

CSB

5/8

A proposal to help turn around our economy

By JOE HAYES

The best answer to Alaska's economic problem is the long-term answer. The way to hold on to the value of our homes, land and office buildings is to reverse the outflow of people from the state. If there is work to do, Alaskans will do it and others will come here to help. As these people arrive, apartments will be rented, homes purchased and offices leased.

Spending state dollars to create those jobs only ducks a bullet while the war goes on. *The real answer to our economic free-fall lies in natural resource development, but we must overcome the obstacle of the lack of transportation infrastructure.*

We wouldn't be selling our coal to Korea today without the Alaska Railroad. Improving our surface transportation system is where the state can help.

That's why I was pleased to see that the recent report published by Commonwealth



North's Permanent Fund Committee recommends the creation of an Alaska Development Board and an Alaska Development Fund.

In the early 1980s legislators wrestled with several variations on this theme, including Commonwealth North's earlier concept of a Capital Investment Fund and Gov. Bill Sheffield's Major Project Fund. These proposals failed largely because they were viewed with suspicion by rural legislators who supposed projects would be mainly located near the urban centers.

In reality, the majority of the direct benefits of these investments would be in rural Alaska where the resources are. The Red Dog project near Kotzebue is a fine example.

Other legislators, both urban and rural, were hesitant

to create a fund which appeared to remove the legislative body's mandate to control the state's purse strings.

In this recent report, however, Commonwealth North has improved on the earlier proposals and has *presented a clear concept that legislators who truly want to turn around the economy should wholeheartedly endorse.*

The idea of the Alaska Development Board is to create a panel of qualified citizens, similar to the Permanent Fund Trustees. This group, with the help of a limited staff, would research and examine the feasibility of revenue-generating infrastructure projects that would foster private sector resource development.

Projects the board examined would have to have the capacity to repay the initial investment made by the state as well as cover operating and maintenance cost. Examples include docks, causeways, rail extensions and the type of

The real answer to our economic free-fall lies in natural resource development, but we must overcome the obstacle of the lack of transportation infrastructure.

port facilities the Navy needs to homeport ships in our state.

The board would be directed by statute to maintain a statewide perspective and avoid the legislative proclivity for horse-trading and pork barrel decision-making. At the start of each legislative session, the board would present to the governor and the legislature several projects which meet the revenue generating test.

Once the development board's recommendations are on the table, it will be up to legislators and the governor, with their feel for the politi-

cal mood in the state, to approve any or all projects and determine how to finance them.

The Alaska Development Fund, unlike the permanent fund, need not be an enormous money cache. Financing for revenue-generating projects can be found through a multitude of strategies. By the time the Red Dog Mine is operational and the AIDEA bonds have been repaid, the state will have spent a relatively small amount of money to help encourage a project which promises to be the mainstay of the economy for the northwest region of Alas-

ka well into the next century.

I am pleased to hear from several of my former colleagues in the House that there is good deal of interest in this concept. I am confident that the leaders of the Senate, many of whom led the attempt to create the Capital Investment Fund in the early '80s, will add their weight to the concept. If so, Alaska could soon have in place a new idea factory for the kind of infrastructure projects which can assist with the development of Alaska's bountiful range of natural resources.

And in this manner, the state can provide real leadership for turning around our economic crisis without meddling in the marketplace.

□ Joe Hayes is former Speaker of the State House of Representatives. An engineer and builder, Hayes is a vice president of Commonwealth North and chairman of its Community Education Committee.