³² indicates that a state can, by rejecting a grant it accepted in prior years, embarrass the federal bureaucracy into reforming the grant and pruning the tendrils of conditions which have sprouted from it.

itself and disperse it widely across the nation and the state.

Keeping up with how much the federal government earns from Alaska and how much it spends here is a key part of that effort.

Section 1-16

Basic data about the federal government's economic relationship with Alaska has been difficult to obtain in coherent form from either federal or state agencies, though this information is critical for defending against congressional efforts to confiscate or limit state oil and other resource revenues.

The information is also critical for showing our fellow Americans through the national media that Alaska contributes more to the national treasury than it withdraws.

Because of the lack of available data, the Statehood Commission commissioned two studies on federal revenue and spending in Alaska from the University of Alaska's Institute of Social and Economic Research (ISER, 1981, 1982).

The first study, covering federal fiscal year 1980, showed that the federal government was earning \$2 from general economic activity in Alaska for every \$1 that it spent here. The second study, for fiscal year 1981, showed that by then the federal government was earning \$3 in Alaska for every \$1 that it spent.

The latter study showed that economic activity in Alaska accounted for one-sixth of all of the federal government's Windfall Profits Tax revenues in 1981 and one-twentieth of all of its revenues from corporate income taxes.

The studies also showed that the federal income tax lands unfairly on Alaskans, hurting families and businesses and distorting investment decisions in this state.

Put in the larger context of economic data about Alaska's high cost of living, its lack of transportation and of energy systems and its lack of adequate housing, the information from these economic studies can show the fair minded that Alaska not only is paying its way in the family of states but has urgent needs at home for its income from temporary oil supplies. Poor until recently, Alaska needs to catch up in supplying to its citizens the basic services that other states offer and most Americans take for granted.

A general theme in this final report from the Statehood Commission is that Alaska must collect more precise, reliable information about

17 The governor should establish an office of external relations on his staff, to be headed by a special assistant to coordinate Alaska's expanded relations with other states and with foreign nations.

Much of this report argues the necessity for Alaska to reach out to other states and its neighbors in Canada to establish new coalitions, working groups and conferences to deal with mutual needs.

This work is so important that the Statehood Commission feels that one high-ranking official reporting directly to the governor should have the responsibility of coordinating and directing these efforts with all parts of state government.

It is just as important, however, that this office also concern itself with Alaska's efforts to strengthen its relationships with many foreign nations, especially those with which it trades and those with which it hopes to increase trade.

It is not generally known that in 1981 "Alaska rated number one in the nation for exports as percentage of total shipments from the state. Furthermore, export-related employment in Alaska was 34.7 percent of jobs in Alaska's manufacturing sector, which includes seafood processing" (Hemphill, p. 2).

Alaska's exports to foreign markets in 1981 equalled \$1.2 billion; its imports from foreign countries totaled \$229 million, according to Hemphill. Alaska thus was one of the few U.S. states in 1981 with a positive trade balance and so made a significant contribution to the country's trade situation.

Japan bought most of Alaska's exports--\$935 million worth. Japan also was the largest exporter to Alaska--\$59 million in goods.

Four classes of goods made up the bulk of Alaska's 1981 exports: seafood products, at \$427 million; liquefied natural gas, at \$310 million; forest products, at \$278 million and fertilizers, at \$133 million. These figures do not include goods shipped from Alaska to other U.S. states for reprocessing and export.

The nation and Alaska need to expand markets for these products and to find markets for such other Alaska products as coal, other minerals and grains. Developing these markets demands con-

³²See the Alaska Statehood Commission publication, *Shifting Power from the Federal Government to the State of Alaska*, by Harold Hovey, 1982.

an

it.
in
ce

Efforts to strip Alaska and other resource states of revenues from oil and other energy sources center around the Northeast-Midwest Congressional Coalition and its research arm, the Northeast-Midwest Institute.

The Institute has become the dominant source of detailed information about resource extraction and taxing available in Washington to the national press, members of Congress and other federal officials.

The Coalition and the 18 states it represents seek to have resource incomes of individual states pooled by federal law and redistributed to all states. Such federal action would be a major blow to one of the last pillars of state sovereignty: the power to raise and allocate revenues. The Coalition even wants the federal government to prescribe how individual states may spend resource revenues.

The Northeast-Midwest Institute is only too happy to provide facts, figures and research documents to bolster efforts in Congress to nationalize the incomes of what the Coalition has tagged the "United American Emirates," the oil-producing states.

A major political battle looms. It will be fought largely in the newspapers and on radio and television for the hearts and minds of the general public.

The need for a counterbalancing institute of resource states seems obvious and may be critical. Such an organization would perform and publish scholarly research on matters of special interest to the resource states. The institute must be located in Washington, D.C., for maximum accessibility, effect and credibility. It is very important for reporters, the administration, members of Congress and their staff to have personal access to the institute's researchers as well as to its publications.

Alaska must lead in starting such a research and advocacy institute and keeping it funded. The Legislature should provide the governor with money enough to fund the institute's first years and convince other states to join the effort. To do nothing or to delay too long in face of an obvious threat to Alaska's financial well-being will only turn the threat into an impoverishing reality.

The state Board of Education and Alaska school districts should require the teaching of Alaska history, citizenship and culture.

The Statehood Commission worries that in our oil-propelled rush into the mainstream of the nation's economy, we may be cutting our ties with what is special about Alaska. Further, by failing to attend to our history we risk repeating mistakes made during Alaska's early days of copper, gold and fishing booms and busts.

We have a system of public and private education second to none, and yet we do not require education about our state's history.

Alaska's long isolation from the other states has ended. Arctic villages once accustomed to occasional newspapers by barge and dogsled now receive their baseball games televised live via satellite. One out of three Alaskans has lived in the state less than five years.

It is not easy to preserve our heritage with such turnover and in the face of a mass culture tuned to a common denominator, but we must try. We have a system of public and private education second to none, and yet we do not require education about our state's history. We do not require instruction on our rich and varied regional and statewide cultures.

We should also teach every student--from elementary through post-secondary schooling--the reciprocal duties between citizen and state, and between citizen and national government. A citizenship program should teach respect for the dignity of every individual; the observance of rules written for the common good; respect for private and public property; strong ethical values; development of a social conscience; and democratic ideals.¹⁸ If Alaska needs a model it need look only as far as the education required of aliens requesting U.S. citizenship. It is paradoxical that naturalized citizens often have a better knowledge about America than those born here.

The Legislature should speed development of the classroom material required, and make the materials available to all public and private school systems.

Education is Alaska's opportunity to invest in the next generation of voters and leaders. It is our preventive medicine against the repetition of past mistakes. It can be our way of preserving and

¹⁸In 1980 the Anchorage School Board approved a similar list of goals for a citizenship education program.

a state-called convention to propose amendments.

The rules are long overdue, but we doubt that Congress will write them.¹⁹ It prefers to hold up the specter of a runaway convention to discourage the states ever asking for one. In this way Congress keeps complete control over which amendments are submitted for ratification.

The states must force the issue under Article V by calling for a convention to amend Article V. Rules must set out how convention votes would be apportioned and should define the scope of a convention's proposing powers. We believe a convention should be limited to the consideration of subjects named in the state resolutions asking for a convention. It should not have blanket authority to propose other amendments.

For Alaska, a federal convention has both danger and opportunity. Much depends on how votes are apportioned at the convention. We recommend the Alaska Legislature, in its resolution, call for equal votes by state. Under this plan, if there were 500 votes to go around, Alaska would have 10 votes, or 2 percent.

Were apportionment to follow a congressional model (votes according to the size of a state's congressional delegation), Alaska would have only 3 out of 500, or 0.6 percent of the votes. If votes are apportioned strictly by population, Alaska would have still fewer: 1 out of 500, or 0.17 percent of the votes.

Equal votes among the states would be true to the plan of the Constitutional Convention of 1787. That convention was "first and foremost a gathering of states" (Rossiter, p. 68). We suggest emulating the U.S. Senate: two delegates per state in a constitutional convention, for a total of 100 votes.

up in court--questions such as, "What does the Constitution say about this conflict between state and federal government?"

The federal government has the Office of the Solicitor General. Special-interest groups--often at odds with state and local governments--have

In short, state and local governments must start working together to oppose creeping federal intrusions.

their legal defense funds.

But lawyers for state and local governments find themselves outgunned in the higher courts on complex federalism questions. They speak only for their employer, but the court decisions handed down will infuse the internal workings of all state and local governments, rewriting charters and constitutions and increasing liability to civil lawsuits.

In short, state and local governments must start working together to oppose creeping federal intrusions.

They triumphed on one of the few occasions they did work together--in the mid 1970s, challenging federal power to impose minimum wage and overtime laws on state and local governments. The National League of Cities, the National Governors' Conference, 19 states, and three municipal governments joined in a lawsuit to defend their authority to set wages and hours. The outcome was a landmark victory for state and local powers: the Supreme Court decision in *National League of Cities v. Usery*, 426 U.S. 833 (1976). It was one of few times in which the Court has held that the 10th Amendment (reserving powers to the states) is a limit on federal action.

Alaska should take the lead to get a legal action fund for state and local governments underway. It should put up money to operate the fund for one year. Lawyers for this fund would file lawsuits and intervene in others as advocates for all state and local governments, at all levels of court.²⁰

A century ago the fundamental questions of union and disunion, of federal and state powers, were debated on the floors of Congress and bloodied the fields of Shiloh and Antietam. Today the arena is not Congress, not the battlefield, not even the halls of bureaucracy. The deepest inquiries of our union now pivot on what judges say. States have ignored this fact too long. They should pool their energies and channel them accordingly.

Section 3

7

Alaska should take the initiative to establish a legal action fund for the state.

~~This fund would oppose illegal and coercive federal restrictions, regulations, burdens on state and local government and excessive use by Congress of its powers to override state and local laws.~~

At present no one adequately represents state and local views when federalism questions come

¹⁹The weight of academic opinion is that Congress does have the power to pass laws defining convention procedures.

²⁰A pilot project underway is a move in the right direction. A private foundation and seven nationwide state and local government organizations have brought to being the State and Local Legal Center. Two attorneys will monitor the Supreme Court and will research and help prepare arguments for these governments. However, current plans aim only at the Supreme Court and providing assistance there. We believe active intervention at all levels is needed.

Section 4

8

~~Alaska should provide seed money to the National Governors' Association or like organization to sponsor a national convocation on federalism in the United States.~~

Not since 1787 have the leaders of the nation met to talk over the health of the relationship between the central government and the states. In that time the federal government has grown in power far beyond that envisioned by the nation's founders, for reasons good and bad. In

We think other Americans feel it is time to take a good look at what their governments have become....

In the past year, we have discovered no evidence to make us retreat from our statement in our preliminary report that:

"By anyone's standards, the system of government in the United States has become greatly centralized, highly bureaucratized, frighteningly intergovernmentalized and often so complicated that it seems to be paralyzed..."

(More Perfect Union, p. 26)

On the national level, recent discussions about federalism have failed to center on a fundamental restructuring of the relations between Washington, D.C., and the 50 states. Instead they have dealt with the more superficial matter of swapping responsibilities for who pays for certain health and welfare programs.

There is no doubt that since the founding, and especially in the two decades just past, federal powers have waxed, while the powers of the states have waned. The question is whether this process should continue without examination by the president, the governors, and other chief appointed and elected officials of the nation and the states.

We think not. We think other Americans feel it is time to take a good look at what their governments have become, to determine what is the proper role of the central government and the sovereign states in our federal system.

There has long been talk about having a national meeting to raise national consciousness about the respective roles of the central government and of the states. But no one has taken the first

step to make such a convocation happen.

Alaskans, if they are serious about staking out federal powers, can take that first step by putting down the seed money to have the nation's governors organize the convocation. Alaska can even offer to host the convocation in Alaska, in 1984 during the 25th anniversary celebration of Alaska's accession to statehood.

But whatever the place, Alaska should do what it can to stir the nation and get this convocation underway.

9

Alaska and other states should consider amending the U.S. Constitution to strengthen the role of the states.

Since the ratification of the 17th Amendment,²¹ which took the duty of electing U.S. senators from the legislatures and replaced it with direct election by the people, the states have lacked a collective voice in setting national policy. The states should contemplate proposing substantive amendments to the Constitution which would strengthen state roles, protect proper state powers, and counter federal growth.

The topic of possible amendments is perfectly suited to the agenda of a national convocation on federalism (Recommendation 8).

Over the years a variety of amendments have been proposed to alter the relationship between federal and state governments. Among them:

- a "state veto" of federal legislation (except for federal laws dealing with defense, foreign affairs or civil rights) by a vote of two-thirds of the state legislatures;

- a measure prohibiting the federal government from imposing any condition upon the states by grant requirements that it could not impose constitutionally by statute or regulation; and

- a "court of the union" composed of the chief justices of every state's supreme court. Assembled at the request of five states, this court would have the power to overrule any U.S. Supreme Court decision.

We are not prepared to endorse any of these proposals. We offer them for scrutiny as ways in which states might assert more control over national decision-making.

Critics have pointed to the states' poor record in championing civil rights during the 1950s and 1960s. They argue that any amendment strengthening state powers will reverse the progress of the last 30 years.

State officials reply that states have come a

²¹Under the original Constitution state legislatures named senators for each state. Alexander Hamilton said this power was an "absolute safeguard" to the states, and one which could not be dropped without "an entire dereliction of the federal principle" (*The Federalist Papers*, No. 59). Towards the end of the 19th Century, though, this duty was causing many deadlocks and much hard feelings in the legislatures. By 1912 two-thirds of the states called for a national convention to propose an amendment providing for direct election of U.S. senators. Congress forestalled this convention by proposing a similar amendment. The states ratified the amendment in 1913.