

ALASKA LEGISLATIVE COUNCIL / SUBJECT 86 / 2

842 SCONM30: CONFERENCE ON ALASKA'S FUTURE FRONTIERS 1979

1 finances, at 2:00 o'clock. And that's a broad category.
2 tomorrow morning we're talking about resources; and
3 tomorrow afternoon we're talking about Direct Services.

4 As those discussions go on and arise, we have
5 some information, we have an information room where we have
6 like short forms on the budget, little videotapes from all
7 the paper authors. And there are people who are around
8 here, and we'll go out and grab people and get what you
9 want in developing recommendations.

10 How the recommendations are going to be and my
11 primary job is try to bring the discussion, reduce it down
12 to a recommendation sheet. I have blank forms here and it
13 starts off with general area as the first heading, category
14 as the second heading, specific recommendation as the third
15 heading, major factors of considerations leading to the
16 specific recommendation is the fourth heading; financial
17 impact with two subheadings, FY81 and projected need for
18 the next ten years is the next heading, and timing is the
19 last one. I think it's important that the discussions do
20 keep focused on specific recommendations. That's the only
21 way you're going to see direct results from it.

22 And so, we'll try and keep that all filtering
23 down into these recommendations which we can then base
24 recommendations on.

25 As a group, it's your responsibility now to sort

1 of elect a moderator who will lead the discussion and work
2 with me in hopefully making things an open forum for you to
3 talk with.

4 MR. POMEROY: I have to suggest as a group leader Mr.
5 Roderick. He knows the State statewide, sitting at my left.

6 MR. REAVES: I'll second the nomination.

7 MR. PERDUE: I move the nominations be closed.

8 MR. RODERICK: Why don't you tell me what that role is,
9 because I'd like to know.

10 MR. ECKHOLM: This is your chance to talk. We're
11 setting this up so you've got a form.

12 Michael, when do you want to come in and visit
13 with us?

14 MR. KOWAN: Five minutes.

15 MR. ECKHOLM: What we want to do is keep the
16 discussions focused. As a moderator and facilitator we
17 want to work as a team as much as possible. And that's it.
18 Let's sort of have a general talk right now about what your
19 feelings are coming into it. Is anybody angry, did you get
20 enough information, didn't you get enough information?
21 Does anybody have any strong feelings about how this was
22 set up and what's going on?

23 MR. REAVES: I think the information was good. I
24 don't think we received it too far in advance. I received
25 all of this yesterday. I just didn't have time to read it

1 all.

2 MR. POMEROY: There's lots of information. Can you
3 give us some idea, or help? Jack, give us some idea as a
4 most orderly progression of our discussion so we don't just
5 jump from one thing to another to another. How can you
6 help on that?

7 MR. ECKHOLM: We've got the days broken out into the
8 broad topics. For example, our first real issue discussion
9 begins this afternoon at 2:00 o'clock. It's finances.
10 When we start off at 2:00 o'clock. I've asked some people.
11 Mr. Belden Daniels I hope will be here to give us some idea
12 about the economy, and many of you people know about the
13 economy. I think we ought to start talking about the
14 economy, what you think, when you recommend. What should
15 we do with the three billion dollars, and then start
16 focusing those down into this recommendation sheet as
17 issues develop and they become specific.

18 MR. POMEROY: For me as a delegate, that's very clear
19 cut. How about this morning, Jack? And you, how do you
20 suggest we start?

21 THE MODERATOR: Let's hear some more comments of
22 people.

23 MR. PILLIFANT: You mentioned Direct Services,
24 sometime we're going to discuss that? What are you talking
25 about there?

1 MR. ECKHOLM: We have the issue paper that was
2 developed as a base. And the instrument that Mike Kowan,
3 the poll he's developed breaks those down into sort of
4 questions about how do you feel about those things. We
5 have Marylou Maden from the Department of Education who has
6 been around who can help provide information. We've got a
7 number of people here who are educators.

8 MR. PILLIFANT: I didn't see anything on health,
9 particularly, but maybe I missed it. Because, like Jim, I
10 didn't have enough time to read it. Was there anything on
11 health?

12 MR. ECKHOLM: No, I don't think so. Dr. McGinnis did a
13 lengthy report and unfortunately we were unable to
14 reproduce it at the time. He's taken it and reduced it
15 down to its component parts.

16 MR. PILLIFANT: I just wanted to comment, that is I
17 was surprised that it was not a major topic because it was
18 our number two priority in 1969. That wasn't mentioned.
19 Of course, education, number one, health number two.

20 MR. ECKHOLM: Probably a staff fault, we didn't get it
21 together. It's a 64-page paper, and it came in after we
22 had gone to the press with the original book. So we're
23 hoping that when we do discuss that that we'll be able to
24 go at that time.

25 MS. PALMQUIST: Dr. McGinnis' report has been reduced

1 to four pages, which is the summary of the recommendations.
2 And I would like to have that provided to all of the
3 delegates here because it addresses what the previous
4 speaker has been talking about. In the area of education,
5 I am particularly concerned about the effectiveness of
6 vocational education and I hope that we spend some time on
7 the area of vocational education.

8 In the health area, possibly some consideration
9 should be given to -- I know this is kind of a radical
10 concept, but there might be some good things come out of
11 separating health from social services.

12 MR. ECKHOLM: We'll have that paper duplicated and
13 presented to you as soon as possible.

14 These white papers are not meant to be the start
15 and the end of the discussion. They're just a base. They
16 are people's opinions from around the State and ideas that
17 we hope to use as a stimulus for discussion. We're not
18 limited to those in any stretch of the imagination.

19 MR. SEIFERT: I need some orientation on that. I
20 don't really have a wealth of information. I haven't seen
21 the white papers. I have the two preliminary book
22 overviews.

23 MR. ECKHOLM: Those are the white papers.

24 MR. SEIFERT: Someone had a loose-leaf. I thought
25 there was other information available.

1 I would like to suggest that we kind of develop a
2 strong focus area for basing our discussions. If we're
3 going to be guided to a framework of financial institutions,
4 it might be good to address those issues which we think are
5 the most important to address in each framework.

6 MR. ECKHOLM: And then get into the specific
7 discussions from there?

8 MR. SEIFERT: I have a specific issue which I think is
9 integrated which I think would be best addressed as to how
10 it would be best accomplished. I have a kind of a goal to
11 suggest.

12 MR. ECKHOLM: I think that's the best way to get down
13 to issues. When we get into finances, I think you ought to
14 say --

15 MR. SEIFERT: Would it be appropriate to go into these
16 areas between now and 12:00?

17 MR. ECKHOLM: I think --

18 MR. SEIFERT: I think you're misinterpreting what I'm
19 saying. I think there are general goals that could be
20 reflected in each of the framework issue areas. That may
21 be a better approach to it all. I don't see that there are
22 financial problems and then there are resource problems and
23 there are -- I mean, these are all integrated. I think
24 what you should do is address the goal that you want to see
25 the State achieve, and then reflect each of those goals and

1 how it kind of fits into the framework of the issue areas
2 you identify.

3 MR. MORGAN: Can I elaborate? What are we not
4 satisfied with in the State; are we happy with everything
5 as it is, are we not happy. If we make some overriding
6 philosophical statements similar in nature to some of the
7 statements that Mr. Merdes made earlier, and we will filter
8 down to what happens in education, what happens in health.
9 But the total human state, now, my own particular soapbox
10 at the moment is I'm afraid we're not able to feed
11 ourselves.

12 Ten years ago, I saw agriculture spelled out
13 three times in this book. I normally saw it as an
14 afterthought. We import, you know, an inordinate amount of
15 the food we eat.

16 MR. ECKHOLM: May I make a suggestion?

17 MR. MORGAN: These kind of human predictions to me are
18 precarious. I'm not plugging agriculture just now, but I'm
19 using this as one example of some things, as a geographer,
20 makes me nervous.

21 MR. ECKHOLM: If we could spend the time now, Mr.
22 Kowan is here and has the survey. If we can do that and go
23 through it and as soon as that's through, I suspect that
24 will be 11:00 o'clock, we will take the time from 11:00 to
25 noon for you guys to identify broad areas and discuss so we

1 have a focus. And go with that as a general sort of
2 opening? Is that acceptable?

3 THE MODERATOR: Let's agree on some kind of starting
4 point here. If that's one, the goals, or if it's the ones
5 he's recommended. What do people think? Should we go on
6 the sort of broad philosophical goals to begin with?

7 MR. ECKHOLM: Jack, I think we'll have time to do that
8 before the survey.

9 THE MODERATOR: Mike can wait.

10 MR. ROWAN: Absolutely.

11 THE MODERATOR: I think it's more important. My
12 recalling last ten years ago when I was here, Number 1,
13 everybody is here because they want to say something. That
14 you can be sure of. And so that the trafficking of these
15 ideas is very important, you know. And I think that's what
16 this is all about. Everybody has something to say, and
17 we've got to agree that they're going to have time to say
18 it.

19 This is going to be how do we say it.

20 Mike is a good one to start with on that.

21 MR. ECKHOLM: If we can just do this test here and
22 then take an hour and try and get the broad statements and
23 that out before we go into specifics, as per their
24 suggestion, that might be the way to do it.

25 Michael?

1 MR. KIWAN: Well, this is basically the same idea,
2 Jack. The notion here in the questionnaire was to get
3 everybody to speak to every issue that was raised in all
4 the papers. Could you start passing these out as I explain
5 this to people?

6 Here is what this is: We have a questionnaire
7 here that's been prepared for each delegate, okay? If
8 you're not a delegate but an observer to the conference, I
9 hope you would not fill this out. It's to be
10 self-administered now with a pen or a pencil. It will take
11 about 20 minutes for you to fill it out.

12 After completing the questionnaires, the data
13 will be tabulated and we'll report back to you tomorrow on
14 what you said. The questions were drawn on the ideas, the
15 conclusions, the proposals put forth in the three dozen
16 papers prepared for this conference. So basically we drew
17 out the consents, proposals and ideas that were being laid
18 out by all the writers that were commissioned by the
19 legislative conference to come forth with different views
20 on every agenda item that is in those goal papers you have,
21 and others.

22 If you've not read all the papers, you may find
23 it difficult to understand or to answer some of the
24 questions. If that's the case, move right on and leave it
25 blank and go on to the next question. You can go back to

1 that later.

2 From time to time, in the question, the name of
3 the writer from whom the question is drawn is also
4 mentioned. You can refer back to the goal book. Sometimes
5 it actually has pages mentioned on it in case you're
6 wondering what we're talking about.

7 If you can do something for me here to make it
8 easy to data process, would you please circle the
9 appropriate number for the question. It's a one, two,
10 three, four, whatever. As you proceed through the
11 questions, you'll find ranking priority. In every case,
12 one is the lowest rank.

13 In question 25, the responses should be, one,
14 cooperative; and, two, develop independent plan, not yes-no,
15 as is printed in your question. Number one should be
16 cooperative, number two develop independent plan. It has
17 to do with management of lands.

18 MS. SMYTH: When you say one is lowest --

19 MR. ROWAN: One is lowest in all cases, all the
20 ranking questions. One is always the lowest ranking and
21 the highest number is always the highest ranking.

22 In question 72, we mean intercommunity roads.
23 That's between Alaska communities, roads between Alaska
24 communities.

25 And in question 74, we mean intracommunity roads,

1 that's inside the community, okay? So a question we get
2 into it at the town meetings, which is always here.

3 And some questions here ask for open volunteered
4 remarks. But please feel free to write in anything you
5 want on any question at all.

6 MS. SMYTH: What was the change on 72 again?

7 MR. ROWAN: I'm just explaining that means roads
8 between intercommunities and intra, 74, inside the
9 communities. Someone raised that as a question before.

10 We're going to collect these questionnaires as
11 soon as you've completed them. Are there any other
12 questions?

13 MC MCGINNIS: Mike, not a question, but a request.
14 I believe the ranking which you mentioned early on would
15 well bear repeating. Because I think that could screw
16 everything we're doing. The number one through ten.

17 MR. ROWAN: If people would turn to question 49, the
18 questions are on the left-hand side. Questions 49 to 54
19 ask how would surplus revenues best be used in Alaska.
20 Please rank the following. The lowest rank is one, and the
21 highest rank is five. There are five choices. So, to
22 offset the effects of eliminate the State personal income
23 tax is going to be ranked one, two, three, four, five.
24 Circle what rank you have out of the alternatives you have.
25 If, say, you give that the lowest ranking, you'd circle

1 Number 1.

2 MS. SMYTH: Is that "of eliminating," or "by
3 eliminating"? If you want to eliminate the personal income
4 tax --

5 MS. SCHIRMEK: That's right.

6 MR. ROWAN: That has to do with the vulnerability of
7 the writer, ma'am.

8 MS. SCHIRMEK: I believe that.

9 MR. ROWAN: I meant by, not of, I suppose.

10 MR. PILLIFANT: In other words, if that is your Number
11 1 priority, you would circle five.

12 MR. ROWAN: Correct. The highest priority is the
13 highest number. The lowest priority is the lowest number.
14 If we just keep it that way all the way through, it will be
15 consistent. Is that understood?

16 Could we just -- yes. I hope everybody is just
17 going to --

18 THE MODERATOR: When do we get the results of this
19 back?

20 MR. ROWAN: I think we can have some for you today and
21 some tomorrow. All for you tomorrow.

22 MS. STRASSBURG: Do you want us to put our names on the
23 top?

24 MR. ROWAN: No, it's not necessary.

25 MS. SMYTH: Number 51, what does the HOC stand for?

1 MR. ROWAN: That's the Alaska general stock ownership
2 corporation. The purchase of the 16 percent increase in
3 the pipeline oil.

4 MR. ECKHOLM: There is coffee and hot water right
5 outside the front door.

6 As you get through, Kathryn is going to go around and
7 pick up the questionnaires. How many people are not
8 through yet?

9 Okay. Take your time. Don't worry about it.
10 One thing to think about while you're writing it is it is
11 based on a lot of the stuff in the white papers.

12 Would you be interested in taking the same
13 questionnaire at the end of this two or three days? Would
14 that be interesting to you?

15 MS. SMYTH: No.

16 MS. PALMQUIST: If you're going to have a
17 questionnaire that means something, you're going to have to
18 have more conclusions. You have nothing on agriculture.

19 MR. PILLIFANT: The questions are poorly stated. You
20 can't answer them.

21 MR. MERDES: They suggest answers.

22 MR. PILLIFANT: I wouldn't want to take that again.

23 MS. PALMQUIST: There are a lot more options.

24 MR. ECKHOLM: Everybody who would like to take it
25 again, assuming your answers change, would you like to take

1 it again? Would you raise your hand?

2 MR. MCGINNIS: I think it's meaningless. Some of us
3 have stated that the way the questions are stated are
4 essentially meaningless.

5 MR. ROWAN: You know, it's difficult to State a
6 questionnaire with complex thoughts, trying to divide them
7 in such a way. In that case, I think an appropriate
8 response is just that: The questionnaire is not meaningful.

9 MS. PALMQUIST: The questionnaire seems to have a
10 slanting in itself.

11 MR. ROWAN: I think the questionnaire is derived
12 directly from the writers. And so there might be a slant
13 or a bias.

14 MS. PALMQUIST: I'll agree to that.

15 MR. ROWAN: Because I took the questions from the
16 proposals and ideas that came forth --

17 MS. SCHIRMER: I think you should have tried the
18 questionnaire out on a few more people before you presented
19 it. I think you would have found the wording is bad.

20 MR. PILLIFANT: The biggest problem I saw, Mike, at the
21 beginning a sentence would say, "Do you agree that so and
22 so or," and then in the negative, it would come in and then
23 it would say yes or no. You couldn't answer that yes or no
24 because it had to be broken out somehow, you know.

25 MR. ROWAN: The questionnaire was a function of two

1 days of work talking with eight different people and then
2 being reviewed by 16 others who also have their own views
3 on it. And finally finishing it last night at 2:00 A.M.

4 MR. PILLIFANT: I would hope that the answers are not
5 taken from that and used as our consensus of any sort from
6 this conference.

7 MR. HARTLE: I agree.

8 MR. ROWAN: One of the other groups proposed what we
9 ought to do with this is either apply it at the end again
10 to see if there are areas that are meaningful. Also, we
11 might find a consensus in that the whole series of
12 questions make no sense, which is a conclusion. As a
13 researcher, I'm interested in what you say; okay? If
14 you're suggesting whole areas are meaningless to go into or
15 that the way the thing is phrased meaningless, what you're
16 saying is the context it was presented to you by one of the
17 writers, the conference on present things here, makes no
18 sense. And that's as reasonable conclusion to start with
19 in your own discussions. To me it's a research document.
20 If finding of the thing stimulates discussion, says this is
21 the wrong context, let's start over, that's it's purpose.

22 MS. SPARK: I would like to move that we go on to
23 another agenda. There's a blank side of the questionnaire
24 that people could put their questionnaires. I think we
25 spent a lot of time on this. I think we ought to go on to

1 another agenda.

2 MR. ROWAN: Maybe we can collect it and use its value
3 later.

4 MR. ECKHOLM: I think the value of it, like it or not,
5 it is focused on the white papers. We can take it and chew
6 it up and discuss it and run with it. Rosemary.

7 MS. PORTER: I'd like to request as one individual
8 this not be published for public consumption. I don't
9 think that conclusions drawn from this are going to be
10 valid. And I would not like to see them published.

11 MS. SMYTH: Second.

12 MS. SPARK: Question.

13 MR. ROWAN: Make any assumption you want. It's an
14 internal communication what you're producing here. You're
15 only answering questions and then you're all seeing what
16 you're all answering. If you answer that question 36 makes
17 no sense, that's your conclusion, ordering your own views
18 toward yourself. That's the process as I understood it.
19 That's why I was invited in to do it. I don't have any
20 point of view on this.

21 MS. PORTER: I would not like to see them published.
22 I don't see the answers are valid.

23 MR. ROWAN: How about the conclusion is that the
24 question is not valid or not worded correctly? Is that a
25 valid response?

1 MS. PORTER: That's valid if everyone answered that.

2 MR. ROWAN: Are you saying all 100 questions in the
3 thing are completely ridiculous?

4 MS. PORTER: I think many of them are.

5 MR. ROWAN: How about the location thing. Are you
6 interested in whether there are more men and women as
7 delegates?

8 MS. PALMQUIST: No.

9 MS. PORTER: Not particularly.

10 MR. ECKHOLM: We'll discuss this later. There is a
11 serious question about the questionnaire, and we'll deal
12 with those before it happens. Rosemary, I suggest that you
13 go talk to Senator Hohman about this too, because he'll be
14 finally responsible for that, I think. But we can as a
15 group vote to give a recommendation and then if everybody
16 in the other groups are saying this, then that's your
17 decision. I don't know what the timing is or the decision
18 on how to use this was.

19 MR. PILLIFANT: I'd like to hear what our chairman has
20 to say, Mr. Roderick, what recommendation he'd make.

21 THE MODERATOR: Well, it was a little offended in that
22 I didn't have time to think, you know. It's too short.
23 I'm not offend by the questions particularly. How about
24 taking it on Saturday again at the end of the conference?
25 Would that help?

1 MS. PALMQUIST: We're tired of it.

2 MR. ROWAN: That's what another group has already
3 decided to do. Their discussion, incidentally, on the
4 notion that this is too fast and so on, is that we ought to
5 have our discussion and then answer some of these questions.
6 And so they decided to take the survey after. We'll
7 separate that group's response so they'll get their
8 responses back and they'll be able to see the differences,
9 if there are any.

10 MS. STRASSBURG: Mike, might I make a suggestion,
11 please? You wasted practically a whole page on whether we
12 were male or female, white, or new residents, old residents
13 or over 45. And I don't really think this makes any
14 difference. Because many five-year-old kids have good
15 ideas and many who are 90 are totally incapable of anything.
16 So I don't think these are germane to what we're looking at.
17 We're looking at a future for the State, not who the people
18 are who live here. We're all Alaskans, that's the main
19 thing.

20 MR. ROWAN: Just as a researcher, I always collect
21 topography as a matter of principle.

22 MR. POMEROY: I disagree with the previous speaker. I
23 think it has some information and some value. With respect
24 to the other speaker who questioned making our information
25 available, I infer from that that there is a feeling that

1 perhaps there is considerable superficiality to it. There
2 may be. Just the same, we are trying to go through a
3 process that we're taking seriously. And I would certainly
4 hope that out of it, whether it is on Saturday or sometime
5 later, that we do complete these questionnaires and have
6 them available for use.

7 MR. ROWAN: As you wish. It's just a tool, it seems
8 to me, to find out how you're thinking about all the people
9 who have written papers for you, what your opinion is of
10 them. It's really to start your discussion, not to end it.

11 THE MODERATOR: Any further discussion on that?

12 MR. ROWAN: It seems we've done that.

13 THE MODERATOR: What's the general feeling of the
14 group? Do you want to ask Mike to give it to us again at
15 the end of this three-day conference?

16 MS. PALMQUIST: I would like to see another
17 questionnaire more comprehensive that gives us more
18 latitude in expressing our real feelings and views.

19 MR. ROWAN: Maybe there's your resolutions. Maybe the
20 resolutions are your basic question.

21 MS. SERCYER: I have a problem with the question.
22 It's been said a lot of the questions are slightly slanted.
23 You couldn't answer some of the answers were half of one
24 answer and half of the other, was what I would have
25 answered.

1 MR. ECKHOLM: Let's take just a vote among us as to
2 whether you think the poll, in your opinion, would be a
3 valid or invalid partial record of where you guys are at at
4 the time. And we'll record that and then we'll pass that
5 along and it will be used as a decision.

6 MR. PADLOCK: Eric, I favor a significant response to
7 the issues raised by the poll. I've been attempting to do
8 that because we were advised that we could write in
9 anything we wanted to. I've been trying to give this thing
10 a significant response. I don't think that a yes or no
11 response is worth a whale of a lot. And I don't think that
12 a yes or no response after three days is going to be worth
13 any more.

14 but I think if everybody responds with their
15 feelings on these issues that are raised, maybe we'll be
16 able to provide something of value.

17 MR. ROWAN: That's a completely legitimate way to do
18 with the questionnaire, by the way, because we can code it
19 in any way that you respond. If you don't like the
20 question as written, that the value should be stated this
21 way, then that's your response and that's the way that gets
22 coded. That's an insight into what that issue is. And
23 obviously, I mean, if I tried to sit down and answer this
24 questionnaire - and by the way I haven't - I don't like the
25 idea of things falling into one category or another either.

1 Most of these questions are not yes-no questions. But
2 unless you frame them that way, you're never going to be
3 able to talk about this them.

4 MR. HARTLE: I think one problem that is coming up is
5 the priorities that we're to decide on in this
6 questionnaire are not at all necessarily the priorities of
7 this group. And this was the framework we were given to
8 answer on. And that's what the problem is. And that's why
9 I don't see it as valid whole of our thoughts. Because it
10 doesn't have -- what questions would you ask?

11 MR. ROWAN: That was not the intention of this. The
12 intention was to read the papers prepared for your
13 discussion, and every one of those people, 33 or 40 of them,
14 have points of view, there is not one objective person, and
15 I'm one of them, right? And so they all have points of
16 view, experiences, history and they all come from different
17 professions and skills. So they came down with certain
18 kinds of proposals, okay? One person assumes we should
19 have, you know, a college that serves all the places that
20 don't have a certified college. That comes out of 16 years
21 professional experience that person had. Okay?

22 So I give it to you. He gave it to you in the
23 paper. I give it to you as a question. Do you agree or
24 disagree with him? That's it. That's how it all came down,
25 and it's not your ideas we're testing on this. We are

1 beginning the conference by testing the ideas of the people
2 who prepared papers for you to consider, that's all. And
3 now you can take it and do anything you want with it,
4 really.

5 MR. PILLIFANT: I just wondered if you took it, Mike?

6 MR. ROWAN: No, I didn't.

7 MR. ECKHOLM: All of those who have serious problems
8 with the poll and would like to go on record that the poll
9 is not valid and they do not want it to be part of the
10 record raise their hands. Keep your hands up, please.

11 Okay, all those who think that it was all right
12 and it has some value and that they would like to not
13 squash it but have it considered for whatever its merit it,
14 raise your hands. Have I framed that question right? Does
15 anybody want to reframe the question for me?

16 MR. ROWAN: I think they would be in favor of both
17 those things. It's an either or question.

18 MR. NASKE: It was poorly framed.

19 MR. ECKHOLM: We've got 16 people who have got
20 problems with it. We'll report it.

21 MR. NASKE: Instead of writing a critique of each paper.

22 MR. ROWAN: Can I ask another question just as a
23 research thing, because I'm a volunteer here and I'm
24 interested in how you do things and how you think. How
25 many people read the white papers?

1 MR. SELBERT: Could you please ask how many got then
2 in time to read then?

3 MR. ROWAN: that's a different kind of measurement.
4 I'm interested in that because that's a minority here. And
5 so this questionnaire is much more difficult to deal with
6 since it's drawn from those papers for other people.

7 MR. HARVEY SAMUELSON: I think a lot of people are
8 like me. They were promised very faithfully the stuff
9 would be shipped to me and I never got no information until
10 9:00 o'clock this morning.

11 THE MODERATOR: Let's table this for the time being.

12 MR. ROWAN: Put the postage system on the agenda.

13 THE MODERATOR: Eric and I have had a chance to talk
14 about how this might go together, this discussion we're
15 going to have now, for a couple of days. And I'm throwing
16 it out to you to see what you think of it.

17 I would be the guy who recognizes speakers, and I
18 would be the guy who probably indicates that somebody is
19 talking to too much, you know; that kind of thing.

20 Eric would write down generally what he hears you
21 say about what you think a recommendation should be, et
22 cetera.

23 Then he will get back to you and say, "Is that
24 really what the group thinks?"

25 Maybe we'll want to go to votes, I don't know,

1 formal votes, but maybe we don't.

2 But, at any rate, what we want is a general
3 feeling after this discussion on a particular point; what
4 it is you want me to say when I go back to the general
5 assembly. And Eric will be that guy that will record that.

6 And then he'll be, of course, chiming in trying
7 to get agreement from the group as to what they really want
8 to say about any particular issue.

9 Does that sound okay?

10 I want you all to know, I was here ten years ago,
11 and it's going to be difficult in that everybody wants to
12 say something and everybody has the right to say it, and
13 everybody is going to say it, which means that everybody
14 has got to be careful on the time they take. And I'll
15 guarantee emotions are going to rise and you're going to
16 want to say what you want to say. We can stay here as long
17 as you want. We can stay evenings. I guess the message
18 I'm trying to tell you is you're going to say what you want
19 to say.

20 This is a terribly unfortunate room, I think.
21 Can you people hear way over here when somebody is talking
22 here?

23 MS. JENNINGS: Not easily.

24 THE MODERATOR: People better be aware of that, too.

25 Any comments on what I just said?

1 MR. PILLIFANT: I would only comment that I suspect
2 that we'll probably come down and have to take votes on
3 things. Because that's what we did the first time. And it
4 seems at least you have a definite priority set by the
5 democratic system.

6 MS. SHROYER: I also think if the votes are close and
7 it isn't a controversial issue, a minority type of report
8 would also be advisable.

9 THE MODERATOR: I think Eric mentioned that.

10 MR. SEIFERT: I very apprehensively suggest you might
11 consider the use of Robert's Rules to formalize the process.
12 I know it's kind of an un-Alaskan approach to things, but
13 it be a certain rule for order, you can rule people out of
14 order, and whatever, on time. And it allows any questions
15 raised if you keep it orderly.

16 THE MODERATOR: I did bring a copy of the State
17 Uniform Rules and stuff like that.

18 MR. ECKHOLM: I think Jack can handle it. If it
19 begins to be a problem, he can tighten down the screws. If
20 not, he can loosen it up.

21 THE MODERATOR: You're right. I think the order of
22 recognition is very important. If people can help me on
23 that, you raise your hand and I say okay. We'll just work
24 it that way.

25 MR. POMEROY: The matter of the minority report was

1 mentioned. I recall from ten years ago that we came up
2 against that sort of a thing and we found that we had
3 something that was unmanageable that was going to take too
4 much time. And in our conclusions, we said this was not a
5 unanimous report, or some simple little thing like that
6 took place. And I don't think we dare get into a matter of
7 going so far as to have two different reports.

8 MR. ECKHOLM: We could list on the recommendation
9 areas of strong disagreement point by point.

10 MR. POMEROY: Yes. Just so that it's noted. But I
11 suggest we keep that in control pretty carefully.

12 THE MODERATOR: Does that sound right so far?

13 One other rule they had ten years ago was that
14 legislators could not speak. And I thought it was
15 beautiful.

16 I think there will be some legislators drifting
17 in and out. That is the rule and I will try to enforce that,
18 particularly if they start talking a lot. I don't think
19 they will.

20 MS. SHROYER: I was asking legislators on points of
21 information instead of speaking opinions, just what are the
22 facts, and maybe they can list those.

23 MR. ECKHOLM: Sort of like the children, don't speak
24 unless spoken to.

25 THE MODERATOR: What do you think about voting, now?

1 I assume you're talking about delegates with badges on to
2 vote, if we get that narrow, you know.

3 As far as people speaking, if they're not a
4 delegate, I'm going to throw that out to you. If somebody
5 wants to talk a lot, or talk, I'm going to ask you is it
6 all right. Is that fair?

7 MR. SEIFERT: "You," meaning the delegates?

8 THE MODERATOR: "You," being the delegates. And I
9 don't think it will come up, but it might. Somebody might
10 want to take too much time. We want to let people talk,
11 but, on the other hand --

12 MR. ECKHOLM: Please identify yourself when you're
13 talking, for the court stenographer.

14 MS. RICHCREEK: I think somewhere in the book it says
15 those could speak after everyone else finished, if there
16 was time.

17 THE MODERATOR: Okay. Whatever. Thank you.

18 MS. JONES: I'm not a delegate, but I would like to
19 bring to your attention one thing, that the newspaper
20 solicited papers from citizens. And I took the time to
21 prepare a paper and took a day off from my work to come
22 down here. And I believe that there are people like myself
23 who have prepared papers who we hope you will be able to
24 consider, because we were not included in the manuscripts
25 which you have reached. But they have printed four copies

1 and are in the four copies which you may receive.

2 But, as just a plain, ordinary citizen, I feel
3 that because what I have to say I feel is important enough
4 to write a paper about it, I would like to have the
5 opportunity to at least rise to defend my paper.

6 MR. ECKHOLM: What area is your paper on?

7 MS. JONES: On the Alaska Bar Association.

8 THE MODERATOR: Thank you. Yes, sir.

9 MR. PEQUERO: As a member of the public, I agree to
10 what you said. And I think that persons just should take
11 at the most five minutes for their position on a topic, or
12 three minutes. I think that a person can resume what
13 they're going to say in three minutes, and then everybody
14 will have enough time to approach what they want to
15 approach and also how they want to approach. I also took a
16 lot of my time to write a paper as a member of the public.
17 And I don't see why I just should be left out if there is
18 any time.

19 THE MODERATOR: Yes.

20 MR. PERDUE: Mr. Moderator, I think the people are
21 entitled to -- I don't think that there's a question of
22 whether the delegate should accept them or not, because the
23 State did put out an advertisement for public opinion. And
24 I think we owe them their right to three minutes or five
25 minutes.

1 MS. JONES: You have a paper presented by Mr. Wagstaff,
2 Mr. Gross, both who will be very favorable about the bar
3 association in Alaska. And I have taken the time to say
4 that I believe that the Bar Association has problems which
5 should be addressed by this State. And they have their
6 papers printed. You will be able to read them, unless you
7 take the time to read mine, which I doubt you will time
8 type, you'll have no idea except what Mr. Gross and Mr.
9 Wagstaff says is the situation.

10 THE MODERATOR: Thank you.

11 MS. SCHIRMER: I feel very upset that the papers that
12 had been presented by people who were not specifically
13 commissioned have not been made available to us.

14 MR. ECKHOLM: They are trying to be made available.
15 The supplement came out today. What we've got here, we've
16 got these packages here of Xerox things that we got in just
17 lately. We could only Xerox them. These are papers from a
18 Marilyn Dudley Rowley, William Hunt, Claus Naske, Ronald
19 Inouye, Lamar Gray, Thor Brant-Ericksen, J. B. Barry,.
20 There's about 10 or 15 people, Joe Vogler, about a number
21 of items. We have these papers here. I don't know what
22 arrangements have been made. So I leave it up to the group
23 to determine how to distribute these three copies that
24 we've got around for your perusal.

25 MS. PALMQUIST: Well, in the brochures that were sent

1 out to us and the announcement that we were delegates, we
2 were promised copies of those papers at the beginning of
3 this conference.

4 MR. ECKHOLM: The white papers were the only ones that
5 were brought in in time to be printed, typeset and printed.
6 The supplement was finished at 10:30 this morning, which
7 were the ones that came in after that. These papers didn't
8 get in in time to be printed. And I've got Xerox copies
9 here.

10 MS. PALMQUIST: Are there Xerox copies for each one of
11 us that wants one?

12 MR. ECKHOLM: I've got a total of three copies. If
13 there's time to print them up in a nice little booklet, or
14 not, I don't know.

15 MS. PALMQUIST: Couldn't we get Xerox copies?

16 MR. ECKHOLM: There won't be enough to give one to
17 everybody that wants one.

18 MS. RICHCREEK: I was going to ask, is it too big a
19 thing to go down to a Xerox office and run them off?

20 MR. ECKHOLM: I'll try and see what I can do about it,
21 yes, ma'am. I'll try. Printing them is better than
22 Xeroxing. There's about 300 or 400 pages.

23 MS. PALMQUIST: All of the list of names which you
24 listed submitted papers have quite a bit of background and
25 knowledge. And they will be benefit to us.

1 MR. ECKHOLM: That was as many as they could do in the
2 last couple of days. So there was an attempt to get what
3 we could to you. After that, I'll try and get as many as I
4 can xeroxed. I've got these that we should be passing
5 around looking at.

6 MS. PALMQUIST: I'd like to have one right now.

7 MR. POMEROY: You have a program. I think we're going
8 to be short of time at best. It seems to me a fine thing
9 if the managers of the program invited citizens to write in.
10 But I think it has to be treated as citizens having written
11 in and have that material taken into account in connection
12 with the whole program before it's finished. But we would
13 be here for two weeks if we tried to have a discussion of
14 every presentation of every citizen that has written in.

15 MR. ECKHOLM: What I'll do is I'll keep ahold of one
16 copy that I won't send out. And I'll get a Xerox of the
17 titles. And if you have a specific desire on a title of
18 paper and you want to read it, come and get one from me.
19 Besides that I'll be circulating the other two for now.
20 Ward has gone to see if we can get more copies made. I'll
21 get titles made, and you can see what you want. And we'll
22 do with what we've got for now.

23 MS. SIMONDS: I remember ten years ago, to take care
24 of a similar situation, there were a lot of handouts on the
25 tables that the delegates could pass by. And they took one

1 and they read them at their leisure during the conference
2 to get information. So I think the information might come
3 out in that kind of discussion rather than having everyone
4 present a paper.

5 THE MODERATOR: There are some sources of information
6 which Eric and the staff have accumulated that may help us.
7 And I think if Eric would describe what they are, and we
8 can decide how, if at all, we want to use them.

9 MR. ECKHOLM: When it's appropriate, if you want, we
10 brought down, I've got some constitutions, I've got some
11 short forms of the budget from last year just so we have
12 general categories. We've got some short video tapes of
13 the white paper authors summarizing their white papers. We
14 have the Bluebook, did I mention that?

15 Besides that, I think more important we've got a
16 lot of very experienced people around this conference. So
17 if you can dispatch us to go find somebody to come talk to
18 you, we'll do that as you request. Detailed resource
19 information I think might just slow down the process if we
20 get too specific. But if you need anything, we'll scramble
21 and get it, to the best of our ability. Those are the
22 basic resources we have.

23 And I'll try and get all those papers Xeroxed for
24 you of all the citizens. We're trying to get them out in
25 time and I promise you'll get a chance to look at them

1 before the end of the conference.

2 THE MODERATOR: I have a few minutes before 12:00. Is
3 12:00 when we break?

4 MR. ECKHOLM: Our schedule, according to the schedule
5 here, we've got until 1:00 P.M., it says, for lunch. I
6 don't think there is any scheduled luncheon or anything.
7 So the way I read it, we've got the rest of this day as
8 this group to get down to business and to discuss basically
9 finances, what's on the agenda, if that's what you want to
10 do. If you want to go into other things, that's fine, too.

11 We can break for lunch now, we can wait for an
12 hour and get into it for an hour. I sort of would like to
13 keep going and identify a philosophical statement, sort of
14 like what's the biggest problem you feel that's facing the
15 State today, or to come up with kind of a tone for our
16 group, as per your suggestion.

17 MR. HARTLE: Could we take a five-minute break and
18 come back for an hour? That's my suggestion.

19 THE MODERATOR: What's your pleasure, people?

20 MR. PERDUE: My stomach says it's hungry. Move that
21 we take a break.

22 THE MODERATOR: For lunch?

23 MR. PERDUE: For lunch.

24 THE MODERATOR: Are you saying there's a lunch?

25 MR. REAVES: Yes, there is. That's what it says here.

1 MR. ECKHOLM: No arrangements. So it's up to us to
2 decide. We can change that, if we want.

3 MS. PORTER: I'd like to consider maybe a five-minute
4 break, but I'd like to return at 1:00 o'clock as scheduled.

5 MR. SEIFERT: Could I have a matter of clarification?
6 Is there not a formal lunch?

7 MR. ECKHOLM: No, there is not a formal lunch.

8 MR. SEIFERT: That's certain.

9 THE MODERATOR: You've heard the motion to break for
10 five or ten minutes and then come back and go to lunch. Is
11 there discussion?

12 MR. SEIFERT: I'll second that.

13 THE MODERATOR: Any discussion?

14 MS. PALMQUIST: Some of us have commitments of program
15 lunches that take place at 12:00 o'clock.

16 THE MODERATOR: I'm sorry, Rose. Program lunches?

17 MS. PALMQUIST: There are lunches around town by
18 organizations that have a program of interest to us.

19 THE MODERATOR: Is there further discussion on the
20 motion to break for five to ten minutes only?

21 MR. POMEROY: Unanimous consent.

22 THE MODERATOR: I have, but Rosie has just objected.
23 So I'll just say is that generally what people want to do?
24 Okay. Let's take a break for ten minutes, no more.

25 (The proceedings recessed at 12:03 P.M. and

1 reconvened at 12:25 P.M.)

2 THE MODERATOR: It's hard to tell if we're all here,
3 but I don't know if we can wait for everyone.

4 MR. POMEROY: No. We got to go.

5 THE MODERATOR: We've got about a half an hour before
6 our lunch break.

7 Perhaps we could start this way, just simply
8 talking about what we see in terms of the goals or the
9 problems. in other words, we're here to come up with
10 recommendations as to what we want Alaska to be in the next
11 10 years, 20 years, 30 years. These gentlemen over here
12 suggested that we talk about goals or the problems we now
13 see in the State.

14 How does that sound? Start with that instead of
15 trying to get to the solutions right away. Okay?

16 Who wants to start?

17 MR. SEIFERT: I have a recommendation for a policy
18 goal that comes from several years of evolution that have
19 recently been more clearly articulated by several events,
20 particularly the recent first Alaska Alternative Energy
21 Conference in Anchorage. And in conversations here, I've
22 experienced further support for the idea that I'm going to
23 present.

24 And that idea is -- perhaps it would be best if
25 I just read what I have written down here.

1 THE MODERATOR: Would you give your name, first.

2 MR. SEIFERT: I'm sorry. My name is Mr. Richard
3 Seifert.

4 It is recommended that a policy goal be
5 established for the State of Alaska to achieve near
6 complete self-sufficiency in energy, food production and
7 other human needs. It is further recommended that this
8 goal can be best accomplished through renewable energy and
9 renewable natural resource development, education to
10 develop our human resources and development of Alaska's
11 local food production potential.

12 I submit that this has been of a grass-roots
13 mandate that I've become aware of through my involvement in
14 that conference I previously mentioned. And I think there
15 are many other organizations and perceptions of this
16 problem. They may not be articulated the same way, but I
17 think the general common denominator of this approach, the
18 idea of self-sufficiency is very, very keen on people's
19 minds right now because of the vulnerabilities they see.
20 Presently the way our system works, our 97-percent imported
21 foods, our 75-percent imported fuels, even though we have
22 natural active fuels here, we don't refine them here.

23 This whole process of undermining the economy of
24 rural Alaska by fuel costs and transportation problems all
25 integrate together to point to a further goal of

1 self-sufficiency as at least a partial and general solution
2 of that problem. And coupled with that is a
3 self-sufficiency in food.

4 I submit that as a goal to consider for this
5 group.

6 THE MODERATOR: Harold?

7 MR. POMEROY: Self-sufficiency in energy and in food
8 and in what else?

9 MR. SEIFERT: Food production. And I say other human
10 needs. That's a very -- I've left that quite open and
11 general. It may be articulated further in another goal
12 statement and eliminated from this one. But I should say
13 that I have lifted this goal statement from a another
14 person's publication for the Alaska Council on Science and
15 Technology. They are also very keenly interested in
16 proposing this as a goal for their undertakings. And I am
17 articulating that because that group is meeting today
18 somewhere else and they can't have a representative here at
19 the same time.

20 So I do concede that although this is
21 fundamentally my own perception and statement, it is also
22 the statement of someone else.

23 MR. REAVES: Do you also have recommendations for
24 meeting this goal?

25 MR. SEIFERT: I could be considerably detailed in how

1 I would do that. I think that remains to be discussed.

2 MR. REAVES: Well, I think perhaps you should lead it
3 off and give us some of your ideas.

4 THE MODERATOR: Excuse me, but maybe in the limited
5 time we have, should we introduce more problem areas? I'm
6 throwing that out. I don't mean to cut you off. What do I
7 think?

8 MR. MORGAN: May I go back to something more general?

9 THE MODERATOR: Okay.

10 MR. MORGAN: This is one area. We all have, over and
11 over over again here, an Alaskan life style, which is
12 something we must defend at all costs.

13 What is going to ensure that your future is what
14 you want it to be? And I think I would like to be more
15 independent. I would like to be, as an Alaskan, more self-
16 sufficient and self-reliant. I would like to be less
17 dependent on the capriciousness of transportation systems,
18 international incidents, and so forth.

19 In other words, I think maybe what we should be
20 concerned with are what actions must occur, what
21 recommendations can we make at this conference to ensure a
22 much more stable -- in other words, the happy situation
23 that we're in at this point is unique to all of us, none of
24 the other 49 states have all the money they want to play
25 with to solve their problems. Time is of the essence in

1 that we have a certain period of time to make these
2 decisions as to the proper courses. And I think, regarding
3 the statement that Mr. Seifert made, self-sufficiency in
4 food, a close look at renewable resource use, these types
5 of things.

6 THE MODERATOR: Would you tell her who you are again?
7 Would everyone say their name again.

8 MR. MORGAN: I'm Morris Morgan.

9 THE MODERATOR: I hear both of you say
10 self-sufficiency is the greatest need in the State of
11 Alaska. Does everyone agree with that?

12 MR. NASKE: I certainly don't. I think in the 13 we
13 colonies tried to create some sort of interdependence and a
14 feeling of belonging together, a feeling that all of us
15 were Americans. And yet what I hear is that we are somehow
16 an island, independent island somehow, of trying to achieve
17 that type of situation. And I think that's insanity. I
18 mean, we are part of the United States. We are the 49th
19 State. And there are many others. The system of this
20 interdependence has developed over many years.

21 THE MODERATOR: I think you should respond to that.

22 MR. SEIFERT: I would definitely like to respond to
23 that.

24 I think what I'm going to say bears really close
25 scrutiny. And I think you are in some guises

1 misinterpreting what I'm saying. Self-reliance from a
2 physical point of view is what I'm talking about. I think
3 there are many, many people in the lower 48 states who
4 would articulate this very same concern, that have the same
5 vulnerabilities to fuel supplies. I mean, the United
6 States imports 54 percent of its fuel. I'm not saying this
7 is a uniquely Alaskan problem. There is no reason to
8 assume that this is a decisive attempt. I certainly do not
9 intend it to be a decisive attempt? It allows you to not
10 be subject to the whims and - what's the word I'm looking
11 for - intimidations of world political situations, of
12 situations which we presently do not have control over.

13 I'm talking about individual control over
14 individual lives. That doesn't have to be decisive. It
15 allows you to be freer to express your individual needs, to
16 express your individual interdependency from a more human
17 point of view without being under duress to do so. I think
18 it's closer to a more perfect union that we have now. I'm
19 not talking about something in any way that is intended to
20 be separate activity or isolationist.

21 MR. POMEROY: As to food, I think no one could quarrel
22 with what the gentleman has said about achieving
23 self-sufficiency if he is talking about doing whatever we
24 can as a community to facilitate and assist and encourage
25 those who want to live a subsistence life style or whatever

1 you call it, where they produce most of their food.

2 But I do find a great deal of trouble with the
3 broad suggestion that we become independent with respect to
4 food because you run into economic limitations we have and
5 that we cannot overcome unless we simply want to subsidize
6 ourselves. We have examples right here in Anchorage.
7 There are two dairies that had to quit producing certain
8 items here because it cost \$28 an hour for labor to produce
9 the products here, and they could be imported cheaper
10 outside where the labor is \$16 an hour.

11 And I use that feature of it to identify one of
12 the greatest disadvantages we have in self-sufficiency, and
13 that is we are the highest cost area for labor in the
14 United States.

15 We have a, company that produces eggs, and they
16 are good eggs. They are no better than the eggs that come
17 in and are sold by Safeway. And they cost 57 cents a dozen
18 more.

19 THE MODERATOR: That's all right. You will agree that
20 it's a desirable thing for the State to be more
21 self-reliant?

22 MR. POMEROY: For us to do what can be done consisting
23 of your economic disadvantages because we should not
24 attempt to subsidize ourselves with food. We shouldn't
25 support a price of 57 cents a dozen so that somebody could

44
1 have the privilege of producing eggs here, is what I'm
2 saying.

3 MR. MOKENHOUSE: You assume prices are translated to
4 the grocery shelves in the State. We will find that the
5 competitiveness of things produced in the State of Alaska
6 will take on a little better look.

7 MR. ECKHOLM: Are we talking about specifically food
8 in terms of self-sufficiency? Would that be a
9 recommendation?

10 MR. SEIFERT: I would like to say that I think one of
11 the perceptions, and I reiterate what I said earlier, is
12 there is a difference between self-sufficiency and
13 independence. They are conceptually very different to me,
14 and I think there's a confusion about what we're talking
15 about. We're talking about self-sufficiency, not
16 independent.

17 MR. ECKHOLM: You're not dealing with us and the
18 relationship with the federal government.

19 MR. SEIFERT: Political reality is being independent,
20 but I'm not talking about an effort to make Alaska
21 independent per se in a political sense. I'm talking about
22 a physical sense making it more self-reliant. I didn't say
23 totally self-reliant. I said near complete
24 self-sufficiency.

25 THE MODERATOR: This gentleman, and then Lois.

1 MR. PADDOCK: Back in January or February of 1973, I
2 had the privilege of being associated with the legislature
3 down there as a lobbyist and I enjoyed attending some of
4 the briefings that the legislators see. There at that time
5 I remember the legislature's consultants firm of Lipon &
6 Leavy came in and spoke to the legislature and made some
7 very fascinating predictions about what was going to take
8 place in our country as a whole related to our consumption
9 of energy from the oil producing nations of the far east.
10 That was six years ago. Their predictions came through
11 just letter for letter right down the line.

12 I saw Mr. Leavy in the hotel here yesterday and
13 early this morning. And I'm wondering if perhaps his
14 presence here was related to this get together. I was
15 hoping that if it were perhaps we'd have an opportunity of
16 hearing from him again because listening to what -- no.
17 Mr. Lipton was here. Listening to what Mr. Leavy said back
18 in 1973 was practically like reading from the gospel, I'll
19 tell you. Because he told it like it is. And many of our
20 concerns that we're articulating here today and are
21 reflected in all these papers relate to events which we
22 individually have little control over. But perhaps as a
23 state, in view of our oil independence, we might have some
24 future control over these events. And I think that
25 anything we do is going to be related very highly to how

1 well we are informed. Are we going to be informed by him,
2 by chance?

3 THE MODERATOR: He is in town, and he said he will be
4 available.

5 MR. ECKHOLM: He is here specifically for this.

6 THE MODERATOR: is he scheduled to speak to the group?

7 MR. ECKHOLM: I talked to him yesterday and asked if
8 he could be around for resources. I didn't give him a
9 specific hour.

10 MR. MCGINNIS: I understand, if I remember correctly,
11 he will be addressing the World Council Affairs lunch
12 tomorrow.

13 THE MODERATOR: We'll get him in and talk to us
14 tomorrow.

15 MR. ECKHOLM: We'll try. We're scheduled for
16 Resources Friday morning at 9:00 A.M., and we'll and get
17 him then.

18 MR. PADDOCK: I would think everybody, not just this
19 group, would certainly benefit by whatever he may have to
20 say because these people spend all their time and a great
21 amount of energy and effort into figuring futures, which is
22 essentially what we're doing here.

23 THE MODERATOR: The future is big, I can assure you.
24 The money, as Russ said, the surplus is upon us. And it's
25 going to last at least another eight to ten years. Lois?

1 MR. PILLIFANT: I was just going to clarify. What
2 Richard was saying, I think, was in view of what's
3 happening right now in the world in energy and the rest of
4 it, what happens to Alaskans if they can't feed themselves.
5 And what's wrong with subsidizing agriculture like the
6 barley project, for instance, at least so we could have the
7 bare minimum of food at least. And maybe that's a gloomier
8 doom type approach, but it's possible that this could
9 happen to us.

10 When you say that we don't want to cut ourselves
11 off from the rest of the 48, we don't. But up here we have
12 a different problem than they do down there. If something
13 happens to them, they can go out and throw some seeds out
14 and grow a few carrots, but I don't think they can. When
15 you're talking about self-sufficiency, you're talking about
16 that sort of thing?

17 MR. SLIFERT: I think that's very much the case.

18 MS. STRASSBURG: I cannot see where we can be self-
19 sufficient in Alaska until, or we cannot have a totally
20 integrated economic, cultural and environmental situation
21 without a better job climate. We must encourage jobs in
22 the private sector. We can't have a viable economy if we
23 have 90 percent of the people in our State who are
24 government workers with Ph. D.'s. We need architects and
25 designers to design our buildings, but we also need

1 qualified electricians, carpenters and plumbers who are
2 proud of their ability to build those buildings.

3 We need to develop a method to use the knowledge
4 and experience of our older citizens for pay. And we
5 should set this up so that this does not influence anything
6 that they now get as pensions. These people have hundreds
7 and hundreds and hundreds of years of experience in this
8 State. My own husband has 40 years of electrical
9 experience in the State of Alaska. He is now retired and
10 it's a shame that the State is losing his ability and his
11 experience. This is a total waste of a resource that we
12 ought to tap.

13 The people in these positions could be used in
14 the context of the old WPA projects where experienced
15 people were used to teach everything from learning how to
16 play a guitar for your own enjoyment to learning how to
17 preserve your food, how to raise a garden, how to start a
18 business of your own.

19 A lot of you are old enough and some of you
20 aren't to remember that these programs were very, very good.
21 And we need the development of good technical schools. And
22 we need them in other places besides sewer. We need maybe
23 a small one in Nome, we need a large one in the valley. We
24 need one in southeastern.

25 Along with this, what Mr. Merdes was saying, we

1 do also need to have our colleges come up with programs
2 that will not only interest potential students, but will
3 fulfill the needs that they will see in the future. I
4 think these are important.

5 But we must have jobs.

6 In the valley right now, they're saying that the
7 unemployment is 16 percent. That's a very false look at
8 the employment in the valley. That is people who are
9 registered in the employment office or are receiving
10 unemployment payments. Those payments for many, many
11 people have long ago run out. There are many people who
12 haven't been able to receive unemployment benefits for over
13 a year. This is a tragic situation. It's one of the
14 reasons why we are having such a rash of crime and
15 vandalism and burglaries also in the valley. These people
16 have to eat and there is no place for them to go. So we
17 must have jobs and we must have jobs that last more than
18 six months at a time.

19 MS. PORTER: Rather than see a policy goal that says
20 the State of Alaska should achieve self sufficiency, I
21 think we should realize here that, whether we like it or
22 not, we are local citizens. Whatever happens in Africa or
23 the Middle East is going to affect us. The world has
24 shrunk. There is no getting back to being isolated. We
25 are not an island and we're going to have to live with it.

1 And we're going to have to be concerned about what happens
2 in the nation and what happens in the world. And maybe
3 that's going to be our only salvation. There are only a
4 few of us and it's difficult to make our opinions felt
5 outside, but we are global citizens and we're always going
6 to have that situation here.

7 I am not opposed to subsidiary goals and seeing
8 us increase food production or increase agriculture or the
9 raising of animals, the making of oil deals that might
10 cushion us from for a while when a real emergency does
11 arise. I know the State can do that. There should be some
12 kind of reserve for the State or perhaps some discount for
13 Alaska residents. It's oil that's being refined elsewhere.
14 The real freedom for Alaska is going to come in the form of
15 economic freedom, when all of our people have jobs and can
16 afford the goods and services that they need to survive.

17 MS. SHROYER: Going back to education, I believe that
18 our educational and vocational trade schools should be
19 upgraded and brought in so that we do have skilled Alaskans
20 to work for our industries instead of having to bring in
21 the skill from outside.

22 But although we will need some type of government
23 subsidy to begin these things, I believe the private sector
24 and private monies should be integrated so that we get out
25 of dependence on government and government monies. I think

1 the private sector should be the ones in economic control.

2 MR. ECKHOLM: We're sort of getting off the initial
3 discussion about physical self-sufficiency. Could we kind
4 of go back and go over that and decide whether or not the
5 group thinks that's a desirable goal or not?

6 MR. POMEROY: I think I can come right back to that.
7 At least half of what Richard is suggesting, the
8 self-sufficiency in energy, we have a great potential in
9 hydroelectric power and we know that the cost of energy is
10 going up the world over and we're not going to be immune
11 from it here. And there probably is no better place that
12 we could invest some of our oil earnings than in developing
13 energy. And when we develop energy then, it will put us in
14 a pretty good position with respect to some economic
15 activities. And that, then, leads to the employment that
16 the person on my left spoke of.

17 And I would have no trouble at all, Richard, in
18 something in that direction. How about that?

19 THE MODERATOR: But let's talk about energy in this
20 State and self-reliance.

21 Are we talking the same language here? Is the
22 energy problem in Anchorage the same as in Bethel? I
23 mean --

24 MS. JONES: No.

25 THE MODERATOR: Can we be self-reliant in Anchorage

1 and not in Bethel? I haven't heard anybody talk about the
2 State other than sort of a very big blob.

3 MR. MORGAN: May I say something about the villagers.
4 We are now in the process of producing foods locally in the
5 villages. The villagers have asked for, and received, some
6 help in village gardening to produce food locally. They're
7 further at the end of the chain of supply and many stores
8 there's a food scarcity. And in all cases there are
9 insufficient nutrients in the villages.

10 The situation in the village might be reckoned or
11 compared to the situation of the State. The villagers are
12 interested in becoming more self-reliant and self-
13 sufficient because they want to remain in the villages.
14 They want to remain as much like they are as they can
15 without making drastic changes and going to work in a
16 factory 8:00 to 5:00 situation. This is one way they feel
17 they can do this.

18 Regarding the total situation for the State and
19 the fact that I feel nervous about our susceptibility to
20 world events and so forth is a purely physical thing. I'm
21 a glutton, so therefore I want to be sure I have food.
22 Regarding the stance we are not an island, certainly we are
23 a strategic outpost of the contiguous United States. We
24 are strategically important. If we starved in a month's
25 time, we are of no use to the United States. The only way

1 the Soviet Union, civil defense exceeds us in the fact
2 that they've made provisions that their citizens won't
3 starve as fast as our citizens. That's the secret that
4 they hold over us probably exceeds in importance the
5 nuclear missiles and so forth.

6 So I make a plea for not only Alaska to be more
7 sufficient in food, I make a plea for the United States to
8 be more sufficient in food.

9 I would make a plea for every human to make that
10 adjustment, to try to be self-sufficient, because we are in
11 line for some very real shocks.

12 I sound like a doomseer. I'm sorry. I reached
13 the age where I can sound like that.

14 But from the standpoint of national defense,
15 admitting, certainly, we are not an island. I want to
16 survive more than the time that Safeway can feed me.

17 Thank you.

18 MR. HARVEY SAMUELSON: I'm Harvey Samuelson. I was
19 President of Bristol Bay Corporation. What I would like to
20 see on the energy deal on looking for oil is the State push
21 for little topping plants so that they could be produced
22 right there in the local areas.

23 Now, we have one trouble. No matter how much oil
24 we find in Bristol Bay, we can't get over to deep water
25 ports. All the deep water ports, President Carter, with a

1 stroke of a pen -- I'll get on the map here a little bit.

2 We got a lot of potential oil in this area. But
3 we can't get to deep water ports down here. Bristol Bay is
4 awful shallow. This is virtually all no man's land. With
5 a stroke of a pen, President Carter made sure that we can't
6 get through.

7 So we need some access all the way from up here
8 down here. If we built this Western Corridor, there is no
9 way to get to a deep water port.

10 THE MODERATOR: Is your idea of topping plants so you
11 can use the fuel right there?

12 MR. HARVEY SAMUELSON: Yes.

13 THE MODERATOR: And of course employ people, I assume.

14 MR. HARVEY SAMUELSON: When I negotiated with oil
15 companies, they told me that they can put up a plant that
16 will come in a little askew and be pulled off with a
17 tractor where they can produce 15,000 barrels a day with a
18 little unit like that. It will be made and pulled to shore.

19 THE MODERATOR: Where would the oil --

20 MR. POMEROY: Where would the oil come from, Mr.
21 Chairman? Where would the oil come from?

22 MR. HARVEY SAMUELSON: Up in here. Over here.
23 There's oil never discovered. There's one discovered up at
24 Nome they can put one in for Nome.

25 MR. POMEROY: Thoroughly practical.

1 MS. RICHCREEK: I would like to speak to the
2 transportation. We would need transportation either by
3 road or maybe even the railroad.

4 Whether it be for the use of energy, jobs,
5 agriculture, communications, or whatever, we're going to
6 need transportation.

7 THE MODERATOR: One of the questions on that Mike
8 Kowan thing was do you favor any particular type of
9 transportation.

10 MS. RICHCREEK: In the State of Alaska, I think it's
11 impossible to have a specific.

12 MR. POMEROY: How about the major subject of Richard's?

13 MR. SEIFERT: I'd like to speak further on several
14 things I think I could raise more clearly.

15 Energy self-sufficiency is so much more
16 fundamental than a lot of other approaches you can take to
17 a problem. It's been pointed out, Mr. Pomeroy pointed out
18 something that I think should be restated. That is that,
19 having energy of whatever source that is under your own
20 control from within the State, be it renewable or
21 nonrenewable, provides a common denominator of economics
22 which allows you to have economic control over that. From
23 this, as a common denominator substance, from my own
24 personal perception, energy is more valuable than dollars,
25 because you can do things with energy you can't do with

1 dollars. That's why I'm fundamentally religious about this
2 whole prospect.

3 I think energy has much more significance to our
4 economic system than most people are presently aware of.
5 That is the reason I take this approach from the energy
6 point of view. Because I think in fact our security rests
7 more in the types and developments and control over energy
8 than it does over control of economics. From the energy
9 development will come the jobs. But if you look at the way
10 our economy works, in essence, many more economists even
11 are taking this approach, the idea of how energy and
12 physical systems work to control economics. I State that
13 for what it's worth. As another point in support of why I
14 feel it's important to approach the idea from energy
15 self-sufficiency because I think so many other things are
16 tied to that directly, that it, being a prime force, would
17 tend to drag us in that direction, if nothing else, but at
18 least lead the way.

19 THE MODERATOR: Would you agree that Alaska is rich in
20 fossil fuels, hydroelectric, coal? We've got them all.
21 We're just abundant in energy.

22 MR. SEIFERT: I would more than agree. I would say we
23 can provide for ourselves in any choice we make. I have
24 personal preferences to that which Point Barrow advance to
25 this argument.

1 The reason I think is important to keep in mind
2 is we do have, I think, a larger cushion. The only thing
3 we have this money situation is because we have the energy
4 situation. The two are implicit in one another. We have
5 the energy situation. I think it's important we have the
6 wealth, both renewable and nonrenewable. We have a cushion.
7 We can therefore decide from a much less emergency point of
8 view which direction we choose to take.

9 I just think we have the cushion of nonrenewable.
10 If we choose to go towards a renewable future, we have a
11 lot more margin than other places.

12 MR. ECKHOLM: Would you say that's much more important
13 than agriculture sufficiency?

14 MR. SEIFERT: No. I don't think it's more fundamental.
15 Human energy requires food. The physics, whole process are
16 implicit in food. We need those calories. We can't
17 function without it. Without food, there's no use having
18 hydroelectric dam if we all die.

19 MR. ECKHOLM: If we had a choice of what to spend our
20 current oil-based money on, would you rather spend money to
21 develop an agriculture base or to develop energy sources
22 around the State other than oil?

23 MR. SEIFERT: I would choose not to separate those two.

24 MR. POMEROY: They are not mutually exclusive.

25 MR. SEIFERT: And should not be considered mutually

1 exclusive.

2 MR. ECKHOLM: If you had a dollar to spend on each of
3 them, would you spend 50 cents on each?

4 MR. SEIFERT: I can't answer that.

5 MR. ECKHOLM: Somebody is going to have to answer that.
6 The State legislature has so many billion dollars.

7 MR. SEIFERT: I don't propose to answer the question.

8 MR. SCHIRMER: I see, you know, a lot of things have
9 been said that I'd like to kind of comment. One is I think
10 when you're talking about making sure that people have a
11 satisfactory economy, it doesn't necessarily mean job paid
12 for service. It may be a job where -- it may be an
13 economy based on their own activity that they sell to in
14 the form of materials or something. But rather the economy
15 is more than just a number of jobs.

16 And I think strongly that if we can develop our
17 self-sufficiency in energy with hydroelectric or geothermal
18 or whatever form, then we will be in a position where our
19 cost to produce things are relatively lower in 15 years
20 from now than people who were dependent on other forms of
21 energy. So we will become much more likely to be able to
22 do our own agriculture things, our agriculture products
23 will begin to cost less compared to other people.

24 And I think, really, the energy thing is basic.
25 And if somebody asked me the question you just asked, I'd

1 say sure, if you had a dollar to divide between energy and
2 agriculture at the moment, I'd say 20 percent agriculture,
3 80 percent energy. Because I think the agriculture will
4 come if we can get the energy, but not vice versa.

5 THE MODERATOR: It's about time, I think, to break for
6 lunch.

7 You've all heard the self-sufficiency. I heard a
8 word used twice, though, that I think is going to come up
9 in the next three days, and that's subsidize. If we're
10 talking priorities, are we going to end up talking some are
11 going to be subsidized?

12 MR. PILLIFANT: Well, it's our money, we ought to be
13 able to.

14 MR. HARTLE: AS I understood the discussion that we
15 are to have during this period was to more or less outline
16 our goals and problems that we see rather than, at this
17 point in the conference, come up with our recommendations
18 for solutions. So that subsidize and so forth, those are
19 questions that may come up later, and certainly will.

20 THE MODERATOR: You're absolutely right. I just
21 thought I'd get my own personal word in there. Jerry?

22 MR. McCUTCHEN: If you're going discuss agriculture and
23 you think it's an important thing for Alaska, then you
24 better also discuss quality control because that's why we
25 do not have a better agricultural base than we do. We lack

70
1 quality control. If you go down Anchorage, you look at
2 potatoes that come from Matanuska Valley, you stand two-thirds
3 of them spoiled, and people won't buy them. If you don't
4 get quality control, there's no sense in putting money in
5 agriculture.

6 Our big problems with fisheries are the lack of
7 control. We've got a bumper grade of fish on the market.
8 And we've been told so internationally. So until we decide
9 to do a quality job, we better forget to do everything else.
10 Stick to energy.

11 MS. PILLIFANT: The State is beginning to address that,
12 the quality control, at least in the salmon industry. So
13 they started to address that problem. And I was just going
14 to mention fisheries a little while ago.

15 MR. McCUTCHEN: The quality control coming over of the
16 Matanuska Valley. Is very poor. The military demands the
17 quality to the military is different than others. The last
18 bag I got was Nordic Farms.

19 THE MODERATOR: Don't get on agriculture. You'll have
20 a crack at it later.

21 We have a choice after lunch. We can come back
22 and finish this problem goals, problem attitude toward
23 Alaska, or we can take this recommended finances this
24 afternoon. What do you think?

25 MR. POMEROY: What is it?

1 THE MODERATOR: What do you have in mind in finance?

2 MR. ECKHOLM: The biggest question I see facing the
3 State immediately is what we have now in a cash boom. We
4 don't have an oil boom or energy boom. In the next ten to
5 30 years, the government is going to have hundreds of
6 billions of dollars to invest. How that's invested and how
7 that's used will make a profound difference on our future.
8 And there are some very important choices that are going to
9 have to be made this next year on how that money is used.
10 Is it used to stimulate the current poor economy? Is it
11 stuck away from Alaska so that we don't increase the
12 population and we don't then have greater demands when the
13 oils run out? Do we use it to stimulate housing, stimulate
14 bottom fishing? Do we use it to build energy or do we
15 decide that oil in the ground is a better investment than
16 money in the hand and not develop any more oil? Those
17 sorts of questions.

18 MR. POMEROY: Mr. Chairman, I suggest the sooner we
19 see what can be brought to us about finance, about money,
20 the better. Because we can hardly discuss any goal without
21 in the background are you talking about subsidizing it, or
22 are you talking about something else. So I'd suggest we go
23 ahead with that and then come back to those others things.

24 MS. PORTER: I was going to suggest, if we had six
25 days, we can spend three on goals and three on topics.

1 Since we only have three days, I for one would like to get
2 on the topics. But the goal is fascinating.

3 THE MODERATOR: The you mean the only problem Alaska
4 has is we have too much money?

5 MR. MASKI: I think as a parting shot I think is a
6 sense of community I see lacking throughout the State. You
7 know, you compared, for instance, during the 1950's when
8 there was a cause that united people no matter where they
9 lived. That hasn't been the case in the last 20 years.
10 We've been all pulling in different directions. I think
11 that is regrettable. I don't know what to do about it.
12 But it is a fact of life.

13 MR. POMEROY: I was just going say finally, we should
14 not write down Richard's and his associate's suggestions as
15 being down to specific issues. They're big. I attended a
16 conference on village gardens and it isn't village gardens,
17 it's individuals learning to garden to improve their diet.
18 And it's an enormously big thing having to do with quality
19 of life on a whole lot of things.

20 So I would say that there's a subject we should
21 not think of it as just some very specific issue.

22 THE MODERATOR: What's your feeling, then? When we
23 come back, we talk about finance? Money?

24 MR. POMEROY: Let's get that out of the way.

25 THE MODERATOR: Do we need any help on that?

1 MR. ECKHOLM: I asked Belden Daniels, if he had the
2 time, to please try and be here sometime this afternoon.
3 He's a Harvard economist of extreme intelligence and has
4 been working with the State developing things. He said
5 he's real busy. He said 2:00 o'clock. I hope he is. If
6 any of you know people who have expertise in the state's
7 financial picture, please bring them or bring whatever
8 resources you can use.

9 THE MODERATOR: When do we meet, now?

10 MR. ECKHOLM: I said Belden at 2:00. It's a quarter
11 after 1:00. Is that all right?

12 MR. POMEROY: Sure.

13 (The proceedings adjourned at 1:15 P.M. for lunch
14 and reconvened at 2:15 P.M.)

15 THE MODERATOR: Maybe we ought to start.

16 This is not preplanned, I assure you. But you
17 people asked to talk about finance and I just happen to
18 have three people who know as much about finance, I guess
19 as anyone.

20 I haven't even told them this. I want them to
21 limit themselves to maybe three or four minutes at most,
22 and then have questions from you people about it, about
23 finance in the State. And hopefully take as long as you
24 want, but we don't want to consume our whole afternoon. I
25 know they're busy, too.

1 Of course, Representative Russ Meekins is here,
2 and he'll probably speak last of the three. He's the
3 Chairman of the House Finance Committee and knows the
4 finances of the State, obviously.

5 Belden Daniels is a professor at Harvard in
6 finance. He represents both the executive branch and the
7 State legislature on matters of finance and advising to
8 them. He's had a long, very distinguished career in finance,
9 so I'm sure you can ask him any kind of question.

10 And then Tom Williams, who was in charge of
11 petroleum revenue for the State until recently, and now
12 he's Commissioner of Revenue for the State. So he knows a
13 great deal about it.

14 I see Tom Singer there from the governor's office,
15 who is working on finance matters.

16 So we'll keep this informal. I'll first ask Tom
17 Williams, and then Belden and then Russ.

18 Let me just say, if people have questions while
19 you're speaking, let's do it that way.

20 Excuse me. I was going to say, Tom, you talk
21 about the financial picture of the State, and Belden will
22 talk about the world market and where we fit, and Russ
23 could talk about the political implications, perhaps, of
24 our picture.

25 MR. WILLIAMS: This has been sprung on me at the last

1 minute. It's all extemporaneous, so bear with me.

2 Our situation now is we have a lot of money for a
3 little while, and then it's gone, unless we do something
4 about it.

5 We have in the next 18 months probably something
6 on the order of three billion dollars gross revenues coming
7 in, versus, what is it, Russ?

8 MR. MEEKINS: 1.3.

9 MR. WILLIAMS: 1.3 billion or so of expenditures for
10 ongoing State governmental activities. The difference is a
11 lot of money. The question is, really, what do we do with
12 that money now, because, as you know, it comes from Prudhoe
13 Bay. Right now our current budget, the income from
14 sustainable sources represents about 25 cents on the dollar.
15 And we need to plan for the time when petroleum is not so
16 plentiful, even though prices will be going up. Prudhoe Bay
17 is so huge, when it starts to go down, it will take an
18 awful lot of discovery to take up for the slack. In the
19 1990's, as the production goes down and the revenues go
20 down with it, we will start dipping into the surpluses that
21 we are enjoying piling up and piling up during the 1980's.

22 I believe that we need to broaden the base of our
23 revenues so that, when that time comes, we're not caught
24 short. That means a combination of two efforts. One is to
25 hold back the growth of the State government to an almost

1 flat level in terms of the population, have it keep step
2 with the population and inflation but not to increase at
3 the historic growth rates; and at the same time that we use
4 the money that we have available, not to subsidize
5 uneconomic projects but to facilitate the development of
6 economic projects up here.

7 There's a distinction between the two that's very
8 important to grasp. It's not enough just to create losing
9 jobs. That's activity that is illusory. We could do that by
10 hiring more bureaucrats. In fact, that's the classic case,
11 stick them in Juneau and Fairbanks and somewhere else. You
12 can see it will not be a solution to the problem. When the
13 petroleum money that's fueling the machine starts to dry up,
14 the machine is not able to continue to function with those
15 extra bureaucrats. The same thing is true if you have a
16 subsidized program going on over that same period of time.
17 Once the grease that forms the subsidy starts drying up
18 from Prudhoe Bay, the machinery is going to come grinding
19 to a halt. So it's important that we facilitate sound
20 economic development up here. I think we have a tremendous
21 opportunity at this time to do so, to use our money wisely,
22 to bring in more money and to allow basically the
23 marketplace to allocate where it's best to place it.

24 And that's just some general comments right now,
25 but he asked me to keep it short.

1 MR. DANIELS: I want to echo a number of things Tom
2 has said. I'd first like to go back to Russ' wonderful
3 phrase this morning, that Alaska is facing insurmountable
4 opportunities. It's a great phrase and one that I think
5 during all these three days we ought to have very much
6 before us.

7 I'd like to put it in Chinese, if I could for a
8 moment. The Chinese symbol for challenge is a two-part
9 symbol, as many Chinese symbols are. There's an upper
10 symbol and a lower symbol. The Chinese symbol for challenge
11 is danger on the top and opportunity on the bottom. And I
12 think that's precisely the circumstance that you face right
13 now.

14 I am working all over the world at the present
15 time. I'm doing work in Europe, I'm doing work in Egypt,
16 I'm doing work in Indonesia, in Massachusetts, and
17 California, and a number of places in the Lower 48, and I
18 can say absolutely and unequivocally that the single most
19 exciting place, the most exciting political economy on the
20 face of the earth today in terms of both danger and
21 opportunity, in terms of the challenge from a public policy
22 standpoint, is Alaska. If I had to give up everything else
23 I'm doing in the world to be able to continue to play some
24 small part in the working through of the issues in Alaska,
25 I would do it.

1 But it is scary. It is very scary. I think I'm an
2 optimistic person. This even at 8:00 o'clock you are going
3 to hear from probably the most optimistic person in north
4 America, Bucky Fuller. But I would also like to introduce a
5 little caution for a moment.

6 And to hold it briefly, I was asked if I would
7 comment on things around the world. Some of you have heard
8 these ideas before, but I think they bear repeating.

9 There are three diseases which other nations in
10 the world - and I think you should be referred to as a
11 nation - there are three diseases that other nations around
12 the world have caught almost fatally. And I hope and I pray
13 that Alaska does not catch any of these three diseases. Let
14 me very quickly and briefly describe them. And they relate
15 to things that Tom said.

16 The first disease is the Dutch disease. What
17 happened about 15 years ago in the Netherlands is that the
18 Netherlands hit it rich big in natural gas just as you have
19 at Prudhoe Bay. And what the Dutch did was what you may do,
20 if you're not careful. And that is what governments almost
21 invariably do when presented with this problem:
22 Expenditures always rise to meet revenues. And what
23 happened in the Netherlands is that just as with Prudhoe
24 Bay after ten years or so, that huge natural gas deposit
25 was gone from the ground, gone forever. And all that

1 Netherlands had managed to do was spend all of that money
2 without investing it in ways that created a more vital
3 economy. And they were left with this huge social overhead
4 and no revenues to pay for it. Very dangerous problem, for
5 which you have an opportunity to deal with.

6 I'd like to know, as Russ talked about this this
7 morning in his I think very important opening comments,
8 that that isn't to say there aren't some very important
9 services, some very important opportunities that you have
10 in terms of health care and transportation and so forth
11 that you have to face to and that you now can deal with.
12 But it's a balancing act.

13 Okay. That's number one, the Dutch disease.

14 Number two is the British disease. And the
15 British disease is one that you also could catch. And that
16 is a disease where you do as the British have done, as Tom
17 warned about. And that is that you spend your very scarce
18 resources, and I'll come back to that. Three billion
19 dollars in a world in which we have commercial banks in the
20 Lower 48 with assets of 100 billion dollars is not very
21 much money in the world, not very much money.

22 It seems like a lot, but it goes awfully fast.
23 The British have spent their wealth, including their new
24 North Sea wealth, to try and bail out and hold up failing
25 enterprises, or to invest in enterprises that should have

1 never started in the beginning. It takes two times as many
2 people in Britain to build a Leyland car as it does to
3 build any other car on the continent, and that is
4 misallocating very scarce resources. It's the way of saying
5 it's the Chrysler disease. And the shorthand of it is it
6 could be the ALPETCO disease, or other diseases like that.
7 It could be investing in things which really aren't sound
8 underneath. And governments have a wonderful capacity for
9 doing that.

10 Okay. The third disease is the newest disease of
11 all. It's one I look forward to and Tom and I were just
12 talking about. It's the Alberta disease. Alberta is Canada's
13 Alaska. You and Alberta have a lot in common and you should
14 talk a lot, as many Alaskans did at an interesting
15 conference of the Alberta heritage savings trust fund about
16 two months ago in Alberta. In fact, the largest number of
17 people from the world that were at that conference that
18 weren't Albertans were Alaskans, and that was very exciting.

19 The Alberta disease is this: The Alberta disease
20 is keeping value in that money, in the three billion
21 dollars, if you invest it.

22 The Alberta Heritage Savings Trust Fund is like
23 your permanent fund. And it has grown in three years from
24 zero to seven billion dollars. But in fact it is shrinking
25 fast, very fast. Let me quickly take you through this.

1 There's no way that, once you take the oil and
2 natural gas of Prudhoe Bay out of the ground, that it can
3 retain the inflation-proof value that it has in the ground
4 over the next 20 years. Your oil and natural gas in the
5 ground is your most inflation-proof asset you've got.

6 When you take it out of the ground, it's going to
7 begin losing value immediately.

8 Now, what value ought it maintain? The oil
9 companies are making a 15 percent return on investment
10 right now. We figured in Alberta that the Alberta trust
11 fund should do half as good as that, seven and a half
12 percent. Let me tell you in real terms in our inflation
13 economy the Alberta fund right now is doing zero. Although
14 I'd like to compare these figures with Tom, and he might
15 argue with me a bit about that, my computation of your
16 current rates of return in real terms this year for the
17 permanent fund is minus two percent, and for the general
18 funds is minus five and a half percent, in real terms.

19 Now, if you think about these three diseases, the
20 first disease of the Dutch is the issue of consumption. The
21 issue of spending some of that money now. There is an
22 important function of spending it, but you got to do it
23 very carefully.

24 The second disease, the British disease, is the
25 disease of investment. And if you're going to do that, you

1 have to do it well.

2 The third disease is the disease of savings. That
3 is, if you're not doing it right, you must do a better job
4 with your savings.

5 Now, I'm tremendously optimistic. I think that
6 you have a remarkably young and bright and energetic
7 legislature. And I don't say that -- I mean, I deal with
8 them all over the world, and I think I can speak for some
9 real authority about this. And you've got an administration
10 willing to think hard about it, and clearly you have a
11 citizenry that's willing to think hard about it.

12 And to go back to our opening comments, you have
13 a tremendous opportunity not to suffer from any of those
14 diseases, but to take this remarkable wealth and invest it
15 creatively not only for this particular generation, but for
16 generations ahead in Alaska as well.

17 MR. MEEKINS: Let me try to stick to information and
18 not give you a speech here. I know you don't want that, and
19 it shouldn't be. But I have some disagreements with some of
20 the things that have been said, although I'm glad that
21 these people say what they do, because we need people like
22 that.

23 But last year at this time the Department of
24 Revenue was predicting a 65 million dollar shortfall, and
25 now they're predicting for the same period a 900 million

1 dollar unanticipated revenue; 900 more than we will need.
2 There's quite a difference there.

3 You all know the international circumstances that
4 have led to that. They're currently predicting about three
5 billion to 3.9 billion to the end of the fiscal year, which
6 ends June 31, 1981. That's the money we're talking about.
7 There is expected surpluses for the next five or ten years,
8 depending on how you indicate even under the Commissioner
9 of Revenue's projections.

10 The reason for the disparity is, although a lot
11 of people who have projected they didn't know Iran was
12 going to have a revolution. But something was going to
13 happen somewhere. Our consultants told us it was a Iraq.
14 Maybe Iran is going to be next month. We still know that
15 oil prices are extremely likely to increase tremendously
16 over the next 18 months. And that is really not being taken
17 into consideration by these projections, and it shouldn't
18 be.

19 We need to project based upon what we can
20 realistically believe what is going to come in, we have
21 some sort of proof or honest belief and not plan to spend
22 money we really don't have yet. So it's not right for us to
23 do anything except this sort of base case analysis and
24 projections. But in terms of your thinking, I think it's
25 important to know that the revenues may be much greater

1 then that and the problems that are being pointed out are
2 minimized if those revenues are greater. It is true that
3 we're wealthy for a time and that we're going to be broke
4 eventually, possibly.

5 But it used to be that that was going to happen
6 in 1987, and then it was moved to 1992, and now it looks
7 like 1995 or 1994. In some scenarios it looks like 1995
8 before that cross-over point. Every time the oil prices
9 increase and that price is transmitted to the State in its
10 wellhead, that cross-over point gets farther away. So the
11 crisis is put off, and it's possible for us to do something
12 about it, to do exactly what the commission was talking
13 about, getting into renewable resources, talk about
14 diversifying economy, and broadening the economic base. We
15 cannot survive forever on a finite resource. But if it's
16 seven years away, we're in real trouble. If it's 25 years
17 away, we got a little space. If it's 40 years away, we got
18 more time than we really need. I think that makes a big
19 difference.

20 The Beaufort sale, we're looking at 80 million
21 dollars. Just talking to some of the experts around here in
22 this place, I've heard the possibilities are much, much
23 greater than that. Because of the windfall profits tax,
24 the oil companies are likely to have to give that money to
25 the federal government if they don't invest it in the

1 Beaufort sale.

2 So if the sale goes forward, there's a real
3 chance there will be more than 800 million. And it might be
4 double that, or two billion dollars, even though we got a
5 sale put together that supposedly differs now downstream by
6 the way the sale is put together. In fact, Milton Lipton
7 told me that he wouldn't be surprised if some people would
8 give 100 percent under the net profits, they would bid 100
9 percent of their profits to the State, if they could just
10 get access to the oil. That will tremendously increase our
11 revenues if there is any revenue at all in the Beaufort.
12 You also got the wellhead price.

13 Taking over ALPETCO, they've got revenues of four
14 billion dollars this year and a net profit of 350 million.
15 So he knows something about it. His people are projecting
16 that the wellhead price, which is now 13 dollars a barrel,
17 will go by October of 1981 when it's fully decontrolled and
18 the State will be receiving that figure, would go to \$41 a
19 barrel. That's the wellhead price from the 13. That's his
20 actual projection that he's basing his investment policy on.
21 And you know they've been pretty successful. So you can
22 take that.

23 MS. PALMQUIST: The \$41 per barrel is of which date?

24 MR. MEEKINS: October of 1981. I think it's 30 percent
25 decontrolled in July and then four and a half percent a

1 month. And it ends up it's fully decontrolled by then. Some
2 may or may not be transmitted. I'll get to that in a minute.

3 If we got all of that, that would be a pretty big
4 jump. And we guess that the average for fiscal year 81
5 would be 28 dollars a barrel. So almost double what we're
6 getting. Yes, more than double what we're getting right now.
7 So the 1.8 billion we're looking at in terms of oil
8 revenues would be 3.6. So it would be more money per year
9 coming in. These things could change. It depends what
10 happens even today as the Iyatollah is fighting the
11 Khoumini.

12 The other thing is that some things that could
13 really hurt us. The windfall profits tax can hurt us. Worse
14 than that, I think, the fact that we're making out on the
15 misery of the people in the Lower 48, all of our oil is
16 being sold down there and they're likely to be going into a
17 recession, and possibly a depression. The whole world may
18 be going into one, according to the people that have been
19 giving recommendations to the commissioner and myself. If
20 that's the case, there is a real chance that they'd get
21 upset by the blue-eyed Arabs and wipe the whole thing out.

22 The depression itself, depending upon how OPEC
23 responds if there's a worldwide depression, and if it's
24 serious and lengthy, that's what the prediction is now,
25 from the people I hear and respect, OPEC has two choices:

1 They can let the price go up, or they can try to help out
2 the depression by keeping the supplies stable and letting
3 the price go down because of the depression. It could
4 decrease oil consumption because of lack of activity. It
5 depends on their response, whether or not our revenues go
6 that high. We don't know what OPEC will be doing. Maybe the
7 Saudis are very concerned and if they won out they would
8 try not to maximize revenue and try to keep the supply
9 stable. But who knows who's going to do what.

10 Two more points, quickly. We've got 3.5 billion
11 dollars, according to this base case estimate for the next
12 18 months. I've got 8.5 billion dollars worth of requests
13 on my desk right now and the legislature hasn't started and
14 it's 18 months away before the end of that period. It's
15 only about two months people have been thinking. I've got
16 another four billion dollars in request for bonds. So
17 there's 12 and a half billion dollars worth of requests,
18 and three and a half coming in. That's an insatiable
19 appetite. There's the Dutch disease, and definitely some
20 people have it.

21 The sixth point is that, in my thinking - I can't
22 resist saying this - it's really kind of cheating. When you
23 make a list of priorities, the most important things are
24 the cheapest. And the most questionable in terms of benefit
25 to society, benefit to Alaskans, are the most expensive.

1 And I think that you can really maximize benefit to the
2 State if you keep that in mind and don't suck in for those
3 billion dollar deals that are whack, where all your money
4 goes into two projects and you haven't addressed alcoholism
5 and social problems. I think that's a good rule of thumb.

6 So thank you for listening. And if you have any
7 questions, I'd be happy to answer them.

8 THE MODERATOR: Thank you very much, gentlemen. Now
9 questions. Ed?

10 MR. MERDES: Go on, Harold.

11 MR. POMEROY: It's certainly most encouraging to hear
12 you think how our revenues are going up. But as they go up,
13 is not the great value of that what's modified a great deal
14 by inflation and by much higher costs of doing everything
15 in Alaska?

16 MR. MEEKINS: I don't think so. Certainly, but our
17 commodity is going up faster than inflation. We were in a
18 totally new era and I think people have to change identity.
19 We're going to be in pretty good shape. We need to look at
20 those opportunities and not screw up.

21 MR. POMEROY: You believe the world situation is so
22 different as to the shortage of oil from the effect it will
23 be on here we're the gainers?

24 MR. MEEKINS: We've got 2.5 billion dollars in the
25 banks and financial institutions in the State. We have got

1 more than that revenue. You can infer from that we can
2 affect our economy in a positive way, and the question is
3 should we. But we certainly have the capacity to be immune
4 from the outside effects.

5 MR. MERDES: The last figure was we've got 900 million.
6 We heard the same thing from Wolvert, when he was
7 commissioner. What happened, the conference made up its
8 mind that they were going to address human values. They
9 spent the 900 million.

10 But I think you ought to be more positive. As a
11 member of this conference, what I'm thinking, I'm thinking
12 probably Russ is more right than you are, not because he's
13 optimistic, because he's a realist.

14 You hear all these predictions of doom. You
15 economists. You give me three diseases. I'm not criticizing.
16 You ought to say let's assume do we have a surplus of
17 wealth. Let's assume Russ is right. What do we do
18 positively so that we don't go into the tubes, instead of
19 telling us we're going to have Dutch and British diseases.
20 What if we get three billion and we've got so much money we
21 don't know what to do with it?

22 MR. DANIELS: I'm an extremely optimistic person in
23 everything that I'm doing. It's a warning from experience
24 in other parts of the world. I happen to be very optimistic
25 about your situation. And nothing Russ said do I

1 fundamentally disagree with. We've been working together
2 too long.

3 MR. MEEKINS: Getting information from him.

4 MR. DANIELS: I think you have a tremendous opportunity,
5 one, to invest a portion of this in human development.
6 Because in fact in the end financial capital and physical
7 capital and natural resources don't mean anything. It's
8 people that really count. And that's where the consumption
9 investment should be going, in my judgment.

10 Let me just go down the three quickly.

11 One, in terms of the Dutch disease, there are
12 real investments that you need to be making in people. And
13 that's where the consumption ought to be going. I think
14 that's where a lot of these things are.

15 And we like to make one other observation: Next
16 month I'm going to be working in a country of 100 million,
17 now 150 million, in Indonesia, that has a span on the face
18 of the earth that is about two-thirds the span of Alaska.
19 The cost of interest structure investment here, the cost of
20 communication, transportation is higher. And you have to
21 pay of some of that. Frankly, when I see what has been done
22 with the 900 million, I don't believe there is a waste.
23 When you fly into Hoonah and that airport, it says right on
24 it built in 1970, and that was part of the 900 million.
25 That's one, on consumption.

1 Two, on investment: That is the British disease.
2 The positive side of it. I just want to reemphasize what
3 Russ said: Don't invest in billion dollar deals. I can tell
4 you emphatically around the world that if it's a big deal,
5 the private market can finance it. And don't you get sucked
6 in unless you're going to make 31 percent return on the
7 pipeline, the natural gas pipeline. Where the real need for
8 investment in this State is, you do have a real capital
9 shortage, a real capital shortage, and it has to do with
10 small enterprise, and particularly small enterprise, which
11 is rural enterprise in the bush.

12 And because of capital market problems in the
13 Lower 48, there are foreclosures on mortgages and
14 foreclosures on businesses that are taking place in
15 Anchorage right now which are not because the underlying
16 business is no good or because the family can't pay for it.
17 It's because the banks don't have the money. You can deal
18 with that money, and you've got some new mechanisms to deal
19 with that.

20 Three, that is, the Alberta disease, you have an
21 obligation which I think you can do to meet the standards
22 of a world class institutional investor, which is what you
23 are. You've got to play like the big boys. You want to get
24 out of the short-term debt securities that you're in right
25 now, develop a balanced portfolio in foreign equities as

1 well as in domestic equities.

2 So I'm very optimistic on all three counts, and I
3 think we're working on all three of them.

4 MS. PALMQUIST: I have a question: Recently we
5 loosened up 50 million dollars in State funds in order to
6 encourage the homeowner mortgage situation. Would that be a
7 good type of investment which would be not only property
8 but also people oriented to increase that amount of money?

9 MR. DANIELS: Very specifically, at the time that that
10 decision was made, Russ and the governor had no other
11 alternative but to use the general surplus funds as a
12 source of that. They were out of session and that was the
13 only source they had. And it was a wise decision.

14 In my judgment, starting with the new session in
15 January, there are better ways of using that 50 million.
16 Because when you're putting that subsidized housing, when
17 you're doing that with the general fund, you're not getting
18 the value that you might get with alternative investments.
19 But you can import capital for housing, and for the bottom
20 fish development and for agricultural development and for
21 small industry development through the expansion.

22 MS. PALMQUIST: You said import money. Isn't that one
23 of our problems, is importation of money?

24 MR. DANIELS: No. You want to import money. You haven't
25 been doing it, and you can do that. And there are

1 mechanisms for doing it that work with the banking system.
2 I think very serious attention is being given to those by
3 both the administration and the legislature.

4 MR. MEEKINS: That's right.

5 MS. PALMQUIST: There's quite a feeling among us
6 taxpayers that we want the permanent fund invested in
7 Alaska and not have other states where our money is outside
8 get the benefit of the development potential from that
9 investment.

10 And you said we should import the money. But at
11 the same time, we're looking at, in the next 18 months,
12 three and a half billion dollars. So why do we need to
13 import it if we have excess?

14 MR. MEEKINS: Because you can make your money, do that
15 much more and besides. If you wanted to make loans
16 available, for instance, at nine and a half percent, you'd
17 be losing four points. Four and a half, five points, okay,
18 percentage points on doing that. Now, we just both did it,
19 so we're all in favor of it in a crisis. But if you do it
20 with State money, you lose that. If you want to go in and
21 subsidize, you can actually appropriate a subsidy. You can
22 borrow money at some sort of, hopefully, tax exempt, but at
23 least taxable rate, bring it up at a somewhat lower rate
24 than your opportunity cost, which is your investment rate
25 you'd get. And you end up making more money that way.

1 Should you bond, or should you cash? The same
2 thing. If you bond, you borrow the money at seven and a
3 half, eight and a half, right now, and you can take the 100
4 million and you invest the 15. So you make money.

5 As long as the short-term rates are higher than
6 the long-term rates, you should make cash. Right now it
7 makes sense to import.

8 MR. DANIELS: Could I give one more illustration of
9 that. Right now your direct loan programs in the State are
10 the second biggest in the State. It's at nine and a half
11 percent or less. Every one of those loans could be made by
12 an expanded and improved Alaska industrial development
13 authority, very similar in fact to Senator Hohman's SB 1
14 bill; very similar. They're wonderfully close ideas.

15 And a way which, generally speaking, would
16 produce a lower rate than nine and a half percent of tax
17 exempt revenue bonds from the Lower 48, importing all of
18 that capital from the Lower 48, then putting the several
19 million dollars back into the general fund surplus, going
20 out and investing at the world market rate.

21 MR. POMEROY: Russ, you said State dispersements in
22 1992 or 1995 might catch up with the money available. Is
23 there something we should pay attention to in that
24 direction with respect to having money that is saved?

25 MR. MEEKINS: I think so.

1 MR. POMEROY: Or invested.

2 MR. MEEKINS: I think two things. We ought to have a
3 sizable permanent fund. You can't invade the permanent
4 fund without a constitutional amendment. You've got 25
5 percent going in there, or more. Then I think you ought to
6 have a rainy-day account, six to twelve percent of the
7 operating budget. Appropriate it now, keep pace with
8 inflation by earning investments. It wouldn't be as
9 sacrosanct as a permanent funds and you, couldn't do it on
10 a whim. But it would be halfway between surplus money
11 sitting there for the legislature to spend. And the
12 permanent which the legislature can't get their hands on.

13 Somewhere in between, if the governor has a
14 problem, break the bank if the pipeline busted, you have
15 some sort of contingency fund, 99 percent of our revenues
16 is coming out of the pipeline. The wind and the cold almost
17 shut it down last year. We almost had the longest stick of
18 Chap-Stick in the world. We need a contingency fund, as
19 well as the bottom fish, all the things people are working
20 on, and then keeping down the operating budget. There's the
21 real key. Anything that is compounding to infinity.

22 MR. POMEROY: One final short one, if I may, please.
23 What do you think about the idea of a constitutional
24 amendment which the put an absolute lid on our growth,
25 holding down population?

1 MR. MEEKINS: I'm against it.

2 MR. POMEROY: So am I.

3 MS. PALMQUIST: So am I.

4 THE MODERATOR: Rosemary, did you have a question?

5 MS. PORTER: I was going to ask what the cure was for
6 the disease, but it's been answered.

7 MR. DANIELS: You're already moving in that direction.
8 The resources corporation is one of the most exciting by
9 any government. Taking that, investing it and diversifying
10 the economy into renewable resources, very exciting
11 commercial fishery, is a good start, with an excellent new
12 board and a very strong management. These are the
13 possibilities of some of the new institutions that we were
14 talking about. And this is the year of decision on these
15 things. And I'm very optimistic.

16 MS. PALMQUIST: Isn't there another fund called the
17 renewable industries fund that comes out of the profit?
18 What's the percentage on that?

19 MR. DANIELS: Five.

20 MR. ECKHOLM: I have a question for Belden. What do
21 you think of this proposal that came out in the paper last
22 night for Alaska to take care of the nation's energy needs
23 by developing fast and pumping out four and a half or five
24 million barrels of oil a day in the next seven or eight
25 years?

1 MR. DANIELS: My strategy is stave that off until
2 deregulation. American oil is subsidized right now at
3 somewhere between a half and a third of the world market
4 price. And if you talk about the spot market, it's even
5 worse than that.

6 Every time you take it out, you're getting less
7 value. Wait until you're up there. You really do have the
8 one asset that beats inflation where you're getting a
9 market price for it.

10 MR. MEEKINS: As Milton Lipton pointed out in his
11 paper, in the last ten years, not one drop of oil or gas,
12 the total reserves have not been increased in ten years,
13 but the value of our resource has increased ten-fold. So
14 we're sitting pretty, but they're in bad shape down there.
15 The perception in the Lower 48 is that we're closing the
16 tap down on them just like the OPEC nations are. So we've
17 got a public relations problem that needs to be dealt with.
18 Maximizing revenue and conservation of the field with the
19 possibility the federal government may just get angry and
20 nationalize your field. And they can do that.

21 MR. REAVES: How do you think we in Alaska can best
22 foster and encourage outside investment within Alaska in
23 order to help us sustain a long-term diversified economy?
24 Such as taxing, say, land, so forth.

25 MR. DANIELS: Well, I could tell you categorically on