

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

176 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

Mr. Love: I think 50% is too high.

Mr. Reed: I like the idea of "at least" 40%. It does allow you the flexibility if the market warrants it to go up higher in securities.

Mr. McFarland: Any more discussion? Motion is 40% -- 25% -- 25% -- 10%. All this in favor signify by saying "aye". Opposed? Motion carried.

Mr. Richards: At the very last page, the very last line of page 520, just scratch loan or loan guarantees and substitute the words "and debt".

Mr. Gallagher: The words "and debt guarantees".

Mr. McFarland: Do we have a motion?

Mr. Gallagher: I move that the last sentence read, "These investments may take the form of equity, debt, or debt guarantees."

Mr. Edenso: Why don't we just say, "... equity, debt, debt guarantees, loans, or loan guarantees."

Mr. Gallagher: On (c) to include that same language. Instead of loans, debt guarantees. I have amended (b) and (c) to "take the form of equity, debt, or debt guarantees."

Mr. McFarland: Is there any objection? Hearing none, motion is approved. We'll go on to Policy Board.

Dr. Logsdon: On (c), may I ask a question? I presume that on community development projects of municipalities, that taxes are the security?

Mr. Gallagher: No, it could include revenues.

Dr. Logsdon: Or revenues. It's hard to foreclose on a municipality.

Mr. Gallagher: It isn't that hard.

Dr. Logsdon: So it is taxes that are the security.

Mr. Gallagher: All the revenue.

Mr. McFarland: All right. We'll go to the Permanent Fund Policy Board now.

Mr. McDowell: Could I suggest a wording for (d)? (d) Permanent Fund may invest not more than ten percent of its resources in private housing in the form of debt or debt guarantees. Private housing in public sector (c) could include all public sector housing.

Mr. Gallagher: Does (d) limit you to single family dwellings, because private enterprise includes whole type families, then it's rental situations.

Mr. Love: Does this limit (a) from investing in profitable mortgages as investment securities -- really highly rated mortgages?

Mr. Gallagher: In the Federal nomenclature an investment grade security isn't mortgages.

Mr. Love: It isn't?

Mr. Richards: It depends on what you are mortgaging. I think the intent of what Jamie is raising is a valid concern.

Mr. Reed: Housing mortgage loans are not normally considered to be an investment grade security.

Mr. Edenso: If you include this you're going to get in direct competition with the savings and loan institutions. There is one political hazard there.

Mr. McFarland: I don't know that you are competing with the banks. You can do this through the banks if its possible.

Mr. Edenso: If you'ge to buy from savings and loans and commercial banks, then why do you need (d)?

Mr. Gallagher: You are buying individual loans, you're not buying the banks.

Mrs. Fleischer: You might also want to buy individual loans because there may not be any other way for people to get loans for private dwellings in the bush areas.

Mr. Love: I think by limiting to 10% you could be making it so you couldn't participate to the maximum extent you might want in the secondary money market.

Mr. McFarland: There is a lot of other State money available for this type of loan.

Mr. Gallagher: You can also make the loans from (c). You've got three areas from which you can do housing loans, (b), (c), and (d). The only thing (d) does it makes it for a single family dwelling.

Mr. Love: Maybe it should be in addition to any housing under (b) and (c) the Fund can enter into mortgages up to ten percent.

Mr. Reed: That clarifies it.

Mr. McDowell: Mortgages for private dwellings in Alaska.

Mrs. Fleischer: So it would read, "In addition to any housing loans under (b) or (c), the Permanent Fund may invest not more than ten percent of its resources in private dwellings in Alaska in the form of debt or debt guarantees."

Mr. McDowell: "... the Permanent Fund may invest not more than ten percent of its resources in private dwellings in the State of Alaska in the form of debt or debt guarantees."

Mr. McFarland: You heard the motion. Is there any objection? Hearing none, the motion is adopted. There is a new section (d). All right, the Policy Board now.

Mrs. Lehr: We had no discussion previously about who should be the cabinet members on the policy board. When we voted on the issue it was two cabinet members and in section (a) they are specified. I would like to suggest the possibility of changing this to "consisting of the Commissioner of Revenue and the Director of the Division of Policy Development Planning." I think it would be prudent to have someone from the Governor's Office who has dealings with all State agencies and policies, on the policy board in order to facilitate that coordination between general State policy and the Permanent Fund activities.

Dr. Lehr: I'll make a motion to that.

Mrs. Fleischer: I'll second it.

Mr. McFarland: Motion seconded. Discussion.

Mr. Love: I'm opposed to the motion because the Governor already has a lot of influence with the two commissioners on the policy board. I think instead of having someone from the Office of Planning Development it should be someone more like the Commissioner of Community and Regional Affairs and the Attorney General.

Mr. Gallagher: I'm opposed to the motion as proposed too because a lot of the programs that we may be investing in or the policy committee are investigating, have a very close coordination with the activities of the Department of Commerce. Currently there are programs in the Department of Commerce -- renewable and non-renewable resources -- that have to be coordinated with the Permanent Fund, therefore, I think it necessary for the Commissioner of Commerce to be on the board for the close coordination of these other programs. The reason for the Commissioner of Revenue is that he is chief financial officer of the State. I feel that it has the correct commissioners.

Mrs. Fleischer: I want to support the intent of the motion. I would like to see it broadened and was thinking of the Commissioner of Environmental Quality. Would it be totally out of line to have the policy board approved by the legislature?

Mr. Gallagher: Only State boards are confirmed where they are of a regulatory nature and not an executive function.

Mrs. Fleischer: So you would have to broaden the membership of the policy board to include commissioners who are confirmed.

Mr. Gallagher: I think the present membership is adequate.

Mr. McFarland: I think these two cabinet officers should be appointed by the Governor and these are the two people he would appoint -- the Commissioner of Revenue and the Commissioner of Commerce.

Mr. Love: I think the Commissioners of Revenue and Commerce should be on it but I also think the Commissioner of Community and Regional Affairs should also be there because of their work on community development and municipalities, then of course the Attorney General should be there so he could work closely with the Governor.

Mr. Pihl: I would like to speak in favor of leaving it as it is. I assume there is interchange between the people we're talking about at the cabinet level, and I think the whole bill provides for input from the various elements.

Mr. Edenso: I would speak also in favor of leaving the board makeup as it is currently recommended in the proposed bill. Primarily I disagree with having the Attorney General included on the policy board. Certainly the Commissioner of Commerce and Economic Development has two major areas of concern in the State. One is the regulation of business throughout the State, licensing, etc., securities, corporations, and at the same time he has responsibility for stimulating the economy, direct loans to businesses, economic planning, etc. He does work with other cabinet members, so I think he is a very important person to the ongoing activities of the policy board. Although the Commissioner of Community and Regional Affairs does have responsibility for revenue sharing this is not revenue sharing type programs. This is an investment type program.

Mr. McFarland: Could we have the motion stated again?

Mrs. Lehr: I'm willing to withdraw the motion. I think it's fairly clear that the majority of the committee are in favor of retaining the commissioners.

Mrs. Fleischer: I'll withdraw the second if the motion is withdrawn. But the overall problem as far as I can see, is how we assure that the policy board is going to actually be acting in accordance with the desires of the people of the State. In other words, how are you going to assure that they're going to be responsive?

Mr. Reed: I have one suggestion that I've done a lot of thinking on and have discussed with a number of legislators as a potential. I would like to see consideration being the public's direct input into the policy board on policy. It looks like the Governor has way too much power to put his philosophy in. He's appointed his commissioners and apparently he then appoints all seven other members. In effect, he has appointed nine people to the nine member board. I would like to see the public have a direct input through the election of three members run on a state-wide basis for election to the policy board. It could be a compensated position but one who would have direct input from the people.

Mr. McFarland: What kind of qualifications would you set for a member of this board?

Mr. Reed: I think the public and the electorate would set the qualifications for the members of the board. On the elected people the population will determine them. I think that the people who would run for this would be some of the more renowned people in the community.

Mr. Edenso: Your suggestion virtually insures that three people from Anchorage will be on that board.

Mr. McFarland: Anyone want to make a motion.

Mr. Love: I'll make a motion that we have an additional member from the public and the Commissioner of Community and Regional Affairs -- an eleven member board.

Mrs. Fleischer: I'll second it.

Mr. McFarland: Any discussion?

Mr. Gallagher: I would object. The Governor always has a very loud voice on this. By adding a commissioner who has an unusually loud voice it gives the Governor more predominance, and I would object.

Mr. Allen: I object on the same grounds.

Mrs. Fleischer: My concern is that there be a little bit broader input on the part of the cabinet members than just economic development and commerce. I think there are other factors to consider besides commerce.

Mr. Gallagher: They have the chief financial officer of the State.

Mrs. Fleischer: Are you saying that generally they would provide a check and balance because of their departments?

Mr. Gallagher: Yes.

Mr. Love: I would still like to have the Commissioner of Community and Regional Affairs on as he is the one who does more with the individual communities.

Mr. McFarland: You say that Commerce is strictly a business deal. What departments do you have under the Department of Commerce?

Mr. Gallagher: Economic Enterprise, Veterans' Loans, Small Business Loan Department, Banking Securities, Tourism and ATC, APUC, ASHA, HFC, Occupational Licensing.

Mr. McFarland: That sounds pretty heavily consumer oriented to me.

Mr. Rose: I would speak for Community and Regional Affairs. Of all the State agencies it was created as a result of municipalities' desire to have representation somewhere in State government, it is probably the one agency that has the firmest grasp and they are certainly in the best position to know what the pulse is in the various communities, what they're trying to put together, their goals and aspirations.

Mr. McFarland: Any further discussion? All those in favor of the motion say "aye." Opposed? Motion's defeated.

Mrs. Fleischer: I move that we add a word in the first sentence of (a). "There is established the ... the Commissioner of Revenue, and seven members to be appointed by the Governor, with geographic distribution to be a factor."

Mr. Love: I second it.

Mr. McFarland: Any discussion?

Mr. Gallagher: I object because I think the Governor will naturally do that. I don't think we would have to tell the Governor his business.

Mr. McFarland: All those in favor of the motion say "aye". Opposed? Motion defeated.

Dr. Logsdon: This says may not be employees of the State. I wonder if it should include municipalities as well as State?

Mr. Gallagher: I have a motion. I would like to strike the word "by lot" in (a) and as determined by the Governor.

Mr. Love: I'll second that.

Mr. McFarland: Is there any objection to that?

Dr. Logsdon: Yes.

Mr. McFarland: Objection to the motion made and seconded. Discussion.

Mr. Gallagher: On other boards I've been on, when we had controversial members we always put it on a short term basis to see how it would work out.

Dr. Logsdon: That's the same objection I have. If you want to constitute the board as you want it, you appoint them for the entire length of term you want. If you do it by lot that removes this possibility of that much control.

Mr. Edenso: The first appointment will be like that; after that they will be for a full four-year term.

Mr. McFarland: All those in favor of the motion signify by saying "aye". Opposed? Motion carried. We'll go on to (b). The president of the Alaska Permanent Fund shall serve as the chairman of the policy board but shall not be a voting member. Is there any objection to that?

Mr. Love: Yes. I've always been opposed to the president being the chairman of the board. I think if the board can have an independence of its own I think it is best to elect its own chairman. I would move to change that to say, "The president of the Alaska Permanent Fund shall serve as a member pro tem without a vote on the board, and the board will elect its own chairman."

Mrs. Fleischer: I'll second it. I'd like to hear the thinking on it though.

Mr. Edenso: I would like to speak against that motion. The reason we've selected the president to be the chairman of the board and a nonvoting member of the board is because he would become a natural tie between the investment advisory committee and the policy board, and not direct the policy of the policy board. The members of the policy board make their own decisions concerning those policies based on the performance of the investment advisory committee and based on the relationships they developed both with the legislative body and with the public at large.

Mr. Pihl: I would speak in favor of leaving it just as it is. I've had access to several boards of corporate entities and I find in practice that this is the way it works effectively. You might consider changing the word "serve" to "act as". The president shall act as president of the board.

Mr. Love: This is about the craziest relationship I think we can come up with. The president is really the hired staff to run the Permanent Fund and as chairman of the committee, he expects the committee to have a lot of independence. The chairman is traditionally going to be running the meetings and have a lot of influence.

Mr. McFarland: The chairman generally has less to do with it than anybody else, and I think putting him as chairman disarms him completely.

Mr. Love: How can they discuss the firing of the chief executive officer with the chairman of the board sitting there?

Mr. Edenso: Any time the board wishes to discuss performance of anybody they are perfectly capable of doing so. They can ask that individual to leave. They set their own rules as to how the board itself operates.

Dr. Logsdon: How do other funds handle this?

Mr. McDowell: Most of them combine the investment committee and the policy decision board in one board, then there is another board of governors. Dealing with the one that makes policy, the president usually chairs it. Also usually, he has a tie-breaking vote when they have an even number of members. He has a tie-breaking vote only but he does chair. It's done for administrative convenience. This is when they are in their sessions on policies, forgetting about when they reconstitute themselves into the investment committee. It's done to insure that the full communication between the link -- the one person who is the link from policy to implementation is the president or chief executive officer. It insures that he understands completely because he sat right there during all this discussion the policy board committee had on what they want him to do and see that it gets done. Another thing it is usually a recognition of the fact that in any of these institutions one individual is most accountable to everybody, including the public, and the most visible to the public is that chief executive officer. They are also the ones who hire the president.

Mrs. Fleischer: So instead of electing a chairman they hire him.

Dr. Logsdon: Yes.

Mr. McFarland: Any further discussion? The motion is, "the president of the Alaska Permanent Fund shall not serve as chairman of the policy board." All in favor signify by saying "aye". Opposed? Motion defeated. Any objection to (c) as it is written? No objection. (c) is adopted. (d) Members shall receive no compensation, is there any objection to that? Hearing none, it is adopted. Duties of the Policy Board. (1) Select and appoint the president and other members of the investment committee. Any objection? Hearing none it is adopted. (2) Annual review and approve long range operating plans, to include an investment program based on sectoral analysis of the Alaska economy, the budget for the forthcoming year, and the financial plan for the following years.

Mr. Gallagher: Is the sectoral analysis required before you make any investment in any area?

Mr. Edenso: It doesn't seem like you would want to make the investment before you do it.

Mr. Love: I think it's satisfactory the way it's written because the intent is there.

Dr. Logsdon: Who does the sectoral analysis?

Mr. McDowell: That's part of the ordinary business of the Fund. The Permanent Fund arranges for it.

Dr. Logsdon: Then it's administrative costs?

Mr. Gallagher: Yes.

Mr. McFarland: Is there any objection to (2)? Hearing none, it is approved. No. (3).

Mr. Gallagher: I move that on (3) we expand the idea of relationship.

Mr. Edenso: I would like to point out that you say you are going to have a relationship, and I assume that the board would undertake to establish some kind of formal process for doing that.

Mr. Gallagher: I'm trying to address the problem of local communities -- making sure they contact them.

Mrs. Fleischer: We should do it under operating principles.

Mr. McFarland: Why don't we, under (3) say "have sole responsibility for establishing relations with the general public, legislature, etc."

Mr. Love: I think (3) is satisfactory. Maybe we need to add another section (10) which deals with relationships between municipalities.

Mr. McFarland: (4) review quarterly reports from the investment committee concerning decisions and supervision. Any objection to that? Hearing none, it is approved. (5) review, consider, and approve policies. Any objection? Hearing none, it's approved. Review and publish an annual report including financial statements audited by independent outside auditors.

Mrs. Fleischer: Such publishment being required in at least one state-wide newspaper.

Mr. Edenso: Normally you publish only the financial statement but you don't publish the complete annual report. You could request that the financial statements of the Permanent Fund be published. You don't have to specify whether it goes into a state-wide newspaper or not.

Mr. Fleischer: I think it should be in a newspaper. I don't want to see it in its own little booklet that will sit in an office of various departments. It should be in the newspapers.

Mr. Edenso: The report will be formally made to the legislature. That is very wide public exposure.

Mrs. Fleischer: I would like for the person on the street to pick up a newspaper and see what is happening to the Permanent Fund.

Mr. Edenso: One of the greatest impacts you will get is the distribution of income. If the Permanent Fund is not performing, the first people who are going to pick it up are the legislators and the Governor's office. And finally, when the thing is not distributing or earning any income that's going to be obvious to everybody.

Mrs. Fleischer: If it is published in the newspaper it will help make sure that decisions that are made all year long will be as prudent as possible.

Mr. McDowell: You could have that down in 120, Reports and Publications.

Mr. Gallagher: An annual report should be sent out, but publishing it in a newspaper would be awkward.

Mr. Edenso: Normally all stockholders in a corporation get a copy of the annual report.

Mr. Gallagher: I agree that it should receive wide distribution and leave the question open as to what media it takes.

Dr. Logsdon: I don't think you will have to require it, I think if you issue it it would be published.

Mr. Pihl: I think that requiring it to be published in a newspaper is awkward and costly. We've got in here that it would be published and I'm sure it would be available throughout the State.

Mrs. Fleischer: I understand it will be made available. But there is a big difference between making something available and people getting it -- all records are available to anyone who wants to go to Juneau or some office and look up the file. I think it should be mandated that it be published in the newspaper, as the foreclosure lists are published. I think it would be a very good preventative in terms of making sure the decisions are above-board and as wise and prudent as possible. There's nothing like public exposure; that's the whole principle of democracy.

Mr. Gallagher: I would go for it as saying wide distribution, leave the media and the form it takes to the board - a management decision what they determine as wide distribution.

Mrs. Fleischer: I still say it should be published. How do they determine the

foreclosure lists?

Mr. Gallagher: I publish an annual listing of my assets in every newspaper once a year and the State Treasury twice, and it says in the four judicial districts in one newspaper.

Mrs. Fleischer: All right. Say that.

Mr. Gallagher: Listing the assets is fine, but all the 17 pages of footnotes?

Mrs. Fleischer: Does the financial statement say who has gotten what loans for what purpose?

Mr. Gallagher: They are set up in a category. You will have U. S. Treasury bonds, corporate bonds, you'll have housing loans "x" dollars, fishery loans "x" amount, and you will have that sort of a breakout. You won't have everyone's name listed.

Mrs. Fleischer: It won't say which fisheries group or which corporation?

Mr. Gallagher: It depends on whether it is a significant amount. In an annual report you don't really report its segment, nor really describe it too much unless it's greater than five per cent of the assets.

Mr. McDowell: CPA firms put out a financial report that breaks down the amount of business we're talking about. List individually the things are are large and group together small things. So you have 40% of the fund minimum going into investment grade securities -- not a listing -- just probably eight categories and the dollar amount in each one and the income from the whole group. On the development project side you would probably list all the big ones.

Mr. Gallagher: It's not really of that much interest to anyone.

Mr. Edenso: The greatest amount of interest you're going to get is how much the Fund makes.

Mr. Gallagher: That's right. I don't think the people have a real high interest in who got what loan.

Mr. Fleischer: There shouldn't be any cause for that, but there could be.

Mr. Gallagher: Because of public information rules, under confidentiality, that is available if the newspaper wants to go and report it, the Fund has to disclose it. But it's only when its noteworthy that they come and look for those things.

Mr. Edenso: The annual report merely states the condition of the company at a point in time and its performance over a period of time. It doesn't break down a specific loan or investments. It's an aggregate report as to condition and time.

Mrs. Fleischer: I really think the people would be interested in knowing where the money is going in the State in terms of development loans. Why can't we have the audited financial statement put in at least once each year in one newspaper in each of the four judicial districts.

Mr. McDowell: I think the two statements that are the most important are the income statement and the balance sheet. Those are recognized terms and it will limit it to two pages. Then in the ad you could state if they want the full report to write to a certain place and it will be sent to them.

Mrs. Fleischer: All right. The income statement and balance sheet shall be published in at least one newspaper in each of the judicial districts.

Mr. McFarland: Any objection to that? Hearing none, it's dopted. Let's go back to number 7, page 4. Any objection to that one? Hearing none, it's adopted. Number 8.

Mr. McDowell: This makes them the court of last resort for a person who wanted an investment and was turned down on the basis that the investment was not in accordance with the policy of the Permanent Fund in accordance with this law.

Mr. Edenso: It gives the policy board the opportunity to deal with disgruntled people.

Mr. McFarland: Any objection to eight? Hearing none, it's approved. Number 9. Any objections? Hearing none, it's approved.

Mr. Swick: Is there anything in there anywhere that tells about performance.

Mr. McDowell: The reviewing end of it would be done by the policy board. The doing of it is someone else's responsibility.

Mr. Edenso: The Permanent Fund shall carry out operational evaluations (post-audits) of its investments and investment programs and report the results to the policy board audit committee.

Mr. Swick: That's a report of what has happened. Is it an evaluation?

Mr. McDowell: Well, what is a performance evaluation?

Mr. Swick: Has what the investment committee done as good as it might have done?

Mr. Edenso: We've got a measure of performance by some criteria, and one of the criteria is in accordance with the policies that have been formally adopted by the policy board.

Mr. McDowell: The use of evaluations implies a standard.

Mrs. Fleischer: Why can't we use the word "performance" evaluation rather than "operational" evaluation?

Mr. Pihl: Could you say "operational and performance evaluations"?

Mr. McDowell: Yes.

Mr. McFarland: Any objections to that? That's inserted in number 10, page 7.

Mrs. Fleischer: So that would read, "the Permanent Fund shall provide for operational and performance evaluations (post-audits) of its investments and investment programs and report the results to the policy board audit committee."

Mr. McDowell: Which is the recipient of all audit reports.

Mr. McFarland: Let's go back to page 4, section 050, Permanent Fund Investment Committee.

Mr. McDowell: The policy board determines the remuneration and the terms of

of service, including how long their terms are for the investment committee. They have complete control over the investment committee except on investments.

Mr. McFarland: Any objection to section 050 - section (a)? Hearing none, it's approved. (b) A quorum shall consist of four members of the investment committee. All decisions will be taken by majority vote. Any objection to that? Hearing none, it's approved. Section 060, Duties of the Investment Committee. Sole responsibility to approve all investment proposals and review all investments in investment grade securities.

Mr. Gallagher: We mean by this last little part that the money market changes from day to day and they should review those immediately after they are made. If they don't like it to tell the investment officer to get rid of it, but we don't want them to make prior approval. On all other investments, prior approval is necessary.

Mr. McFarland: Any objections? Hearing none, it's approved. 070, Permanent Fund President. Shall be appointed by the policy board for a term of five years, may be reappointed and shall serve at the pleasure of the policy board. Any objection to that? Hearing none, it's approved. The president shall (1) have sole responsibility for presenting investment proposals to the investment committee. Any objections to that?

Mr. Pihl: The word "sole". Suppose you have an outstanding president and he is ill for a period of time, does that preclude us from doing anything?

Mr. McFarland: You would have an acting president then.

Mr. McDowell: You would set up the internal rules and would have to make provision for that.

Mr. Edenso: He can delegate it.

Mr. McFarland: Okay. Number (2) be responsible for the ordinary business of of the Permanent Fund and the organization, appointment, dismissal, and remuneration of the officers and staff. Is there any objection to that? Hearing none, it's approved. (3) be responsible for making investments in investment grade securities, subject to review by the investment committee. Any objection? Hearing none, it's approved. (4) establish and maintain adequate and appropriate organizational, operating, and financial controls. Any objection? Hearing none, it's approved. Section 080, Status of the Permanent Fund. The Permanent Fund shall be excluded from the provisions of the Executive Budget Act. The president, officers, and staff of the Permanent Fund are in the exempt service.

Mrs. Lehr: Our concern here is for a means of legislative input to the Permanent Fund short of changing the charter. The way the bill is set up now the legislators are not members of the policy board nor do they confirm the private members of that board. Their only input is the confirmation of the two commissioners that are on the board. We're looking for a vehicle by which they will have input and a view of what the Permanent Fund is doing through the regularly established procedures. Under the Executive Budget Act the operating expenditures would go through the regular budget process. They would be reviewed by analysts in the Executive Branch and the Legislative Branch, and the performance would be reviewed. This would give the legislature a time and context in which to look at the performance reports on what the Permanent Fund is doing. It would also give the management of the Permanent Fund a good forum for interchange of ideas with the State on what other programs are going on, to assure some coordination.

It would be unfortunate if a great deal of State expenditures were going out through the budget into programs which the Permanent Fund is also spending amounts on. It would be an opportunity for coordination -- for understanding between what the Permanent Fund is doing and what the State government as a whole is doing.

As an alternative, if the legislators have nothing short of changing the law that you may end up with much more restrictive legislation, more detailed, and more closely defined on exact investments which could be detrimental to the operation of the Permanent Fund. I don't think they will cut out any operating expenditures but it is a non-disruptive and non-damaging way of assuring some checks and balances and some legislative input.

Mr. Gallagher: Within the first month of any session the Permanent Fund shall make presentation before the joint finance committees of the legislature, give a briefing as to what they've done in the way of policies, their financial operations, what their budget is, what they've accomplished the year before, and where they are going.

Mrs. Lehr: That would be valuable, but still the legislature has no recourse if they don't like what you're doing except to change the law.

Mr. Gallagher: That's when you should review the budget with them.

Dr. Logsdon: What was the objection to the confirmation of the policy board by the legislature?

Mrs. Fleischer: It was unconstitutional.

Mr. Gallagher: The Attorney General says "the Legislature shall confirm commissioners and regulatory boards" it doesn't mean executive boards.

Dr. Logsdon: As we conceived this, the legislature was the primary board. They should have the power to confirm.

Mr. Gallagher: I will convey to the Governor that it is the firm feeling of the board that all members should be confirmed by the legislature.

Mr. McDowell: Could you put that in the form of a motion; that that's a recommendation and that it's not going in here because it's presently unconstitutional.

Mr. Gallagher: I'll make the motion.

Mr. Love: I'll second it.

Mr. McDowell: I strongly recommend that it be done, too.

Mr. McFarland: We have a motion, is there any objection?

Mr. Gallagher: Let me make the case for why it shouldn't be. If we have Alaska, Inc. or some sort of dividends flowing back into certain programs, you're making the Permanent Fund responsible for getting out and doing a good job and getting a market return. If the legislature has power over the budget, they can always point their finger to the legislature and say, "we couldn't get a return because we couldn't hire the highest qualified people to get the job done."

Mr. McDowell: If it is included in the Executive Budget Act then the legislature is accountable for the achievement of the purpose. If it is not included the policy board is completely accountable for achieving the purpose.

Mrs. Lehr: Do you think the legislature is held accountable for the operation of various State departments?

Mr. Gallagher: Yes.

Mr. McFarland: What are we doing with 080, approving it the way it reads? Any objections? Hearing none, it's approved.

Mr. Gallagher: I move that we approve the reserve section.

Mrs. Fleischer: That's fine with me. Under operating principles. The prudent person rule is fine, but I'd like to put something in front of it. Insert as (1) moving the rest down, "the policy board shall consult with local communities on any project that is impacted?"

Mrs. Lehr: How about the wording, "The Fund shall be sensitive to the views of the impacted community and shall include an analysis of those views and impact in the investment or loan proposal."

Mr. Edenso: I object to the use of the term "impacted". I think it's very bad analogy.

Mr. McDowell: How about as part of item 8 - operational principle. You could add "community views" to the list of other considerations.

Mr. Edenso: I wouldn't object to that if you struck "social".

Mrs. Fleischer: I don't think we should strike "social". I think people should be able to look at this legislation and feel the Permanent Fund would pay attention to the needs of the smaller communities. I feel it should be separately listed.

Dr. Logsdon: It says, "the Permanent Fund shall make investment decisions with regard to economic and other considerations" including this list.

Mrs. Fleischer: What language do you use to differentiate between -- I'm talking about cement plants?

Mr. Edenso: If a community really objects to an investment project proposed, they can always zone it out of existence.

Mrs. Fleischer: I just think it will make people feel better if they read this and they see those words in there.

Mr. McFarland: What are the words again?

Dr. Logsdon: "The Permanent Fund will make no investments in a community if the community objects to that investment."

Mrs. Fleischer: That's what I would like to see.

Mr. McDowell: Under the philosophy of general wording, those things in most cases have been left to be pointed out in this document as items where the

Permanent Fund is being put on notice about a certain area without being too detailed because we don't want to exclude other good things that could and should be done in the future which we don't know about now. It's cited that the policy board shall have relationship with local communities.

Mrs. Fleischer: That is not the same thing at all.

Mr. McDowell: But that's dealing with the general policy and investment program level. At a specific investment level you're talking about economic, employment, income distribution, environment, and health and social. Now you're just talking about adding one more.

Mr. Gallagher: "The Permanent Fund shall be sensitive to the views of the affected community and shall include an analysis of those views and effects in the determination of making large investments."

Mrs. Fleischer: I like that. I'll move for that.

Mrs. Lehr: I'll second.

Mr. McFarland: Moved and seconded. Any further discussion? Any objection? Hearing none, it's adopted.

Mr. Gallagher: Under duties of the policy board, number 10, "shall hold a hearing", or whatever other words are appropriate.

Mr. McFarland: "Within the first thirty days of the start of the session the Policy Board shall report to the Legislature." That will be item 10 under policy board. Any objection to that? Hearing none, that's approved.

Mr. Pihl: Under 080, I wondered if it would be wise to have an item 7 specifying the power to borrow and guarantee.

Mr. McFarland: It's covered under contracts. We're on page 5, down to Reserves. Any objections to 090, Reserves? Hearing none, it's adopted. Operational Principles, 100. The operations of the Permanent Fund shall be conducted in accordance with the following principles. Item (1), any objections? Hearing none, item (1) is approved. Item (2). Any objection? Hearing none, that's adopted. Number (3) shall not assume responsibility for managing. Any objection to that? Hearing none, it's adopted. Number (4). Any objection?

Mr. Gallagher: The word "subsidy" is buried deep in the paragraph. Perhaps it should be redrafted to enlighten what market rates are. They aren't the highest rate, they are like instruments.

Mr. McDowell: Terms and conditions normally obtained by private investors for similar financing.

Mr. Edenso: Why don't you just add it as a separate paragraph?

Mr. Gallagher: That might be fine.

Mr. McFarland: I like it the way it is. If there is a question they're going to ask for answers.

Mr. Edenso: I didn't have any problems with the way it was written.

Mr. Swick: I think the english would allow you to take the second phrase of

the single sentence that starts, "unless the legislature...", just make that the first sentence.

Mr. Edenso: Then you're putting too much emphasis on the subsidy and not emphasizing the normal operations of the Permanent Fund

Mr. McFarland: Is there any objection to number (4) as it's written? Hearing none, it's approved. Number (5).

Mr. Swick: The word "seek" gives me some comfort, but shouldn't the word "shall" be "may"?

Mr. Gallagher: Yes. I move we adopt the word "may".

Mr. Pihl: I'll second it.

Mr. McFarland: "The Permanent Fund may seek to revolve its funds by selling its investments ..." Any objection to that wording? Hearing none, it's adopted. Number (6) "the Permanent Fund shall seek to maintain a reasonable diversification in its investments." Any disagreement with that? That's approved. Number (7). Any objection to number (7)? Hearing none, it's adopted. Number (8). We added something to that, didn't we?

Mr. McDowell: Second sentence -- "The Permanent Fund shall be sensitive to the views of affected local communities and shall include an analysis of those views in proposals for large investments".

Mr. McFarland: Any objection to that wording? Hearing none, it's approved. Number (9). Any objection to number 9? Approved. Number (10) we already agreed on -- The Permanent Fund shall provide for operational and performance evaluations. Number (11) Any objection to that? Hearing none, it's approved. Section 110, Borrowing Powers. Any objection to that paragraph? Hearing none, it's approved. Section 120, Reports and Publications.

Mr. McDowell: This is where we will add another sentence that says, "The annual income statement and balance sheet of the Permanent Fund shall be published in at least one newspaper in each judicial district."

Mr. McFarland: Any objection to that? Hearing none, it's approved. Section 140, Technical Assistance.

Mr. Gallagher: One thing I'd like to point out here is that technical assistance is an operating expense and therefore it's deductible under operating expenses.

Dr. Logsdon: So if there is no investment made this is an administrative cost?

Mr. Gallagher: Right.

Mr. McFarland: Any objections? Hearing none, 140 is approved. Section 150, Conflict of Interest Policies. Any objection to that?

Dr. Logsdon: Isn't legally "shall" a term that is used to be very positive rather than "will"? Such as "shall" disqualify themselves.

Mr. Gallagher: We've got a quorum requiring four people to be on the investment committee, three people are required if you need a majority and if one or two dis-

qualify themselves you'd never have a majority.

Mr. McDowell: They should be in the investment committee meeting because they have the most information to contribute to the discussion.

Mr. Gallagher: I'm just pointing out that when you say "shall" disqualify you're really cinching the requirements.

Mr. McFarland: You do, but I think you have to have it.

Mr. McDowell: It's a public fund.

Mr. Swick: Does the structure allow something like that to be elevated to the policy board?

Mr. McDowell: No. The policy board could consider interpretation of 150, but they can't consider the investment committee.

Mr. Edenso: Then they just consider their own investments at convenient times where they have a conflict of interest. You're not going to have all three of them walk in at the same time with some kind of problem.

Mr. Gallagher: But when you disqualify one, are you no longer in a quorum?

Mr. McDowell: The quorum applies to whether you can hold the meeting, and officially, it also applies to the vote. The majority vote must take place within the quorum; therefore, he can't disqualify himself after the meeting is started.

Mr. Edenso: That's only if they are addressing themselves to a particular investment. The meeting itself is not disqualified if they have a quorum because some may or may not have an interest in a particular investment.

Mr. Gallagher: But you've got to have four people there for every vote? If one person disqualifies himself.

Mr. Edenso: Then they can't vote on that investment. I think "shall" is probably proper, although I'm not dissatisfied with "will".

Mr. Pihl: I don't see anything in here that requires a member to make known any interest in something that is being considered.

Mr. McDowell: There is a disclosure law that is covered at the very end.

Mr. Pihl: What if he just doesn't come to the meeting? I think he should be required to make a disclosure of any interest.

Mr. Edenso: I think that's required under section three at the end.

Mr. McDowell: All right, let's see, "Members of the investment committee shall disclose their interest in any investment proposal and disqualify themselves from voting on it." How's that? That gets it during the interim before you have to report it.

Mr. McFarland: I doubt that anybody will be appointed to the board who will have to worry about financial disclosure.

Mr. Gallagher: I was just pointing out the problem. As an officer of a corporation do you have a financial interest?

Mr. McFarland: Only to the stock.

Mr. Motley: Why don't we leave it at any kind of financial interest.

Mr. Gallagher: Maybe it is something the policy board should handle itself.

Dr. Logsdon: You could require disclosure without disqualification. Let somebody else decide it for you.

Mr. Pihl: I really think the requirement for disclosure should be in.

Mr. Gallagher: I feel that it should be defined by the policy board, but I was trying to make sure that we don't put anything in the statute that prevents the policy board from making a reasonable judgment.

Mr. Edenso: Is our wording now, "shall disclose their interest in any investment proposal and disqualify themselves?"

Mr. Gallagher: I so move.

Mr. Motley: I second.

Mr. McFarland: Any further discussion? Any objection? Hearing none, it's adopted. Location of the Fund.

Mr. Gallagher: I move to strike that.

Mr. Motley: I second. Strike that whole section.

Mr. McFarland: Any objection? Hearing none, it's approved. Sec. 170, Confidentiality of information. Any objection to that? Hearing none, it's approved. Sec. 180, Tax Exemption.

Dr. Logsdon: I assume they are exempt from federal taxes?

Mr. Motley: Yes.

Mr. McFarland: Any objections to 180? Definitions - any objections to the definitions?

Mr. McDowell: I suggest you modify (3) to change loans and loan guarantees to debt and debt guarantees.

Mr. McFarland: Anything else under definitions? Hearing none, it's approved. Sec. 110, Policy Board Investment Committee. I don't know what that is.

Mr. McDowell: It's exempt service.

Mr. McFarland: Any objection? Hearing none, it's approved. Sec. 200?

Mr. McDowell: It adds the Permanent Fund, boards and commissions, members of which must disclose their financial interest.

Mr. McFarland: Section (4), Investments Outstanding. Any objections to that? Hearing none, it's approved. Five is an emergency clause. Any objection to that?

Mr. Gallagher: It takes effect immediately. I didn't want to wait 90 days.

Mr. McFarland: What was the other document we had?

Mr. Gallagher: That was the interim investment.

Dr. Logsdon: There was one section that we didn't approve. We approved everything, except the one on the constitution of the Permanent Fund policy board.

Mr. McDowell: There was only one change and we approved it. The change was one sentence, "the initial term shall be one member serving" we just took out "by lot".

Mr. Pihl: That was "determined by the Governor" wasn't it?

Mr. Gallagher: The Governor sends down a letter saying you have a one year or five year appointment.

Mr. Edenso: It leaves it up to the Governor to do it.

Mr. Gallagher: There were a few minority opinions on a few subjects. When we send this to the legislature, how shall we include the minority views?

Mr. McFarland: Nobody asked to be recorded that way.

Mr. Gallagher: When it goes down to the legislature, do you want a report of why we did each section this way?

Mr. Motley: I think it's going to go through so much anyway that we'll never recognize it afterwards.

Mr. McDowell: It already exists as a matter of public record in the consultant's reports and the transcripts of all the meetings.

Mr. McFarland: Do you want action on the interim bill?

Mr. Gallagher: Yes.

Mr. Pihl: Does the interim legislation provide for getting the policy board and the investment committee in motion?

Mr. Motley: You can't do it without law.

Mr. Gallagher: I think we're going to do that right here.

Mr. Motley: It's cleaner just to leave it the way it is. The money is coming in and we've got to start putting it in investments.

Mr. Pihl: I just wondered about forming investment committees.

Mr. Motley: I think you're better off not doing it.

Mr. Gallagher: Does everyone understand number one is U. S. Government securities? Number two is things like the World Bank and Inter-American Development Bank. Number three is CD's - Corporate investment grade securities must be double A or above. Bankers acceptances; repurchase agreements one through five; deposits of S&L's not to exceed 10% of each S & L's deposits exclusive of federal, state, and municipal deposits, and that also goes for credit unions.

Mr. McFarland: Any objections? Hearing none, it's approved.

Mr. Edenso: Is that the whole bill?

Mr. McFarland: Yes.

Mr. Edenso: No changes to it?

Mr. Motley: Mr. Chairman, I want to compliment you on your ability to shepherd these two deals and you've done a good job of keeping it going.

Mr. McFarland: It was a well thought-out document, really.

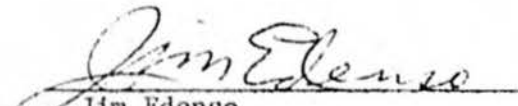
Mr. Swick: I think the whole Investment Advisory Committee ought to be commended. You came up with a fine job.

Mr. McFarland: Meeting adjourned.

Meeting adjourned at 4:00 p.m.

CERTIFICATION

I, JIM EDENSO, Executive Secretary of the Alaska State Investment Advisory Committee, hereby certify that the foregoing Minutes of the January 6, 1977 meeting of said Committee duly called and held at Anchorage, Alaska, on said date, are a substantial verbatim extract of the recording of the proceedings of said meeting with deletion of insubstantial matter and changed only to clarify the statement.


Jim Edenso
Executive Secretary

SCOMM

#9:61

Williams

An Economic Program for the Coming Decade

Gar Alperovitz and Jeff Faux

Without fundamental change in the way our economy is organized, the prospects for the next decade and beyond are grim. Full employment will not be achieved, price inflation will continue, and real and politically inspired shortages of raw materials will steadily erode our standard of living. What upswings there are will be short-lived and shallow.

The result will be an acceleration of social and political discontent. Expectations of good jobs, decent housing, a college education, a secure old age, will become harder and harder to fulfill. The tendencies of our large urbanized society toward crime and personal alienation will be aggravated as people feel themselves slipping further and further behind.

Our problems will not be solved simply by substituting Democrats for Republicans or vice versa. Political parties out of power will, of course, benefit from bad times at first. But once in power, they will have to muster

Editor's note: The following article was adapted from a report being prepared for a group of 25 foundations by the Exploratory Project for Economic Alternatives in Washington, D.C. (1519 Connecticut Avenue, N.W., Washington, D.C. 20036). The report contains an analysis of economic and political trends for the coming 25-year period. It argues that the United States is at the end of an economic era that began with World War II. What is required over the coming decade, say the authors, co-directors of the project, is a sweeping reorganization of the major corporate and government institutions that dominate the economy in order to produce economic security and economic democracy.

the courage to address problems directly—or they will soon be out on the street. The steady rise in voter apathy and the number of voters who consider themselves independent of either party will continue.

The problems are systemic and intertwined with each other to form a maze of policy traps: Currently most American economists — liberal and conservative — agree that, unfortunately, the remedy for inflation is severe unemployment and the remedy for unemployment is inflation. And our economic system demands that resource scarcity be cured by high prices, which in turn cause dislocations and unemployment. Economic doctoring has become a matter of choosing your poison.

In this context it is clear that what one political observer has called the "Politics of Instant Gratification" will not do. The quick answers that go down easily in an economy dominated by concentrations of private economic power are, of course, being tried first: the rhetorical flogging of welfare recipients and "profligate" big cities is stepped up, demands that government spending be drastically reduced are coupled with pleas that business corporations be subsidized further with new and bigger "incentives" to invest.

There are some political crops to be harvested here in the short run. Conservatives have historically worked this ground; and now some "liberal conservatives" are being tempted as well: witness the current attempts of liberal Democrats, especially governors, to match conservatives in efforts to cut back government programs. But quick political solutions won't work — at least not for long: cutting government spending will aggravate unemploy-

ment, which will aggravate social unrest, which will fuel *real* conservative politicians, who will always win the "crime in the streets" shouting match.

The attempt to move Right will split the Democratic party. When domestic programs were cut back to finance the Vietnam war, the victims were both the poor and minorities; and then with the recession-depression, working class whites were suddenly forced to compete with women, blacks, and other minorities for jobs in short supply. Now not only are auto workers and steel workers and laundry operators in trouble, but firemen, policemen and teachers as well. These groups are the very backbone of the Democratic party. And in today's world, knocking out social programs increasingly affects not only the poor and working class, but adds significant elements of the middle class to the list of disaffected.

Beyond Political Instant Gratification

Despite the relative lack of serious popular debate on economic reform, and despite the conservatism, too, of the American media, great numbers of Americans are, in fact, demonstrably aware that the larger issues have to be faced: earlier this year three leading pollsters — Louis Harris, Patrick Caddell, and Peter Hart — told liberal Democrats assembled in Chicago that the public wants not simply progressive but "radical" answers to shake the country out of the economic slide.

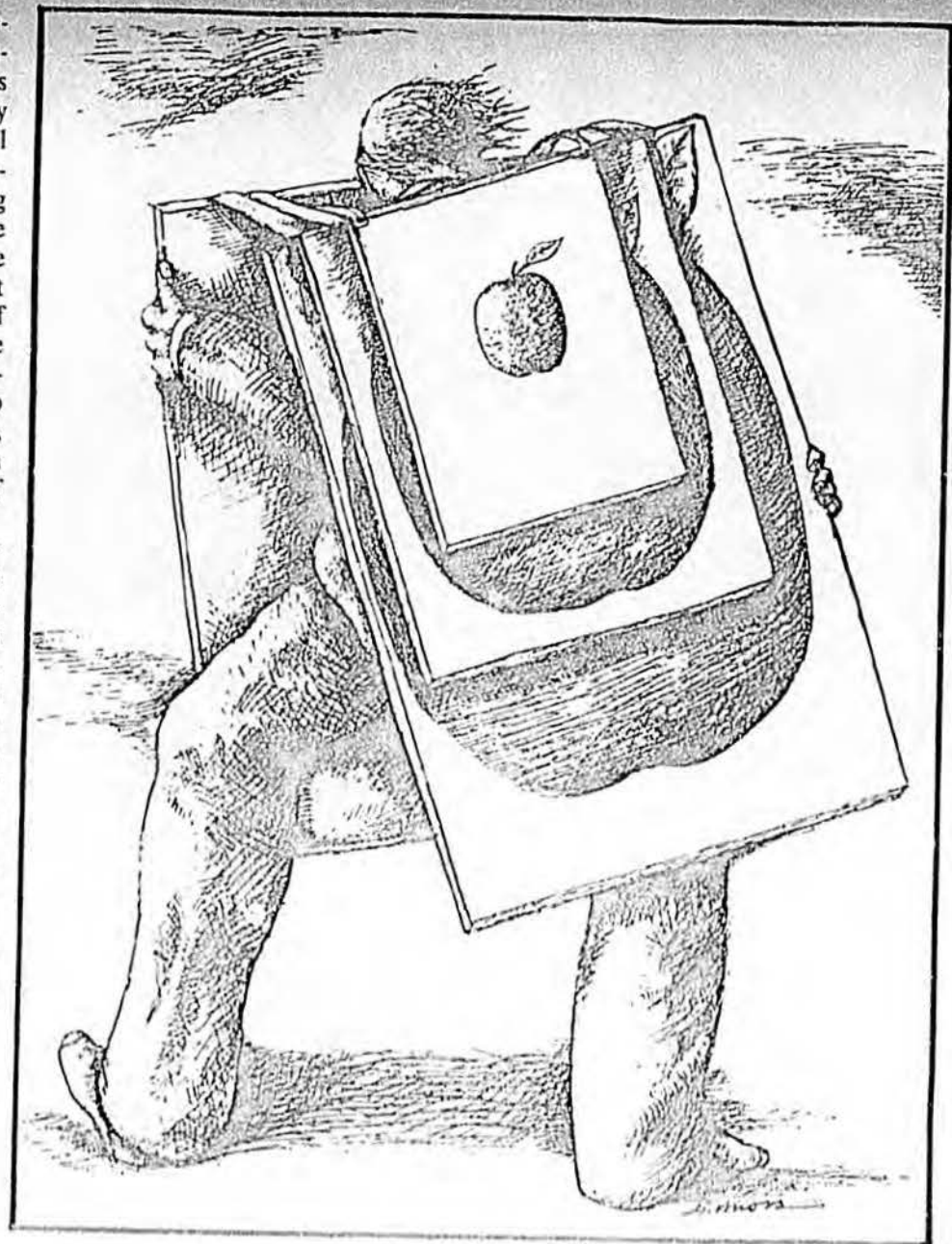
A recent Hart Poll demonstrated the point with powerful new data showing that a majority (58%-25%) of the American people think that America's major corporations tend

to dominate and determine the actions of public officials in Washington — rather than the reverse as we are so often taught. A majority (57%-35%) of the public also feel that *both* the Democratic and Republican parties are in favor of big business rather than the average worker. A smaller majority of those expressing a view (49%-45%) felt that big business is the source of most of what is wrong with the country. A larger majority (66%-20%) favored employee ownership and control of large corporations, and a plurality (44%-42%) even favored direct public ownership of natural resources.

Such poll responses show willingness on the part of the electorate to consider solutions that politicians consider beyond the current pale. This does not, of course, mean that the majority of Americans now have a radical ideology. We are a practical people; what it does mean is that there is general recognition that the economic system is not working, and that, therefore, it is time for some major changes. It also means that the political parties are considerably behind the people — as the rise in voter apathy also suggests. Joseph Califano, former aide to Lyndon Johnson, has eloquently stated the basic reality:

While the people seek purpose in their lives and their society, the Congress and Executive, and the Mayors and Governors, offer a crisis-oriented instant political pragmatism. While men worry about their ability to provide food and shelter for their families, their political leaders still speak in the rhetoric of an economy of plenty. While our society is still plagued by a distorted distribution of wealth, the House Ways and Means Committee dots the 'i's and crosses the 't's of tax reform.

Poll data also substantiates the point that a growing segment of the public recognizes that solutions to our economic crisis will not be found in "instant political pragmatism": 41% of the public in the Hart poll were in favor of "making a major adjustment in our economy to try things which have not been tried before..." (37% favored "making minor adjustments to correct for current problems," and 17% felt that the economic system ought to be "kept as it is, allowing it to straighten itself out."); a plurality of those expressing a view (49%-39%) felt that it would do "more good than harm" to "develop a new political movement to



challenge the influence of big business." And a solid majority (56%-26%) said they would "probably support" or "definitely support" a presidential candidate who favored employee ownership and control of U.S. companies.

These are all hopeful signs of maturing opinion and America's willingness to consider solutions that will take time to implement. What is needed is honesty, programs that are clear and fair and which connect a public vision with the citizen's private concerns. In some ways the period we are entering is reminiscent of the early days of anti-Vietnam war opposition, when to speak of a direct solution to the basic issue was impossible for most politicians — until Gene McCarthy's campaign focused the broad underlying public sentiment. The differences now — as economic problems turn into

crises — are that, having been through the sixties, people no longer trust official political platitudes — and the polls show much greater public sentiment forming *in advance* of political leadership.

The Inevitability of the Planned Economy

Since the 1970's began, it has been fashionable for politicians to speak of lowering expectations. To some degree this has been a useful antidote to the overblown and underfinanced politics of the previous decade. But it is also a way of avoiding responsibility for the economic mess in which we find ourselves.

Try as they might, however, the politicians cannot escape this responsibility. The voters will not let them. Moreover, the economy itself will not

let them. The fact is, for example, that the United States is well on the way to a planned economy — in any event. Over the next decade, questions of economic growth, income distribution, price and employment levels and the use of scarce natural resources will become more and more subject to explicit political decisions.

Much of the economy is already, of course, planned — by large corporations, banks and their allies in government. Responsible estimates have been made that one-third to one-half of the U.S. economy's output is produced in response to a planning system rather than to the market. Examples range from the setting of gasoline prices to the redlining of neighborhoods by mortgage lenders. The myth that we are living in a free market economy where prices for steel and sugar and insurance policies are set only by the interplay of supply and demand continues to be worshipped on editorial pages, but it has little relationship to reality.

The current economic crisis, which, with perhaps minor upturns, will continue in one form or another into the foreseeable future, will increase the demand for more explicit planning in which the government plays an even larger, more open role in the economy. American labor leaders like Leonard Woodcock are strongly urging planning; and legislation has been introduced by such Senators as Humphrey and Javits. But the most important insight is, as Nobel Prize winning economist Wassily Leontief has said, that planning will come "... Not because some wild radicals demand it, but because businessmen will demand it to keep the system from sputtering to a halt."

At present only the most sophisticated businessmen and financiers, like Irwin Sweeney Miller, Henry Ford II and Felix Rohatyn, openly advocate planning. However, European experience, where after early skepticism, businessmen are now strong supporters of planning, suggests that Leontief's prediction is likely to be borne out.

As the economic crisis deepens over the coming years, the 'first wave' of planning in response to current initiatives is likely to intensify pressures on the living standards of the vast majority. Business' needs for capital must be paid for by someone — and high prices, high interest rates, and high taxes will be forced upon the public at large through new planning and mechanisms. Despite even the best inten-

tions, we can also expect reinstatement of wage/price controls designed — as one Nixon administration official put it — to "zap labor." Planning dominated by business concerns will also worsen the environmental crisis. And subsidized business investments when there is already excess capacity — and when the overarching economic problem of income maldistribution hobbles consumer demand — will further waste precious capital resources.

The major question over the coming period is not whether we will plan, but how — and above all for whose benefit. And here is where the big choices will have to be made between the interests of the large corporations — and the large majority of Americans.

Priorities: Jobs and Inflation

A serious policy which builds both on the needs of the vast majority and on the growing popular sentiment would, in our judgement, begin by placing first priorities where the shoe is pinching: unemployment and inflation:

Jobs. It is incontestable morally, politically, and in terms of the basic economics of resource use, that every American willing and able to work should have a decent job. It is also incontestable that Keynesian economic tools cannot provide sufficient jobs without ruinous and politically unacceptable inflation.

The direct answer, as many are coming to realize, is for the government to guarantee employment. The Humph-

rey-Hawkins Equal Opportunity and Full Employment Bill is a good start.

The Bill calls for the federal government to act as employer of last resort. At any given time, job guarantee offices across the country would be ready to give public service jobs to any American who applied. These jobs would not have to be "make-work"; there is plenty of serious work to be done in America. At the beginning, jobs would be created in health, transportation, housing, environment, education, and other domestic fields.

The importance of this bill is that it goes beyond the general goal of "full employment" as defined by some percentage of the labor force. Even in the best of times such policies do not necessarily result in a job for everyone willing and able to work. This bill provides every American with the legal right to a job — enforceable in court. The Library of Congress has made a rough estimate of the net cost to the Treasury of moving to full employment over 18 months through the Hawkins-Humphrey Bill. It comes to about \$11 billion dollars.

One important result of guaranteeing jobs would be an increase in resources available to address other major economic problems. For example, it has already been proposed that public service employment can be used to refurbish rail beds to accommodate expanded railroad traffic. Such a program would in itself stimulate new productive jobs in the manufacture, operation, and maintenance of railroads and mass transit vehicles and equipment.

Since the mass transit industry and a large (and increasing) share of the railroad industry is already underwritten by the taxpayers (and to an expanding degree, publicly owned at both the local and national level), jobs refurbishing rail transportation could be directed to specific areas of the country and help stabilize employment in those areas.

This obviously requires *planning* to define precise goals and job requirements and then a long term public decision to direct, for instance, that production of mass transit vehicles and rail passenger vehicles be targeted to steadily increase jobs in cities like Detroit as they move away from auto production jobs.

Senator Phillip Hart calculates that if one-fifth of ground traffic were shifted to public transport, 1.5 million new jobs would be created by 1985, including 51,000 in the construction industry, 134,000 in repairing road beds



and electrifying lines, and 450,000 in manufacturing for which an estimated 225,000 workers annually could be drawn from the ranks of unemployed auto workers.

Such an approach obviously involves a dramatic new role for the public: it requires planning, public money, and above all, the capacity to coordinate public priorities in terms both of needs (a better rail system) and jobs (specific assurances to specific workers in specific communities).

Our review of recent European experience suggests that to achieve such an end without establishing a civilian version of the military-industrial complex — where the interest of private contractors dominate a compliant bureaucracy — will ultimately require direct public ownership of some key manufacturing and operating facilities. In our judgment, a decentralized approach makes sense — and is also consistent with the poll data showing support for ownership forms stressing local worker and community participation.

Public ownership need not be heavy handed bureaucratic control; nor must it be "nationalization." The experience with public corporations in Europe and Canada shows that when taken seriously public industry can be at least as efficient as private corporations in meeting tests of the market place in efficiency and innovation. This is also the evidence from more than 2000 U.S. publicly owned electric utilities. Publicly owned industries tend to be more accountable to the public (their books are always open), and more responsive to major economic policy needs. Given a choice of locations, for example, public corporations often locate their plants where the employment impact will be the greatest.

Once the possibility of alternative ownership structures is admitted as a subject to consider for the next decade, a number of variations are possible which would permit decentralization and economic competition. For example, large portions of ownership could be sold to employees who could also take on larger responsibilities for management — a practice widespread in Europe. Encouragement of a preliminary form of this concept was, in fact, provided in recently passed tax legislation. Beyond this, the community or communities where the plants are located should, in our judgment, participate in new ownership forms. Three-way "joint ventures" — involving national and local governments, and



employees — have a number of precedents in Europe (for example, the ownership of Volkswagen) and could make for eminently sensible arrangements in industries that are dependent on government contracts and which — like transportation, defense and energy — are crucial to long range planning.

That novel ideas are by no means beyond political debate is suggested by a proposal Senator Kennedy has offered which could open the way to such directions. He has introduced legislation which would divest General Motors of its mass transit producing facilities because of their substantial conflict with its auto producing interests. His legislation would establish a national public trust to own the subsidiary for up to ten years. This basic notion could be expanded to allow for long term control and planning, and to provide that a substantial share of ownership of the resulting corporation also be in the hands of an employee and local community trust.

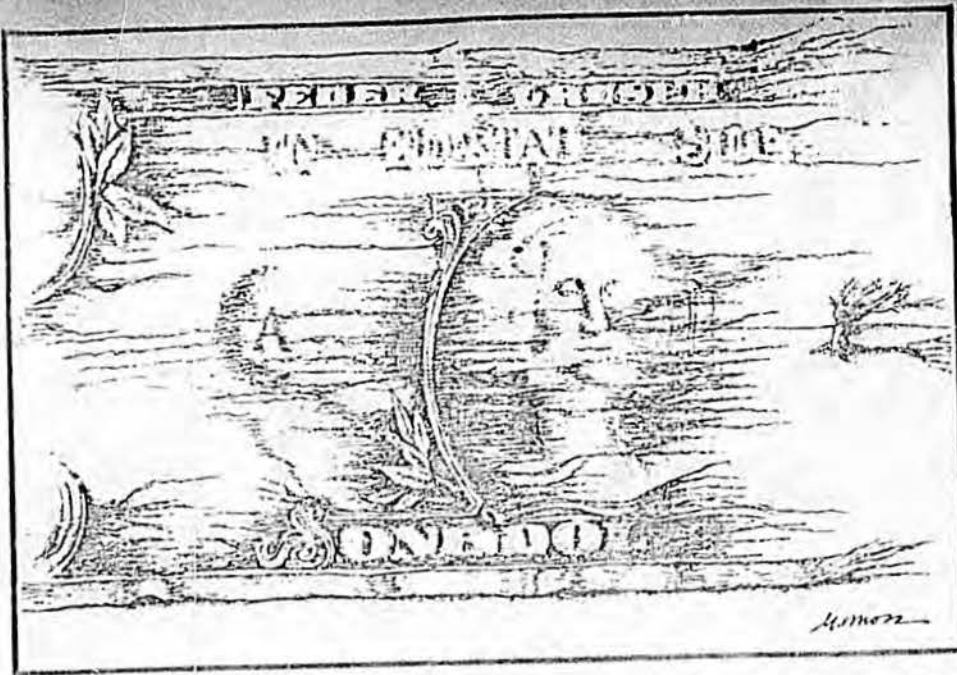
Self evidently, guaranteed employment and the rational planning of jobs generated by public funds could have two important implications: First it would reduce the fear of economic unemployment and economic ruin that is at the heart of most resistance to change. Defense workers would be less resistant to cuts in the military budget if they knew they would have decent immediate replacement jobs. White workers would feel less threatened by blacks. Men less threatened by women. Workers in general would be less fearful of environmental restrictions on business

and of the introduction of labor saving equipment.

Secondly, guaranteed jobs could stabilize local employment conditions, reducing the waste and community dislocation associated with fluctuating and changing employment prospects. It would not end migration from place to place, but it would certainly reduce a substantial portion of migration within and between cities that is forced upon people by the loss of jobs. For example, the capacity to plan for stable jobs in smaller cities might have eliminated much of the current burden in New York City — where two decades of the immigration of two million job seekers has swelled welfare rolls. And, politically, were we able to deal with the fundamental unemployment and migration sources of the urban problem, neither welfare mothers nor public employees would be the central target of scapegoat politics.

Planning to stabilize employment in communities also would contribute to a more stable tax base. States and localities would not be forced into what is often ruinous competition for the location of industry; and the bargaining between corporations and cities would be on much more equal terms.

Inflation. Under the pressure of economic events over the coming decade, as we have indicated, we believe wage-price controls are inevitable — whether we like it or not. Unless these are developed in a progressive fashion, working people will be forced to pay the costs of general economic mismanagement. Beyond seeking more equitable forms of controls — and tax reform to close



loopholes, tax wealth, and capture windfall profits — any plan for dealing with inflation over the coming decade ought to have as a central strategy the aim of directly stabilizing the price of the basic necessities — food, housing, medical care, and a minimum level of energy. These items alone constitute nearly 75% of average four-person urban family consumption expenditures.

The pressures of inflation are, in fact, already forcing steps toward a direct approach: food stamps are a direct attempt to stabilize the costs of necessity items for low income people. So are medicare, housing allowances, and the growing use of rent control. Popular legislation introduced at state levels for "lifeline" electricity rates — and even energy stamps — would fix the price of a necessity amount of electricity, shifting the burden forward to large users.

But programs which merely subsidize low income or other consumers increase total demand. Without encouraging increases in supply, the result is more inflation. Medicare, which increased demand for health services without increasing or rationalizing the supply is a classic example.

Housing policy illustrates the need for a much more direct solution over the coming period. A decent home for every American has been a national "goal" since 1937. After 40 years of trying limited ways, it is clear that we cannot solve the housing crisis with a program limited to the housing sector: rent controls to keep prices down, inhibit supplies. Housing allowances are both costly and inflationary. Achieving minimal decent levels of housing at fair prices will require direct public action to allocate the two most costly

items in building a new home — land and capital.

Though not yet widely understood, public ownership of land is coming to be recognized by leading experts as a basic requirement for a serious housing policy. Former HUD Secretary Robert Wood has observed:

Certain levels of density no longer make tolerable private ownership and development, even though zoning and planning requirements are available to affect them directly. Only a general plan with land ownership and control being the decisive forces in critical areas can do the job.

The American Institute of Architects in 1972 made a detailed proposal for the joint Federal, state and local acquisition and development of one million acres of land in selected urban-fringe areas of the country. The AIA estimated that one million acres could accommodate one-third of the nation's growth over the next 30 years at the relatively low average density of 25 persons per acre.

"The appreciating value of this land," said the AIA, "realized by lease and sale over the next 30 years — would be enough to cover its original cost plus a large proportion of the cost of preparing the land for development."

Public land development is common in Europe. In 1946, Britain created public development corporations to build 15 new communities of 60,000 population each. In Sweden in recent years, 80% of the housing underwritten by the central government has been built on municipally owned land which is either sold or leased to the builders. In the Netherlands, the public acquisi-

tion of land and its lease or sale to developers dates back to 1902. Amsterdam leases all land except for industrial sites, while Rotterdam leases industrial sites and sells land for all other uses.

Hesitatingly, in fits and starts, American communities in almost every state are beginning to experiment with public ownership of land as important to rational development. Local planned public land ownership is being tried in cities as diverse as Milwaukee, Wisconsin; San Diego, California; St. George, Vermont and Yellow Springs, Ohio.

Land is only half the underlying problem of price. The dependence of housing on capital markets is well documented. Unless adequate supplies of capital are made available, housing is simply not built, or built at high interest costs. Chairman Henry Reuss of the House Banking and Currency Committee has proposed what might be a first step toward the allocation of capital to major national priorities. Reuss has suggested that the Federal Banking Reserve Board, through a variety of available central banking techniques, allocate capital to the nation's most pressing needs — such as low and moderate income housing and mass transit. Reuss has also suggested a role for public ownership and has proposed that the Franklin National Bank be nationalized and run as a yardstick against which to judge the performance of other large banks.

In connection with food prices, setting the priority goal of stabilizing fair consumer prices also requires a more direct public effort. But in this case, since agricultural policy has long been dominated by the government, the question is not whether there should be a significant public role — but *how* to shape it to meet the needs of the vast majority of consumers.

Over the coming decade (with perhaps momentary lags) food prices will go up dramatically. As they do, in our judgment, the growing power of consumer and urban constituencies will put these groups in position to rewrite old legislation once considered the private domain of the large agribusiness concerns which dominate the "farm bloc." One model of policies which achieve lower consumer food prices is the Canadian approach to wheat. In Canada, low consumer prices are established and farm production costs are supplemented by direct payments. Similar general strategies for wheat and other commodities were proposed in the 1949 Brannan Plan. The basic approach has been instituted in such na-

tions as Sweden, Norway, Japan and Britain before its entry into the Common Market.

Over the past three years expenditures for food by the American consumer have risen by an incredible total of nearly \$60 billion dollars — implicitly perhaps the most regressive tax one could imagine. The cost of a program of supplementary direct payments will both be much lower than such sums, and much more progressively distributed. New policies might also be designed, as a social and economic priority, to support the small and medium size farmer, and small co-operatives, as a matter of principle — rather than large agribusiness concerns.

Broadly speaking, a direct approach to inflation which aims to stabilize the price of necessity costs in the family budget would, of course, not attempt to stabilize all prices. Prices for non-necessities — high price luxury foods or second, vacation homes — could be allowed to rise. This would not only increase equity, but it could also help conserve resources.

Resource Conservation: Planning and Public Ownership

Price stability for the necessities of life, like job stability, would put a more secure economic floor under working people. Relief from the anxiety of being without work and without money for food and rent would provide many with the time and energy to expand their personal lives as well.

It would also free our society as a whole to deal with the longer, deeper economic issues that face us, such as the steady depletion of natural resources and the alienation of people from their work and their community.

Over the next 25 years we will fast be reaching the end of the availability of many natural resources. As a result we will have to shift dramatically what we produce and what we consume. We know that this will require long range planning. The market is not adequate; it doesn't send the right signals. It would have taken a decade for the United States to prepare for the energy crisis of 1973. But five years before the crisis petroleum prices were still declining. Even as late as 1973 they were rising at a considerably slower rate than the general price level. The last thing in the world that they were signalling was more drilling. Or recycling. Or a search for alternative energy sources.

Rational energy and general resource policy will require planned, slower economic growth. The alternatives are to continue our extreme vulnerability to foreign supplies or to further distort our economic and environmental priorities. For example, the Rockefeller-Ford proposal for a \$100 billion energy program would do.

A serious commitment to job security and price stability would obviously make planned limited growth much more acceptable to the American people. But our resource crisis will still require a substantial change in our lifestyle and attitudes. It will require, for example, limits to the major source of consumer stimulation — advertising. For it is extremely unlikely that the incessant psychological pressure on American consumers to buy more and more is compatible with the long term need to conserve resources and to restructure our life style around new environmental realities.

Given its dynamic of unrestricted growth, the modern corporation is, over the long run, incompatible with a low growth, low resource absorbant economy. Ultimately, for this reason — and to assure planning for job stability over the long haul — the giant corporations at the core of the economy must be replaced. This is particularly true of corporations which control energy resources. It is not just the monopolistic practices that make these firms unfit to be in charge of our energy resources. It is their inherent need for growth. Thus, even if successful antitrust actions could be brought against the largest of the multinational energy companies, the basic problem would not be solved. (Indeed, we broke up Standard Oil in 1911.) There is some reason to believe, in fact, that while there might be some retardation of price increases, the waste and duplication of creating more oil corporations would make a rational conservation policy even less attainable.

The answer lies in fashioning economic institutions which go beyond the for-profit corporation in its ability to engage in long term resource planning for the nation as a whole. And as a variety of Americans who responded to the Hart Poll recognized, and as just about every Western industrialized nation has concluded, this will also require public ownership. The Stevenson-Magnuson Bill, which calls for a publicly owned oil and gas corporation on public lands (where the bulk of reserves lie) is a reasonable first step in this direction — and the fact that 35 Senators have endorsed it again sug-

gests the political feasibility of discussing quite new approaches.

Public ownership does not necessarily guarantee sound resource use. The Tennessee Valley Authority for example is hardly less growth oriented than most private electric companies. It will be necessary therefore to add a further dimension to the concept of "fee simple" ownership — whether public or private. The larger public itself must assume the responsibility of *trusteeship* over the land and natural resources. The principle means the public as trustee may not waste resources needed for the next generation by, for instance, giving away lease rights at low prices. Trusteeship concepts have already been recognized in preliminary form in several states which now provide for legal remedies — enforceable through citizen suits — for failure on the part of public officials to fulfill their broader responsibilities in connection with some environmental issues.

Economic Democracy

As we have indicated, the United States is already well on the way to a planned economy. Over the coming decade, the economy can be planned for full employment, price stability and resource conservation — or it can be planned for continued inflationary growth and a worsening distribution of income and wealth among the population. The next years will see a clear tendency toward increasing concentration of economic power in the hands of public and private bureaucracies. We may not like it, but we must face it. Otherwise we will not be able to deal with its consequences. The answer lies not in pining for a long gone economic era of small firms and free markets (though in *some* areas antitrust does make sense). It lies in making economic democracy and decentralization a major goal of economic policy.

First, it means encouraging employee ownership and participation in management. As many now recognize, most major corporations are entirely in the hands of a self perpetuating management. In Professor Galbraith's phrase, "the euthanasia of the stock holder" is almost complete for most of our largest firms. Management is therefore accountable to no one.

The three-way joint public-worker-community ownership arrangements suggested for the federal contractors in transportation could be applied to other federal contracts and to other industries. As first steps in a new direc-

tion, and as is common in West Germany and elsewhere in Europe, non-supervisory employees could be provided with seats on corporate Board of Directors by law. Consumers and representatives of communities that receive both the burden and advantage of the firm's location might also be eligible for seats. Investors would, of course, receive a return on their capital — just as employees receive a return on their labor — but the control of the entire enterprise, which includes labor as well as capital, would be shared.

Secondly, as we move deeper and deeper into a planned economy, it is imperative that we begin to widen the participation in the planning process itself.

Fortunately we do not have to start from scratch. We have behind us ten years of experience with various attempts at citizen participation and community planning — from urban renewal to transportation to antipoverty programs. In most of these cases, community participation was represented by citizens fighting for the right to participate. And in most instances citizens have been in a negative stance. They have been trying to *stop* some outrage — some highway, some monstrous piece of public housing, the pollution of some river — rather than plan for something.

Nevertheless hundreds of thousands of people from all walks of life have had experience in organizing their neighbors, interpreting zoning maps, making community surveys, demonstrating in front of city hall and so forth. These are all critical skills in building the capacity for democratic planning. But the experience of the last decade took place in an environment where planning itself had little meaning. What good did it do to participate in the planning of one's community if the key variables — like the location of jobs and housing — were out of the control of the community? In the context of a national commitment to secure jobs and fair capital allocation, community planning would be much more relevant. *Community* plans for population growth, job development, housing, transportation could, and should, be the basis upon which national resources are allocated.

A "second generation" of community planning, therefore, would provide assistance to citizens in neighborhoods

and towns and states to engage in serious planning around the question of what they want their town or neighborhood to look like. Beginning efforts for such democratic planning are now being tried in cities such as New York, Minneapolis, and Washington, D.C. At the state level, Hawaii, Washington and Iowa have involved thousands of citizens in planning for the next 25 years. All of our experience shows that the issues, techniques and technology of such planning are not beyond the capacity of ordinary citizens, if we allow a reasonable time to develop experience.

With the basic power to plan and the control over key resources, communities could also begin to build *local* alternatives to the for-profit growth oriented corporation. The last decade has seen the formation of a number of such community based institutions, including consumer cooperatives, community development corporations, municipally owned enterprises, even a few worker owned factories. They contain the seeds of a much larger constituency for a planned fair and decentralized economy. Several proposals have been made by Ralph Nader and others for the creation of development banks to assist in the financing and provision of technical assistance to these local institutions. Because they are local and geographically rooted, they are much less geared to the continuous growth that is the goal of the modern big business corporation. In a secure economy the role of the small local entrepreneur might also be strengthened. Ultimately a democratically determined national plan should be the integrated and carefully balanced sum of the plans of thousands of communities and neighborhoods in America, not the politically balanced views of a Presidential staff and a few key Congressional chairmen. Section 7 of the Congressman Hawkins' Equal Opportunity and Full Employment Bill opens the door by providing for local planning councils and "community boards." But these are merely advisory. The real power is still held in the hands of the bureaucracy; in the all too familiar pattern, citizen participation is a marginal sop to democratic ideals. Steps in a more positive direction are the improved citizen participation requirements in transportation and housing problems. Rather than an after-thought, community planning councils

should be the core of the planning process. National plans should reflect, not dictate, community priorities.

Democracy, of course, is a value in and of itself and should be pursued for its own sake. But there are additional reasons for making it a major goal of economic policy. Over the next decade and beyond Americans are going to be asked to make major adjustments and sacrifices. Only when there is a sense of community and a sense of participation will such plans have the confidence and trust of the population. Without that trust American democracy itself will be hard put to survive. More fundamentally, economic policy should, we believe, serve the broader, positive goal of reinvigorating the experience of community in America.

It is obvious that the long term goals we have sketched cannot be met all at once. Nor can they be met without short term political conflicts — both between the parties and within the parties. Finally, they cannot be met without a significant period of open and honest experimentation, public debate, and wide ranging inquiry into subjects previously swept under the rug in American politics.

We believe that the American public is both mature enough for such a debate — and, pressed by economic circumstances — more than ready for it. There are also significant starting points for all the basic departures in legislation already introduced by established politicians — from Kennedy, Stevenson, Magnuson and Humphrey in the Senate to Reuss, Hawkins and others in the House.

We are presently entering a time of political instability and ambivalence: Republicans propose huge energy spending programs through new public corporations; Democrats cut back social programs. It is a political commonplace to say that the nation must have bold new policies. But the parties continue to grasp for short term advantage while the discontent builds, and while politicians of the Right step up their exploitation of the crime and violence which are the inevitable result of neglecting basic problems. It is time that we begin to take ourselves seriously. Unless the political parties take responsibility for open debate on the future of America, the time is not far off when they will cease to have a part to play in that future.

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PROPOSAL

Examination of the Consequences
of Alternative Investments
of the Permanent Fund

Submitted to the

Alaska Permanent Fund Commission
Juneau, Alaska

by the

Public Interest Economics Foundation
1714 Massachusetts Avenue, N.W.
Washington, D.C. 20036

August 15, 1977

The Problem

It is PIE-F's understanding that the Governor and the Alaska Permanent Fund Commission (APFC) are faced with a complex set of problems in determining how best to invest the revenues to be received by the Permanent Fund (the Fund). The idea of maintaining, as a permanent part of the State's endowment, a financial fund to offset the disappearance of one set of the State's basic real wealth, much of its oil and gas, is obviously appealing. Effectively carrying out that mandate is, however, replete with practical and even some theoretical difficulties. For example, defining a "permanent" value for the fund in the face of continued inflation is itself not a simple matter.

There appear to be two basic problems only one of which is, as we understand, the responsibility of APFC. Determining how to invest the corpus is APFC's major mission but, this should perhaps not be carried out entirely without regard to the second problem, determining (by the Legislature) how to employ the earnings gained from the investment of the corpus of the Fund. This proposal is concerned exclusively with the former question.

There are a number of what might be considered contextual problems which can be partially solved or possibly exacerbated by the nature of the Fund's employment, but which in any event should be considered in making rational decisions as to the kind of investment of the Fund that would best serve the interests of the general public of Alaska. Among these contextual problem areas are:

- o uneven development of Alaska, the urban-rural differences;
- o the impact of any investment program on immigration and hence on land values, on the one hand, and earnings and amenities of present residents on the other;
- o problems of distribution of income and wealth;
- o problems of relations between white and native populations;
- o the difficult problems of stability--seasonality of employment, the "boom town" phenomenon";
- o the relative roles of the public and private sectors.

Obviously, deciding where the public interest lies in seeking solutions to these problems involves subjective judgments as to social and political values, as well as economic considerations. However, whatever one's beliefs about these problems, they will be affected by the uses to which the Fund is put and the way the Fund is managed.

There are similarly a number of sometimes incompatible criteria by which various possible uses of the Fund might be evaluated:

- o How can the benefits of the investment be kept in Alaska?
- o How can the uses of the Permanent Fund complement other State revenues or other income and wealth in the State?
- o Is it desirable to transform the dollar flows into the fund into some form of tangible investment in Alaska, intangible investment in Alaska? If the income potential is larger, should some of the funds be invested outside Alaska? The problem of local versus external investment may be particularly complex because of the fact that different segments of the population may benefit from one investment policy far more than from the other.

Preliminary thinking by the Public Interest Economics Foundation staff has led to the tentative conclusion that the major candidate areas for investment of the fund can, for discussion purposes, be usefully be grouped into such categories as:

- o infrastructure: highways, aviation facilities, sewer and water systems, public utilities (especially electricity);
- o seed funding to Alaskan cities for urbanization/development/redevelopment;
- o housing subsidies, either for areas where housing costs are particularly high or where needs are particularly great;
- o human capital "investment, education, health, training;
- o direct income redistribution transfer payments;
- o external investment.

The Commission or its staff may well have identified other areas of comparable or greater interest to it.

The problem of choosing the balance, among these (or other) main areas for investment, which would best meet the needs of the people of Alaska is

extraordinarily complex and difficult. This proposal is written in the belief that the Public Interest Economics Foundation can provide expert, impartial analysis that should help decision-makers to solve that problem, in light of the potential goals and contextual problems identified above.

The PIE-F Approach

The Public Interest Economics Foundation is, as is more fully described below, a not-for-profit public interest corporation committed to approaching economic and social problems with a high level of technical rigor and with the overall purpose of advancing the interest of the public at large.

The research and related capabilities of PIE-F suggest that, over time, we could usefully examine a substantial range of policy aspects of the investment decisions facing SIA, including its West Coast affiliate (PIE-West). In particular PIE-F has extensive experience in several of the areas of potential investment just specified: transportation, education, public utilities, mineral resources, health, financial institutions. The principals of PIE-F would be willing to come to Alaska to discuss a range of research possibilities. However, in order to present a reasonably concrete initial proposal, we propose here to examine investment in infrastructure--particularly transportation infrastructure and, possibly, electric public utilities. PIE-F would be willing to investigate some other areas of greater interest to SIA in which we are particularly well qualified. The details of the proposed work would of course be different, but the major thrust of the approach would be similar for many areas of potential investment.

Any category of investment encompasses an implied objective. In most instances, the objective may be expressed on a quantitative dimension, such as new housing units per annum; employment or income gains per period in a specific basic industry such as fishing or lumber; dollar value or square footage of redeveloped urban space.

In addition to the specific objectives measured by the quantified dimension, a variety of other public policy concerns/objectives inhere in each investment category. The committee may, for example, wish to know the effect which each unit of expenditure in each category might have upon

net immigration rates, land use and urbanization rates, resource consumption or public service demand.

Of the investment categories listed above, only one is specifically directed towards shifting the equity positions of income groups. All forms of public investment, however, have equity implications.

In addition to the productivity (benefits) accruing from a specific investment program, attendant public costs will arise. These costs will range in nature from secondary growth support systems (highway patrol, road maintenance, sewage treatment plant management) to costs of depleting stocks of finite resources to housing loan program administration costs. For each investment category PIE-F will identify and, where possible, quantify primary and secondary costs which can reasonably be anticipated.

A decision to pursue specific investment options will yield aggregate economic effects. Employment, income, and price levels in Alaska will be affected to some degree, though not in all instances to an empirically significant level. In addition to these aggregate variables, price and income changes will occur in specific industries and geographic areas. If, for instance, an ambitious housing subsidy program were chosen, it can be expected that there will be upward pressures on the price level associated with income and employment gains in selected areas.

In its role as an outside research resource, the PIE-F staff would not (at least initially) undertake to make recommendations, but would rather examine the full range of major consequences of investment in infrastructure (or other agreed area of investment). Preliminary analysis by the staff suggests that the following types of consequences would be suitable for analysis:

- o Efficiency of the overall economy, based on use of complementary resources, suitability of the investment to the needs of Alaska, costs, timing and, hence, the rate of return and present value of the flow of benefits to be expected.

- o Distributional impacts including rich/poor, native/non-native, old-timer/newcomer and incentives to migrate, and regional including urban/rural.

- o Stability criteria including seasonality of employment, boom-bust cycle, and vulnerability to fluctuations in export prices.

- o Public versus private sector involvement.

Additional consequences might be of great interest to the committee. Before beginning detailed data gathering and analysis, the list of consequences to be examined would be agreed upon between SIA and PIE-F, as would the specifics of the investments to be examined.

The problems are, of course, too broad to be examined exhaustively within the time and money resources proposed. It is PIE-F's intent to develop a systematic way of analyzing the consequences of infrastructure investments, to draw out the general character of consequences in qualitative terms and to the extent possible indicate orders of magnitude. The report is intended to provide a good qualitative base for understanding the implications of broad policy decisions concerning the advisability of major investment in the kinds of facilities to be examined.

Tasks and Schedule

These major tasks are envisaged:

- o Background
- o Field examination and information gathering
- o Analysis

Task One: Drawing on the resources in Washington, D. C. and on those in the San Francisco Bay area and Seattle, the study staff will develop a basic understanding of:

- o the legislative background, the history, and mandate of SIA;
- o such directly or indirectly related developments as the land allocations associated with statehood, the Native claims settlement;
- o the pipeline legislation and its economic implications. In this task the staff members will supplement their previous exposure to Alaskan affairs and will be led by Ms. Mary Clay Berry, author of The Alaska Pipeline: The Politics of Oil and Native Land Claims.

The initial background work will be performed in the lower forty-eight for reasons of economy. Once the materials readily available outside Alaska have been digested, the background explorations will move to Alaska. Key members of the team will come to Juneau and Anchorage to visit with members of SIA and officials in the Office of the Governor, the State Legislature, and their staffs. A visit will also be made to the University of Alaska, at least the Anchorage campus. The purpose of this part of the visit will be to complete development of background information.

Task Two: Largely in Alaska, probably as a continuation of the

same visit, information will be gathered on:

- o the particular kinds of infrastructure (or possibly other investment) under serious consideration for investment of Fund monies;
- o economic developments and forecasts;
- o availability of complementary resources;
- o kinds of consequences of particular importance to SIA;
- o relevant quantitative data, and
- o attitudes of various sectors of the population regarding use of the Fund.

During the early stages of the visit, agreement would be reached on all the major features of the research to be performed, such as the specific investment categories to be examined and the consequences to be explored. In addition avenues for obtaining additional information would be identified.

The second portion of the visit would be devoted to gathering the detailed information needed for the investigation.

Task Three: On the basis of the background information initially obtained, the objectives and details agreed in Alaska, the information gathered in Alaska and outside the State, the study team would perform the analysis. The analysis would specify to the fullest extent possible within the constraints of time and resources, the foreseeable consequences of the investment patterns analyzed. A report would be prepared. It would describe the project, the background, the information gathered, the analysis and the conclusions. It would also identify the limitations of the study and indicate areas where further research should be performed. A camera-ready copy would be delivered to the Committee. After delivery of the report, if the budget allowed and the committee desired it, key members of the PIE-F study team would come to Alaska to make oral presentation of the work and its results.

Schedule: Although a research project must be managed in a flexible way, and it is, therefore, impossible to be precise about all aspects of the schedule of completion a major undertaking such as that contemplated here, the following schedule appears to be realistic.

Work will get underway immediately upon receipt of written authorization to proceed.

Within four weeks the background work outside Alaska will be complete.

The fifth week would be spent in Alaska, largely completing

the background work and reaching final agreement on the content of the remainder of the work.

The sixth and, possibly the seventh week, some of the regular staff and the Alaska liaison person would devote to gathering information.

By the end of the twelfth week the analysis is to be completed.

During the remaining three weeks the analysis would be reviewed and the report put into final form, edited and typed. The camera-ready copy should be mailed fifteen weeks after authorization to proceed.

In the sixteenth week PIE-F representatives would be available to visit Alaska for oral presentations and discussions.

Management and Staffing:

The project will be under the direct supervision of Dr. Allen R. Ferguson, President of PIE-F. The study will be undertaken jointly by the Washington office and its West Coast office, PIE-West. PIE-West is managed by Robert Wocott who will be responsible for supervising the work to be performed there. We plan to designate Professor Richard Norgaard of the University of California as project manager. Ms. Mary Clay Berry has agreed to be a special consultant to the PIE-F team, advising on the background of the problem area. A resident of Alaska will be engaged on a part-time basis to provide liaison for PIE-F with Alaskan officials and to obtain information in addition to that gathered during the visit to Alaska.

It is intended that the remainder of the study team will be selected from among the individuals whose resumes are provided below.

Budget: PIE-F proposes to undertake the study on a cost plus fixed fee basis comprised of all direct costs, including fringe benefits, overhead on all direct costs computed at a rate of 70 percent, and a management fee of 12 percent. It is proposed that the total obligation of the State not exceed \$36,500.

The basis for the budget is shown in Table I. It should be noted that the budget does not include the costs of travel to or within Alaska or costs of food and lodging in the state. That estimate is omitted because until initial conversations are held with representatives of the state, it is impossible to determine the extent of such travel. Those costs would, of course, be added to the State's obligation under any forthcoming contract.

QUALIFICATIONSGeneral:

The Public Interest Economics Foundation (PIE-F) is not-for-profit public interest corporation--501(c)(3)--incorporated in the District of Columbia. It was established by a group of economists and public interest advocates with the primary purpose of involving economists more systematically in public policy decisions to advance the public interest.

PIE-F and its affiliate, the Public Interest Economics Center (PIE-C) --a 501(c)(4) corporation--carry out five interrelated programs: research, education, governmental relations and a clearinghouse program which provides liaison between professional economists and public interest groups and government officials, and publication of a newsletter Public Interest Economics.

PIE-West is the West Coast office of PIE-F. It concentrates on research, educational, and clearinghouse functions. It has contacts throughout the western United States extending into Canada. Its major research activities have concentrated on economics of resource use and environment.

The staffs of PIE-F, PIE-C and PIE-West are treated as a single pool and are interchangeably assigned to various projects and all three draw on the same pool of external expertise. This project will be undertaken as part of PIE-F's research program.

The conduct of PIE's research activities is unique in several respects. It is PIE's policy to carry out research programs in economics and related fields that can be expected to contribute to advancing the public interest.

As a public interest nonprofit research organization, PIE-F has as basic components two rather special sorts of groups:

- o two boards of advisors--a Board of Economic Advisors and a Board of Public Interest Advisors, and
- o a large complement of volunteer economists, as well as paid consultants, currently numbering over 800.

The membership of the two advisory boards (see attached PIE-F brochure) reflects a broad range of political orientation and includes individuals of national stature as well as less prominent persons of special competence. These advisors have been genuinely involved in the activities of PIE-F, including PIE-West, and it has become a standard practice to use members of the Board of Economic Advisors as reviewers and advisors on particular research projects. Through these advisory boards and the hundreds of affiliated economists PIE-F/C is able to identify, evaluate and recruit on an ad hoc basis economists with virtually every kind of specialization from throughout the country.

PIE-F/C's research activities are organized to take full advantage of its own nuclear staff and regular consultants as well as its special access to outside professionals. It is typical practice to develop research teams consisting of regular staff, members of the board of economic advisors and temporary employees or consultants drawn in part from the list of PIE-F associates. The management plan for the present project is an example of this kind of organization.

In all PIE-F/C projects, a serious effort is made to assure high professional quality. Most of the projects have been under the direct supervision of an economist with a national reputation; frequently, pre-

liminary results have been reviewed and criticized by a team of members of the Board of Economic Advisors. In a number of instances new theory or methodology has been developed to cope with practical applied problems in an analytically rigorous and sound manner. In addition, senior members of the PIE-F/C research team have governmental, research and volunteer-sector experience.

Research Experience

In their five years of existence PIE-C/F have completed major studies in areas directly relevant to the requirements of the Alaska Permanent Fund Commission. Research has focused on governmental policy and its impact. Fields in which such studies have been performed range from the environment to health care. Major studies have covered: analysis of the effect of regulation and taxation on water quality invest, regulation and subsidization of railroads, the merchant marine, motor carriers, impacts of off-shore development, health care facilities, solid waste facilities, inland waterways, regulation of banking and the electric power industry. Other studies have been concerned with the distribution of the burden of costs of environmental protection, industrial noise regulation, materials policy and regulation of milk marketing.

Some projects that appear to be of particular relevance are briefly summarized below. The scope of PIE-F/C research activities is provided in the publications list attached.

1. Infrastructure and utilities

For the United States Railroad Association and for the State of Maryland, PIE-C undertook two major studies dealing with the consequences

of disinvesting in rail facilities. The study examined the obverse of the question: what are the social and economic impacts of increasing investment in infrastructure? The methodology would apply broadly to that question as well as to the question for which it was developed.

These studies resulted in the publication of two reports: The Impacts on Communities of Abandonment of Railroad Service (USRA-C-50010, Dr. Robert Gallamore) and Railroad Abandonment in Maryland for the Department of Economic and Community Development, State of Maryland.

For the National Association of Rail Passengers (NARP), PIE-F is creating a detailed research agenda on the question of Federal ownership of all (or part of) the railroad fixed plant (track, terminals, etc.) in the United States. The deteriorated condition of railroad track and other facilities and the poor financial condition of most American railroads have already created crisis situations (notably the Penn Central), but there is clear likelihood of further wide-spread collapse. Fundamentally the technology of freight transport and the demand for freight transport have changed markedly in the period since the railroads were organized and built.

For the Community Involvement Network PIE-F prepared a citizens' manual for electric utility rate reform. The large increases in electricity rates which have occurred more or less continuously in recent years have sparked wide-spread citizen action. Much of the reason for the upward rate spiral lies in the "declining rate" pricing system and the classification of customers into more or less isolated categories, both widely used in the United States. This system discriminates against

residential customers compared to industrial users and provides discounts to large-volume users within each class. Fundamental rate reform, implementing flat-rate ("fair share") peak-load electricity pricing and possibly "life-line" rates, is the only way to correct these problems and, at the same time, to assume most efficient use of additional plant capacity. The PIE-F manual explains a rationalized, equitable pricing system and advised citizen groups on how to proceed in bringing utility rates to issue and in participating in the hearing process. The manual clears the air on the economics of electricity rates in a readily understandable manner, spelling out rate reform goals for citizen groups.

PIE-C sponsored the preparation of a study as part of the Ford Foundation Energy Policy Project. The study by Charles Cicchetti, Edward Berlin, and William Gillen, entitled Perspective on Power: A Study of the Regulation and Pricing of Electric Power (Ballinger Books, 1975), dealt with the effect of existing and alternative forms of regulation in the electric power industry on efficiency, adequacy of investment and technological structure of that industry and, in turn, on the efficiency of the economy as a whole.

2. Environmental issues

A substantial amount of PIE-C/F's effort has been devoted to environmental economics. Three studies have dealt with water quality. One was undertaken for the Environmental Protection Agency and dealt with the distribution of the burden of the costs of water pollution control among various segments of the population. Two studies for

Experimental Technology Incentives Program included analyses of the effect on water pollution abatement technology of several regulatory changes: use of monetary penalties as supplements to rigid quality standards, the use of capital subsidies, the effects of postponement of compliance dates on abatement technology in the Delaware River Estuary (and in the automobile industry).

PIE-West has assessed the on-shore economic impacts of outer continental shelf oil and gas development for the California Governor's Office of Planning and Research. In addition, PIE-C/F has been active in analyzing and in educational and advocacy efforts related to the use of pollution taxes as a more efficient method of regulation in the entire environmental area.

We have just completed a study for EPA on solid waste management concluding that a charge on use of virgin materials in manufacturing would substantially and efficiently reduce solid waste.

3. Consumer issues

PIE-F/C has completed two projects of particular relevance to the consumer: a study of the impact of deregulation-marginal cost pricing of natural gas for the Center for Strategic and International Studies at Georgetown University and research on the potential economic impact of an effective national consumer education program of the Office of Consumer Education (The Effect on Residential Customers of Natural Gas Price Deregulation and Economically Rational Uniform Pricing and The Potential Economic Benefits of Consumer Education.)

4. Regulatory reform

PIE-F/C has also been deeply involved in the analysis of and in testimony and educational activities associated with the regulation and reorganization of railroads in the Northeast and Midwest with emphasis on the potential impact of change on efficiency and technology in the railroad system and, indirectly, on the rest of the transportation industries.

For the Antitrust Division of the Department of Justice, PIE-C undertook to study the effects of the regulation of ocean freight rate conferences by the Federal Maritime Commission on economic efficiency, competition and innovation in the ocean trades. The project resulted in testimony on four related topics: Professor Leonard A. Rapping, University of Massachusetts, on North Atlantic Pool (NAPA) and Freight Rates; Allen R. Ferguson, NAPA and Overtonnaging; Aaron J. Gellman, NAPA and Technological Change and Innovation; and Professor M.A. Adelman, Massachusetts Institute of Technology, NAPA and Competition in the Ocean Freight Industry.

Dr. Ferguson has testified for the House Merchant Marine and Fisheries Committee on the economic and technological impacts of the operating differential subsidy program.

5. State and financial studies

Although some studies have already been mentioned previously in other categories, it is relevant to this proposal to point out that PIE-F/C has undertaken the following studies for state governments in order to demonstrate our flexibility not only in dealing with national

agencies but also with state agencies: Hospital Capacity in Somerville, An Application of Certificate of Need Legislation, A Review and Evaluation of the Application by Tileston & Hollingsworth for a Variance from the Massachusetts Regulations for the Control of Air Pollution, (and Variance from Air Quality Regulations: the Criteria for the Grant/Deny Decision, (all three for the Department of Public Health of the Commonwealth of Massachusetts;) A Policy Analysis for Recycling Municipal Solid Waste in Minnesota, for the Minnesota Pollution Control Agency, and Railroad Abandonments in Maryland, for the Governor's Steering Committee, State of Maryland.

Three studies in banking and finance indicate another aspect of PIE-F/C's ability to deal with the concepts involved in the planned employment of Alaska's permanent fund: a book, The Banking System: A Preface to Public Interest Analysis, by Stanley W. Black III, Glenn Canner and Robert G. King, published in March 1975 and two studies prepared with a grant from the Stern Fund: Financial Interlocking Directorates; Feasibility Study and Interlocking Directorates among Financial and Non-Financial Corporations: Survey and Background.

RESUMES

Allen R. Ferguson

Robert M. Wolcott

Richard B. Norgaard

Steven J. Buchanan

Mary Clay Berry

Polly Roberts

Joseph "Pat" Weinstein

Edgar Rust

ALLEN R. FERGUSON

PRESIDENT

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Education

Ph.D., Economics, Harvard University, 1949
M.A., Economics, Brown University, 1943
B.A., Economics, Brown University, 1941

PREVIOUS POSITIONS

Independent Economist, 1971-1972

Planning Research Corporation, 1965-1971. Director of Policy Research

Department of State, 1963-1965. Coordinator for International Aviation

The RAND Corporation, 1953-1958, 1960-1963. Senior Economist and
Deputy Head, Logistics Department

Northwestern University, 1958-1960. Director of Research,
The Transportation Center

U.S. Government, 1951-1953. Industrial and Transportation Economist

University of Virginia, 1949-1951. Assistant Professor of Economics

EXPERIENCE DIRECTLY RELATED TO ALASKA:

In 1971-1972 consultant to the Office of Economic Opportunity. Reviewed the OEO-sponsored health delivery system in Alaska. Spent several weeks in Alaska, particularly in Nome and Bethel and villages in their hinterlands, also in Anchorage, Fairbanks and Juneau.

EXPERIENCE DIRECTLY RELATED TO INFRA-STRUCTURE ANALYSIS:

Extensive research in transportation analysis, highway, air, water and rail; in public utilities; in human resources, health, organization of human resources delivery systems, consumer education; environment.

OTHER EXPERIENCE

The Public Interest Economics Center and The Public Interest Economics Foundation are coordinate not-for-profit organizations in Washington whose overall function is to involve economists systematically in public policy. As co-founder and president of the organizations have overall responsibility for their funding and operation.

PIE-F research has concentrated in transportation, environment, health technology and banking. Although the research varies, if there has been a main thrust, that thrust has been in the direction of reducing governmental price and entry regulation in transportation, more effectively applying economic criteria for action in technology and health planning, and shifting the reliance in environmental regulation from rigid standards to some form of pricing mechanism.

Immediately prior to founding PIE-C and PIE-F, Ferguson worked as an independent economist undertaking planning studies for highway development in Sumatra and evaluation of health programs in Alaska for the International Bank for Reconstruction and Development and the Office of Economic Opportunity respectively; preparing studies opposing some forms of Federal subsidization, primarily for the SST and Lockheed; advising the Department of Education of the government of Manitoba.

At the Planning Research Corporation Ferguson was responsible for promoting and supervising civilian government research especially in economics and the social sciences. Previously, the corporation had engaged primarily in military research activities. Developed and supervised contract research covering such diverse areas as the evaluation of the Head Start Program, the first study of how the nascent Department of Transportation should implement PPB, a PPB planning study for the Manpower Administration, a study of urban manpower needs for the State of New York, other programs of research for such agencies as the Economic Development Administration, the Office of Telecommunications Policy. Among the private clients for which PRC economic research was performed under Ferguson's supervision were Boeing, Air Canada, the Regular Route Common Carrier Association.

In the Department of State, Ferguson occupied the newly created post of Coordinator of International Aviation. The office was designed to coordinate the activities of the Civil Aeronautics Board, the Federal Aviation Administration, the Agency for International Development and the Department of State in international aviation. The subject matter included establishing and facilitating U.S. policy on aviation in developing countries and on trade in aviation equipment; representing the United States government in multinational conferences. The single most demanding portion of the position was responsibility for the commercial air agreement negotiations between the United States and foreign governments. Served as head of the United States delegation in negotiations with several western European countries, and Canada, Japan, Nigeria, for example. In addition, played a substantial role in the rationalization of North Atlantic rates, resulting in their complete restructuring in 1964.

As the first full-time Director of Research at the Transportation Center at Northwestern University, performed and supervised studies of several aspects of transportation, such as forecasting the prices of used aircraft (at the time when the airlines were converting from piston to jet power), and some aspects of highway subsidization. The most important product was The Economic

Value of the United States Merchant Marine, published in 1961, which became the standard work in the field. Its conclusion, that the subsidization of the merchant marine was economically unsound, formed the basis for much of maritime policy of the federal administrations since that time.

At the RAND Corporation during the early 1960's performed research on arms control, deterrence, and the Berlin crisis. During the 1950's I was deputy and, for a year, acting Head of the, then new, Logistics Department, organizing research on Air Force supply, maintenance, transportation and procurement policy. The program succeeded in facilitating the introduction of some policies designed to reduce inefficiency in the Air Force logistics system. The policies were based on the application of newly developed inventory theory, application of computer technology and reorganization of the role and characteristics of air transport in the logistics system.

In the early 1950's Ferguson was an economist with the Office of Price Stabilization and with the Central Intelligence Agency.

At the University of Virginia taught the advanced economic analysis course for undergraduates and the course in transportation economics.

2/11

ADDENDA TO FERGUSON BIBLIOGRAPHY:

With Steve Buchanan and Bradley Gewehr, Citizen Involvement in Reforming Electric Utility Rates, prepared for Citizen Involvement Network, May 1976.

Statement Prepared for Subcommittee on Merchant Marine of the House of Representatives Committee on Merchant Marine and Fisheries at an Oversight hearing concerning the Operating Differential Subsidy (ODS)., February 26, 1976.

Statement Prepared for the Senate Subcommittee on Antitrust and Monopoly Legislation, Committee on the Judiciary, a step toward reducing the inequities and inefficiencies in the current system of price and entry regulation in transportation, December 10, 1975.

Beyond Keynes: Fairness and Growth, address delivered at the National Democratic Issues Convention in Louisville, Kentucky, November 22, 1975.

Statement Prepared for the House of Representatives Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce in support of controlled transfer as the key ingredient in the reorganization of the rail system in the Midwest and Northeast, delivered on September 10, 1975.

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With Leonard Lee Lane and Donald A. Stewart: The Economics of the Railroad Problem, prepared for the Sierra Club, August 26, 1975.

Statement Prepared for the House of Representatives Subcommittee on Interstate and Foreign Commerce, delivered on September 10, 1975.

Testimony Prepared for the House of Representatives Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce, delivered on July 24, 1975.

Statement Prepared for the Senate Subcommittee on Antitrust and Monopoly Legislation, Committee on the Judiciary, delivered on December 10, 1975.

Beyond Keynes: Fairness and Growth, address delivered November 22, 1975 in Louisville, Kentucky at the National Democratic Issues Convention.

With Leonard Lee Lane, Transportation Policy Options: The Political Economy of Regulatory Reform, prepared for the Department of Transportation, 1975.

With Norman H. Jones and Albert Lowey Ball: Evaluation of Proposed Standards for Determining Rail Service Continuation Subsidies--A Public Interest Approach, prepared for the Office of the Public Counsel, Rail Services Planning Office, 1974.

Proposed Occupational Noise Exposure Regulation, Statement for EPA before Occupational Safety and Health Administration, 1975.

With Barry Slavsky: Evaluation of the Bolt, Beranek and Newman, Inc. Study of the Impact of Noise Control at the Work Place, prepared for the Office of Noise Abatement, Environmental Protection Agency, 1974.

With Donald Mitchell Smith and Victor Habib: The Gross Revenue Impact on Railroads in the Conrail Region of Placing User Charges on Barges, prepared for United States Railway Association, 1975.

With others: A Policy Analysis for Recycling Municipal Solid Waste in Minnesota, prepared for Minnesota Pollution Control Agency, 1975.

With others: Community Impacts of Abandonment of Railroad Services, United States Railway Association, 1974.

With Albert Lowey Ball and Victor Habib: Hospital Capacity in Somerville, prepared for Blue Cross of Massachusetts and the Massachusetts Department of Public Health, 1973.

With Marc Roberts and Arthur Snow: Variance from Air Quality Regulations: The Criteria for the Grant/Deny Decision, prepared for the Massachusetts Department of Public Health, 1973.

With Norman H. Jones et al: Project Evaluation--Project Scoring for the Economic Development Administration, Planning Research Corporation, 1966.

With others: Railroad Abandonments in Maryland, prepared for the Governor's Steering Committee on Railroad Abandonments, 1973.

A Design for the Evaluation of the Comprehensive Health Care Program in Alaska prepared for the Office of Health Affairs, OEO, August 1972.

With others: A Review and Evaluation of the Application by Tileston and Hollingsworth of Boston, Massachusetts, for a Variance from the Massachusetts Regulations for the Control of Air Pollution, prepared for the Department of Public Health of the Commonwealth of Massachusetts.

"The Role of Neighborhood Health Centers in Economic Development", Neighborhood Health Center Seminar Program, Berkeley, California, January 1972.

"Economics for the Age of Aquarius", New Priorities, Fall 1971.

"Why the SST is Not Good Business", The Wall Street Journal, March 23, 1971.

"Status of the American Economy", National Committee for an Effective Congress, Research Project, 1970.

"Liberty and Justice in 1970", ibid.

With A. Dobson et al: A Manpower Strategy for Urban Development in the State of New York, prepared for Social Development Planning Commission of the State of New York, Planning Research Corporation, 1970.

"Program Budgeting and Consistency in Transportation Policy", Papers, Ninth Annual Meeting, Transportation Research Forum, September 1968.

With others: A Planning-Programming-Budgeting System for Transportation, prepared for Office of the Undersecretary of Transportation, U.S. Department of Commerce, Planning Research Corporation, 1967.

"Tactics in a Local Crisis", Journal of Conflict Resolution, June 1963.

"Deterrence and Disarmament", paper, the RAND Corporation, November 1962.

"Mechanics of Some Limited Disarmament Measures", American Economic Review, May 1961.

With others: The Economic Value of the United States Merchant Marine, The Transportation Center, Northwestern University, 1961.

"A Marginal Cost Function for Highway Construction and Operation", American Economic Review, May 1958.

"Air Force Logistics", Aeronautical Engineering Review, January 1957.

With G.B. Dantzig: "The Allocation of Aircraft to Routes--An Example of Linear Programming Under Uncertain Demand", Management Science, October 1956.

With G.B. Dantzig: "The Problem of Routing Aircraft: A Mathematical Solution", Aeronautical Engineering Review, April 1955.

"Empirical Determination of a Multi-Dimensional Marginal Cost Function", Econometrica, July 1950.

Technical Synthesis of Airline Costs, unpublished Ph.D. thesis, Harvard University, 1949.

With E. Ames: "Technological Change and the Equilibrium Level of the National Income", Quarterly Journal of Economics, May 1948.

ROBERT M. WOLCOTT
DIRECTOR
PUBLIC INTEREST ECONOMICS WEST

Education: University of Cincinnati, Cincinnati, Ohio
Ph.D candidate (degree expected 9/77)
Dissertation topic - "The Welfare Impacts of a
BTU Based Energy Pricing Policy"

Xavier University, Cincinnati, Ohio
M.A. Economics 1968-1969
Thesis - "An Economic Analysis of the Urban Renewal
Program in Cincinnati, Ohio"

Xavier University, Cincinnati, Ohio
B.S. Economics 1964-1968

Experience: Director, Public Interest Economics West. Responsible
for the overall administration of the Western regional
office of the Public Interest Economics Foundation.
Areas of responsibility include direction of a five
person technical staff, financial management, research
contract negotiations and fundraising as well as review
and revision of Public Interest Economics West programs.
Principal areas of expertise in economic research
include energy pricing, regional fiscal impact analysis,
environmental and energy regulation and welfare impact
assessment.
3/1/76-present

Regional Economist, Region IX, U.S. Environmental Protection
Agency. Principal economic policy advisor to senior staff
of the Region IX Agency Office. Responsible for evaluating
the social and economic impacts of regionally implemented
environmental control strategies, inclusive of the monitoring
of contracted analyses and individual performance. Specific
focus directed towards the public finance of surcharge trans-
portation in California and other transportation analysis
related to selected air quality problems.

Other selected areas of investigation have encompassed
public utility rate schedules in California and Arizona,
macroeconomic impacts of the EPA sewage treatment construc-
tion grant program, design of an air quality management pro-
cess nationally, criteria design for inflationary impact
statements and cost effectiveness review of alternative air
quality strategies.

Overall concern in this position has been directed towards specifying the distributional impacts of environmental and energy strategies and sensitizing regional policy makers to these effects. Conducted numerous lectures within government and area universities on economic and environmental analysis and policy.

2/13/74 - 2/27/76

Economist; Assistance Branch, Systems Management Division, Office of Solid Waste Management Programs, U.S. Environmental Protection Agency. Delivery of technical assistance to local governments in the area of solid waste management, focusing on operations research and economic analysis of local programs. Position involved the review of technical economic policy studies and contract monitoring. While in position commissioned to co-author study for the National Commission on Productivity in the area of Solid Waste Management Productivity.

12/4/73 - 12/1/72

Project Coordinator; Over the Rhine Urban Renewal Project, Department of Urban Development, City of Cincinnati, Cincinnati, Ohio.

Responsible for overall implementation of designated urban renewal plans, focusing on the coordination of all Federal, State and local involvement. Conducted detailed analysis of the problem of housing abandonment and evaluation of current rehabilitation programs.

9/1/70 - 12/1/72

Teaching Fellow; Department of Economics, University of Cincinnati, Cincinnati, Ohio.

Part-time instructor of "Principles of Economics" series.

9/1/70 - 12/1/72

Publications: The Santa Ynez Petroleum Transportation Controversy, with R. Morgaard and S. Baron; a paper submitted to the California Governor's Office of Planning and Research; July 1976.

The Regional Economic Impacts of Outer Continental Shelf Oil and Gas Development, with S. Baron, M. Kavanaugh and S. Little; a paper submitted to the California's Office of Planning and Research; November 1976.

Productivity in Solid Waste Management, with G. Garland, J. Quinn, and R. Weisl; a report prepared for the National Commission on Productivity; June 1973.

The Economics of Residential Housing Abandonment; a paper prepared for the City of Cincinnati, Department of Urban Development; June 1972.

RICHARD B. NORGAARD

EDUCATION

Ph.D., Economics, The University of Chicago, 1971
M.S., Agricultural Economics, Oregon State University, 1967
A.B., Economics, University of California, Berkeley, 1965

PRESENT POSITION

Associate Professor of Agricultural and Resource Economics

HONORS

Ford Foundation Fellowship, 1968-1970
Federal Water Pollution Control Administration Graduate Trainee, 1965-1967

EXPERIENCE DIRECTLY RELATED TO ALASKA:

Reviewed two papers by Hildredth and Ferris and Wayne Thomas on Alaskan agriculture for Federal-State Land Use Planning Commission, 1977.

Consultant, Department of Natural Resources, Alaska, Petroleum Leasing Policy, 1976-1977.

Currently supervising five student interns in Alaska with government and public interest groups studying environment and resource problems and counselling, 1976-1977.

Supervised dissertations and government study papers on land use planning and mineral development in Alaska, 1972-1973.

Consultant, CEQ, Deep Water Port Study project, Alaska Port Supply through 2000 A.D., 1972-1973.

Consultant, Institute of Social Economic and Government Research for successful research proposal, \$1 million, NSF, "Man in the Arctic."

River Guide on the Copper River. Consultant to ISEGR on Environmental Impact Report on Pipeline Project, Summer 1971.

Research Associate, ISEGR University of Alaska, Ford Foundation Project on Land Use Planning and Development, Summer 1970.

Selected Professional Experience and Service:

Member, Energy and Resources Council, University of California, Berkeley,
since 1976.

Member, Advisory Board, and Consultant to Public Interest Economics--West,
since 1976.

Consultant, Office of Energy R&D Policy, National Science Foundation, 1974-75.

Consultant, Office of Pesticide Programs, Environmental Protection Agency,
1974-75.

Consultant, Energy Policy Project, The Ford Foundation, 1973-74.

Contributing Editor, Environment, Scientists Institute for Public Information since 1973.

Member, Cotton Study Team, Study on Problems of Pest Control: A Technology Assessment, Environmental Studies Board, National Academy of Sciences--National Academy of Engineering, 1973-74.

Consultant, South Pacific Division Comprehensive Port Studies, U. S. Army Corps of Engineers, 1972-73.

Consultant and Research Associate, Institute of Social, Economic, and Government Research, University of Alaska, 1970-71.

Member, Pest Management and Research Advisory Committee, President's Council on Environmental Quality, 1971-72.

Instructor, Economics, Oregon College of Education, 1967-68.

River Guide and Photographer, American River Touring Association, National Geographic Society, and Conservation Organizations, periodically since 1959.

Professional Associations:

American Association for the Advancement of Science

American Economics Association

Federation of American Scientists

Review Work:

American Journal of Agricultural Economics

Environment

Journal of Environmental Economics and Management

Land Economics

Selected Publications:

Academic Articles

"The Economics of Improving Pesticide Use," Annual Review of Entomology, Vol. 21 (1976).

"Scarcity and Growth: How Does It Look Today," American Journal of Agricultural Economics (December, 1975).

With Darwin C. Hall, "Environmental Amenity Rights, Transactions Costs, and Technological Change," Journal of Environmental Economics and Management (December, 1974).

"Resource Scarcity and New Technology in U. S. Petroleum Development," Natural Resources Journal (April, 1975); see, also, Comment and Reply in Land Economics (February, 1976).

With Allan C. Lichtenberg, "Energy Policy and the Tax Treatment of Oil and Gas Income," Natural Resources Journal (October, 1974).

With Darwin C. Hall, "On the Timing and Application of Pesticides," American Journal of Agricultural Economics (May, 1973); see, also, Comment and Reply in August, 1974, issue.

"Petroleum Development in Alaska: Prospects and Conflicts," Natural Resources Journal (January, 1972).

"Streamflow and Sediment Deposition in the Lower Columbia," Water Resources Research (October, 1971).

"Streamflow Fluctuation, Bar Roughness, and Bed Load Movement: A Hypothesis," Water Resources Research (June, 1968).

Professional Reports

With Rob Wolcott and Sandra Baron, "The Santa Ynez Petroleum Transport Controversy," prepared for the Office of Planning and Research, State of California, September, 1976.

"An Evaluation of Integrated Pest Management Programs for California and Arizona Cotton," in Evaluation of Integrated Pest Management Programs for Cotton in the United States, prepared under the supervision of Rosmarie von Runkler for the Environmental Protection Agency and Council on Environmental Quality, 1975.

With Darwin C. Hall and Pamela True, "The Performance of Independent Pest Management Consultants in San Joaquin Cotton and Citrus," California Agriculture (October, 1975).

With Hayne E. Leland, "An Economic Analysis of Alternative Outer Continental Shelf Petroleum Leasing Policies," prepared for the Office of Energy R&D Policy, National Science Foundation, September, 1974.

"Alaska Petroleum Development and Supply to the Lower West Coast: 1980-2000," West Coast Deepwater Facilities Study, Supplement II to the Petroleum Consumption and Supply Study, North and South Pacific Divisions, U. S. Army Corps of Engineers, June, 1973.

"An Analysis of Irrigation Benefits and Costs Attributable to New Melones Dam," testimony presented in Environmental Defense Fund, Inc., et al. versus Ellis Armstrong et al. [C-72-1057] on September 27, 1972, in U. S. District Court, Northern California, San Francisco. Also presented to the Water Resources Control Board, State of California, Sacramento, December 5 and 11, 1972.

With Scott R. Pearson and Hayne E. Leland, "Petroleum Taxation and Pipeline Regulation in Alaska," presented at the 23rd Alaska Science Conference, Alaska Division of the American Association for the Advancement of Science, Fairbanks, Alaska, August 17, 1972.

With Arlon R. Tussing, George W. Rogers, Victor Fisher, and Gregg Erickson, Alaska Pipeline Report, Institute of Social, Economic, and Government Research, University of Alaska, August, 1971; also published as an Appendix to the Trans-Alaska Pipeline Environmental Impact Report.

STEVEN J. BUCHANAN

SENIOR ECONOMIST

EDUCATION

Colorado School of Mines, B.Sc., Geophysics, 1969

The Johns Hopkins University, currently completing Ph.D. thesis
Economics

PREVIOUS POSITIONS

Associate Staff Physicist, The Johns Hopkins University
Applied Physics Laboratory, 1969-1972

EXPERIENCE

Transportation Research - At PIE-C Mr. Buchanan co-authored a major study of the community impact of railroad abandonments (disinvestment) in the Northeast. A computation procedure using a model of the firm provided quantitative estimates for several measures of economic impact. The resulting estimates were used by the United States Railway Association to evaluate rail abandonment recommendations. Mr. Buchanan also authored a PIE-C study of public ownership and operation of the fixed railroad facilities in the U.S. PIE-C has pursued several research and legislative activities addressing the problem of surface freight transportation regulation. Mr. Buchanan has been substantially involved in most of these efforts.

Regulatory Research - Mr. Buchanan has been involved extensively in the PIE-C work on innovation and federal regulation being conducted for the Experimental Technology Incentives program of the Bureau of Standards. This work has included writing a background study of the regulatory process as it relates to innovation incentives, preparing preliminary regulatory experiment designs, and performing a study of antitrust considerations for cooperative industry research and development projects. At PIE-C Mr. Buchanan has written economic impact assessments of the Consumer Product Safety Commission's Bookmatch standard and the proposed OSHA industrial noise regulations.

Public Utilities - Mr. Buchanan has also written a study of FCC cable TV regulation, which proposes revisions to the existing regulations. In the electric utility field Mr. Buchanan has written a handbook for public participation in rate hearings which is being disseminated by the Citizen Involvement Network. The handbook presents the case for marginal cost pricing of electricity in laymen's terms and gives practical guidance for citizens' groups in achieving electricity rate rationalization.

Environmental and Educational Research - Mr. Buchanan is the senior researcher and author of a study of the effects of product charges on the municipal solid waste problem. At PIE-C he also was co-author of a study of the economic impacts of consumer education.

Public Lands - During his graduate work Mr. Buchanan co-authored a study of theory and policy issues relating to common property resources. The National Audubon Society funded the study, which focussed primarily on the problems of wildlife and administration of public lands.

Quantitative Modeling - At the Johns Hopkins Applied Physics Laboratory Mr. Buchanan developed a digital simulation of a centrally controlled transportation network. The simulation was used subsequently to identify optimal routing strategies in a prototype transit system for the Department of Transportation. Mr. Buchanan also acquired substantial experience in real time applications and computer modeling of radar detection and deception techniques.

Name: M.ry Clay Berry

Address: 1207 Duke Street
Alexandria, Va. 22314

Telephone: 549-6304

Born: January 24, 1938 in Washington, D.C.

Education:

I attended public and private schools in Maryland and Kentucky and was graduated in 1955 from The Masters School in Dobbs Ferry, N.Y.

1959 B.A. Smith College

1961-63 Coursework for M.A. in political science at the New School for Social Research in N.Y.C.

Experience Directly Related to Alaska:

Author The Alaska Pipeline: The Politics of Oil and Native Land Claims.

Reporter, Washington correspondent for the Anchorage Daily Times and the Fairbanks News-Miner.

Experience:

1959-60 Editorial assistant, House Beautiful, N.Y., N.Y.

1961-63 Researcher, CBS News, N.Y., N.Y.

1964-65 Reporter, Paris Daily Enterprise, Paris, Ky.

1965-66 Reporter, Providence Journal-Bulletin, Providence, R.I.

1967-71 Reporter, Griffin-Larrabee News Bureau, Washington, D.C. (I was the Washington correspondent for first the Trenton (N.J.) Times and later the Anchorage (Alaska) Daily Times and the Fairbanks (Alaska) News-Miner.)

1971-present Freelance writer, Washington, D.C. During this period, I wrote The Alaska Pipeline: The Politics of Oil and Native Land Claims (published in 1975 by Indiana University Press); worked as a consultant and writer for the Ford Foundation's Energy Policy Project and the Natural Resources Defense Council, a public service law firm

specializing in energy; wrote a Washington column for Money magazine (primarily dealing with tax, banking, and energy matters and their effect upon the middle class consumer); and, from February 1976 to February 1977, was a Fellow of the Alicia Patterson Foundation, writing about the lobbying process. I am presently completing a book based upon work done on the Patterson Fellowship.

Other:

1970 recipient of the American Political Science Association's Public Affairs Reporting Award for coverage of the settlement of the Alaska Native land claims.

1976-78 Member, Board of Directors, Burgunda Farm Country Day School, Alexandria, Va.

References:

Donald R. Larrabee, Griffin-Larrabee News Bureau, 1237 National Press Building, Washington, D.C. 20004 554-3579

Richard Nolte, Director, Fellowship Program, Alicia Patterson Foundation, 535 Fifth Avenue, N.Y., N.Y. 212-697-0868

Edward L. Strohbehn, Attorney, Natural Resources Defense Council, 917 15th Street N.W., Washington, D.C. 20005
737-5000

EDGAR RUST, Ph. D.

Mr. Rust is both a practicing planner and a recognized authority on the dynamics of urban and regional growth and decline. His ground-breaking study, No Growth: Impacts on Metropolitan Areas, is currently receiving favorable reviews in the major journals. His career has combined original research, policy studies and practical implementation in work in the fields of city planning, housing, transportation and regional development.

EXPERIENCE:

- 1977 to present Research Associate, Urban and Rural Systems Associates. Economic and demographic studies of the impacts of Alaskan Outer Continental Shelf marine minerals development.
- 1974-1977 Associate and Principal Analyst, Berkeley Planning Associates. Case studies of planning for assisted housing, and analysis of a national sample of housing assistance plans. Study of labor mobility programs. Development of regional sub-state economic monitoring system*. Assessment of needs and mitigating measures for populations of declining rural areas*. Analysis of relocation requirements of the severely handicapped. Analysis of Alaskan rural settlement patterns.*
- 1973-1974 Research Associate, Scientific Analysis Corporation. "A Study of the Consequences of Metropolitan Stability or Decline."*
- 1972-1973 Postgraduate Research Planner, Institute for Urban and Regional Development. Model design and calibration, policy testing for "National Interregional Demographic Accounts," a simulation of the future distribution of population and income levels among U.S. metropolitan areas.
- 1966-1971 Urban Planning Director, Building Systems Development, Inc., San Francisco, California. Self-Help Housing Methods study for the U.S. Office of Urban Research and Technology.* Improvement of public housing management and maintenance procedures of the San Francisco Housing Authority. Study of housing maintenance costs in government housing.* HUD In-Cities Housing Research and Development Program. Study design of the San Diego County Transportation Research and Implementation Program. Study of lower income regional housing needs and resources for the Metropolitan Detroit Citizens' Development Authority.* Consulted to the cities of Waterbury, Connecticut and Juneau, Alaska, in urban planning. Consulted to private firms on diversification opportunities in the building industry.

*Project Director or Manager

1965-1966 Urban Planner, Skidmore, Owings and Merrill, San Francisco. Data gathering, area planning and development control aspects of the Market Street East General Neighborhood Renewal Plan for Philadelphia, Pennsylvania.

1963-1965 Planning Assistant II, Planning Department, Anchorage, Alaska. Prepared and conducted public review of zoning ordinance. Administered part of zoning and subdivision caseload. Prepared first capital improvements program and annual review procedures. Prepared population projections, street and highway plan, subdivision ordinance, and special issue studies. Drafted proposed post-earthquake building restrictions.

EDUCATION:

1961 Williams College, B.A.

1963 Massachusetts Institute of Technology, M.C.P.

1974 University of California, Berkeley, Department of City and Regional Planning, Ph.D.

OTHER:

Awards:

1961 Graves Essay Prize, Williams College

1975 Student Award for Outstanding Achievement, American Institute of Planners

Consulting:

1975, April Associated Building Industry

1975, March Department of Regional Economic Expansion, Canada

1972 San Francisco Development Fund

1965 Kaplan and Gans, Planners, San Francisco

Teaching:

1967-1971 and Lecturer, Department of City and Regional Planning, University
Fall 1976 of California, Berkeley.

Professional Affiliations:

Member American Institute of Planners

Publications and Reports (Principal author unless otherwise noted):

No Growth: Impacts on Metropolitan Areas, Lexington, Mass: Lexington
Books, D.C. Heath & Co., 1975. 229 pp.

"The Dynamics of Rural Community Growth," in Proceedings of the Third
Asian Pacific Social Development Seminar, Cultural and Social Center for the
Asian and Pacific Region, Seoul, Korea, 1976.

"Old West Sub-State Monitoring System: Background and Priorities." Report
No. 1 for the Old West Regional Commission. February 1976.

"Old West Sub-State Monitoring System: Data Source Catalog." Report No. 2
for the Old West Regional Commission. February 1976.

"Old West Sub-State Monitoring System: Recommended Sub-State Monitoring and
Outreach Procedures." Report No. 3 for the Old West Regional Commission. March 1976.

"The Evolving Pattern of Village Alaska." Report written for the Federal-State
Land Use Planning Commission for Alaska. March 1976. (By William Alonso and Edgar
Rust.)

"Adaptation or Reversal: Policies for the Quality of Life in Declining Portions
of Montana, North Dakota, and Wyoming." Prepared for the Old West Regional Commission.
March 1975. (By Edgar Rust and William Alonso.)

Metropolitan Areas Without Growth. Ph.D. Dissertation, Department of City and
Regional Planning, University of California, Berkeley, 1974. Also prepared for the
Center for Population Research, U.S. Department of Health, Education and Welfare,
and published by Scientific Analysis Corporation, San Francisco, 1974.

"Administration Polarization and Metropolitan Employment Changes." Prepared for
Economic Development Administration, U.S. Department of Commerce, May 29, 1973.

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Publications and Reports (cont'd):

Large-Scale Self-Help Housing Methods, San Francisco Building Systems Development, Inc. Prepared for the Office of Urban Research and Technology, U.S. Department of Housing and Urban Development.

Vol. 1: Analysis of Context, January 30, 1970

Vol. 2: Analysis of Alternative Building Methods, May 1970

Vol. 3: Recommendations, May 1970

Vol. 4: Summary, June 1970

"Utilities: A Report on the Potential for Boeing Involvement in Earth Surface Life Support Systems," Building Systems Development, Inc., December 1970 (with William Meyer, et al.).

"The Economics of Mutual and Self-Help Housing Methods," and "The Range of Self-Help Construction Procedures and Their Technical Characteristics," in Self-Help Housing in the U.S.A., Cambridge: The Organization for Social and Technical Innovation, Inc., June 1969 (with Michael Berline).

"Position Paper on Management of the Housing Development Process," In-Cities Experimental Housing Research and Development Project, April 1969.

"Lower Income Housing Requirements of Metropolitan Detroit," Building Systems Development, Inc. Prepared for the Metropolitan Detroit Citizens' Development Authority, June 1968.

"Brief Analysis of 82 Cities," Building Systems Development, Inc. Prepared for the U.S. Department of Housing and Urban Development, July 1968.

"Housing and Neighborhood Development Strategies," in Report to the Waterbury Non-Profit Development Corporation, Cambridge: The Organization for Social and Technical Innovation, July 1967 (with Raply Iredale).

"Study Plan for TRIP," San Diego: The San Diego County Comprehensive Planning Organization, March 1967 (with Greg Salas and Robert Whorf).

"Intra-Metropolitan Migration: Six Boston Area Municipalities" (M.C.P. Thesis), Massachusetts Institute of Technology, June 1963.

Conference Papers Delivered:

"Impacts of Urban-Industrial Growth on an Evolving Village System: The Experience of Rural Alaska." Conference on Rural Development, Department of Social Welfare, Provincial Government of Taiwan, 1976.

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Conference Papers Delivered (cont'd):

"The In-Cities Housing Research and Development Program." U.L.I. Housing Conference, Chicago, 1968.

"Metropolitan Non-Growth: Lessons from the U.S. Experience." Youngstown State University Conference on Metropolitan Decline, 1977.

"The Next Appalachia: Must Every Energy Boom Go Bust?" Western Economics Association, 1977.

POLLY ROBERTS

ECONOMIST

Education:

B.A., Radcliffe, 1966, in Physics, Phi K
Graduate School, Harvard, 1966-1969; Ancient Near Eastern Languages
Graduate School, Berkeley, 1970-1971; Ancient Near Eastern Languages
Graduate School, Berkeley, 1972- : Agricultural and Resource Economics,
Ph.D. Candidate, June '77.

Employment:

Harvard Cyclotron Lab, summer, 1965.
Ralph Nader's Center for the Study of Responsive Law, 1970.
Clear Creek magazine, Publicity Director, 1971.

Publications:

Study of pesticide regulation, in Sowing the Wind, (Nader Report on USDA),
by Harrison Wellford, Grossman, 1971.
Study of farm subsidies, in The Politics of Land Use (Nader Report on
land use in California), by Robert Fellmeth, Grossman, 1973.
Power and Land in California, A Summary. (Summary of above report, 1971)
Statement, in Farmworkers in Rural America, 1971-72, Hearings before the
Senate Subcommittee on Migratory Labor, Part 1, p. 125, Sept. 21, 1971.
"The Research Subsidy", *ibid*, Part 5B, p. 3841. Biases in research at the
land grant colleges.
"Behind the Lead Curtain", review of lead pollution hazards, in Clear
Creek, May, 1971.
"Farmland Tax Breaks: How Not to Stop Urban Sprawl", in California
Homeowner, April, 1973.
"Parks for Fun and Profit: The Story of Point Reyes", in Not Man Apart,
August, 1972.
"California Without the Milk Stabilization Act", in Dairy Scope, June,
1974.
"The Pricing of Local Services and Effects on Urban Spatial Structure",
to be published in proceedings of June, 1974, conference, same title,
chairman and editor, Paul B. Downing.
"Low Density Policies: the Price Communities Pay", with Keith Roberts,
The Real Estate Appraiser, March-April, 1975.
"Property Taxes and Land Value Taxes", The Real Estate Appraiser,
September-October, 1975.
"Making Dollars and Sense out of Fiscal Impact Analysis", Planning,
August, 1976, reprinted in Environmental Comment, (a publication of
the Urban Land Institute), October 1976.

Activities:

Sierra Club, Bay Chapter Urban Environment Subcommittee
Henry George School of Social Science, President, 1974-75 term.
League of Women Voters, 1975-76 property tax study.
Coordinator, Conference on Bay Area Urban Growth: Yes or No? Up or Out?
Oct. 31/Nov. 1, 1975.

JOSEPH "PAT" WEINSTEIN

Mr. Weinstein is a city planner and educator with a broad range of experience in economic and labor studies, housing market analyses, educational planning, and criminal justice. He has worked with both private and public sector clients in the preparation of analytical reports, in the evaluation of policy issues, and in the provision of technical assistance.

Mr. Weinstein has developed substantial expertise and understanding regarding the State of Alaska as a result of his involvements in an Alaskan public policy survey, the Department of Labor Alaska Manpower Study, and major socioeconomic assessments of the Arctic Gas pipeline and the feasibility and projected impacts of Alaskan North Slope off-shore drilling. In addition, he has given expert testimony on Alaskan-related matters before the Federal Power Commission and the Berger Commission in Canada.

EXPERIENCE:

1976 - present

Project Director, Socioeconomic Studies Program of the Alaskan Outer Continental Shelf Petroleum Development. Responsible for direction and coordination of all field and research staff on this contract with the Bureau of Land Management, which focuses on Alaskan communities and their capacity to undergo significant social, economic, and environmental change as a result of resources development.

Project Director, Petroleum Public Opinion Survey in Alaska. Responsibilities include directing a study of Alaskan attitudes towards taxation and economic development.

1974 - present

Research Director, Alaskan Arctic Gas Socioeconomic Impact Study. Assessed the social and economic impacts of both the Alyeska and Arctic Gas pipelines upon the State of Alaska. This comprehensive study was undertaken in compliance with the NEPA requirements of the Federal Power Commission and Department of Interior Regulations. Particular emphasis was placed on an in-depth analysis and projection of future needs in the following areas: health, housing, social services, education, public safety, revenue, population, labor and employment, economic development, and governance.

Subsequently testified on socioeconomic impacts of petroleum development in Alaska before the Federal Power Commission and the Berger Commission in Canada.

Project Coordinator, Region X DOL Alaska Manpower Study. Responsible for coordinating major research effort in Alaska involved with analysis of manpower and labor force changes over period from 1974-1980.

Project Director, Bay Area Revenue Sharing Study. Collected revenue sharing data on local communities and evaluated in terms of impact upon future expenditure policies of selected Bay Area foundations.

Project Director, Evaluation of Citizen Participation in the Goal Setting Process of California Schools. Directed a case study analysis of 24 selected school districts throughout the state, focusing on the kind and level of citizens' involvement. Recommendations from the study were presented to the Joint Committee on Educational Goals chaired by Assemblyman John Vasconcellos.

Senior Staff, Oakland Public Schools Master Plan Citizen Committee. Assisted in the reformulation of the Citizen's Master Plan structure to reflect the experiences of the Committee's first three years. Drafted recommendations and outlined submission for foundation funding.

1972 - 1973

MARSHALL KAPLAN, GANS AND KAHN, City Planners, Consultants
Senior Staff, San Antonio River Corridor Study. Worked with local officials to develop education and criminal justice 20-year plans for central area of this Texas city. Organized regional education planning body. Designed and assessed housing market questionnaire.

Project Director, Homewood Terrace Housing Market Study. Analyzed the potential for housing of a 9-acre site in San Francisco. Recommended appropriate housing package and schedule given the unique characteristics of the site.

Consultant, Westside Planning Group, Fresno. Developed information questionnaire and packet to assist community based group in organizing around education issues.

Senior Staff, Valencia Housing Market Study. Evaluated performance of four-year-old Southern California New Town; made specific recommendations relating to physical lay-out, design, housing mix, absorption schedule, and management policy.

Consultant, Harbor Bay Isle Housing Market Study. Assisted in the reformulation of absorption schedule after local legislation changed the zoning of a particular site in Alameda, California.

Recruitment Director, Urban Technical Services. Charged with contacting, screening, and selection of professionals to be a part of a HUD program which places these skilled people in small towns throughout the United States.

Project Director, Rancho San Diego. Analyzed California education legislation and the resultant education funding sources to assist the Title VII New Town outside San Diego in the provision of educational services to its future residents. Comparison was also made to other Title VII communities in other states.

Senior Staff, Relocation Technical Assistance Guide. Developed information system and data base for local relocation officials meeting new federal relocation requirements.

1970 - 1971

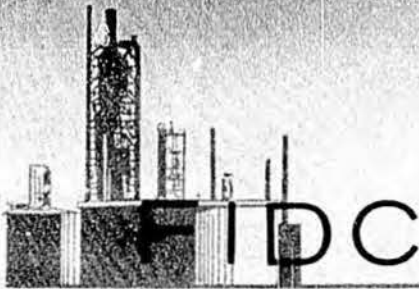
Planner, Oakland Model Cities, Oakland, California. On a consultant contract to City Demonstration Agency, assisted in the preparation of yearly plan, managed education projects, sought federal funds for model school, and analyzed economic potential of various Model Cities-funded businesses providing services to the Port of Oakland.

EDUCATION:

Wesleyan University	BA	Social Studies	1967
Harvard University	MAT	Education	1970
University of California, Berkeley	MCP	City Regional Planning	1972

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FOCUS
NORTH



DR. WILLIAM R. WOOD
EXECUTIVE VICE PRESIDENT

FAIRBANKS INDUSTRIAL DEVELOPMENT CORPORATION
Phone 907 452-5400 or 452-5752 619 Eleventh Avenue Fairbanks, Alaska 99701

June 9, 1977

Ms. D. Milton, Secretary
Permanent Fund Committee
Alaska State Legislature
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Ms. Milton:

Thank you for the interest in FOCUS NORTH issued by the Fairbanks Industrial Development Corporation. This publication is yet in an experimental stage, and only three issues have been printed at the end of 1976. However, on the basis of response to the first issues of FOCUS NORTH, plans are being drawn for a continued effort.

We will be pleased to add the Permanent Fund Committee to the FIDC mailing list. There is no charge since our funding is entirely non-government.

Sincerely yours,

William R. Wood
Executive Vice President

WRW/kb



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Facts on Fairbanks Growth, Opportunities & Profits

Sept. 15, 1976

Vol. I No. 1

FIDC publication aims at real Fairbanks story

Think of Alaska and what do you picture?

Snow, ice, cold, remote, inhospitable, backward, isolated.

WRONG.

This is the first issue of Focus North, an iconoclastic publication bound and determined to shatter all the myths you've ever dreamed up about the far north.

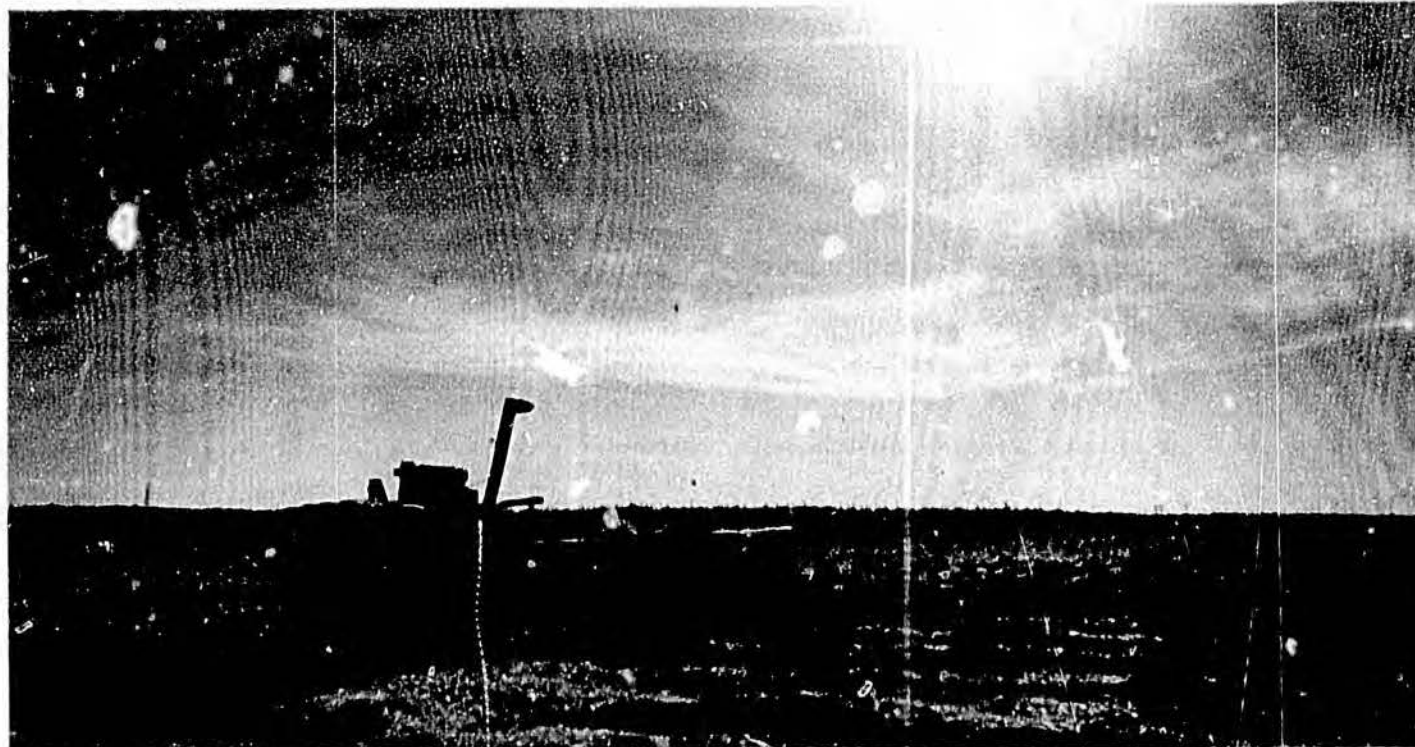
At the time of this writing, we're looking out on a cloud studded blue sky under a 70-degree sun, flowers are blooming, folks are out and about and it's just about time for harvesting all those backyard gardens.

We're also looking out on a thriving community with scaffolds and skeletons of new construction in every direction; looking out on brand new roads stretching to the north, south and west; looking out on a community that is tired of hearing horror stories about the trials and tribulations it faces in order to survive.

We're here and we like it, and Focus North intends to tell you why.

Dr. William Wood, director of the Fairbanks Industrial Development Corp., thinks Fairbanks has a very solid and

(See Page 4, Col. 1)



HARVEST TIME—Fields at the University of Alaska's Experimental Farm lie cropped in the sun. Agriculture in

Alaska is becoming more of a reality. For details see inside.

Photo by Jim Truett

Co-op looks toward marketing

The experimentation has gone on for 78 years and now it's time to do something with the facts learned.

That sentiment expressed by Dr. James Drew, head of the University of Alaska Agricultural Experiment Station, started the Alaska Farmers Cooperative, Inc. in Delta in June of this year. Since its first meeting the coop has grown to 57 members and has begun tackling some of the major obstacles to a viable agricultural economy in Alaska.

Fairbanks Realtor Frank Geiger, an officer in the cooperative, said the main thrust of the organization is to get across the idea that participation and cooperation are the only ways to achieve an economically feasible agricultural industry here.

"Even big corporations are not big enough," Geiger said. "We need more people and more acreage."

Bringing the analogy down to the farm, Geiger pointed out the industry here is in a "which-comes-first-the-chicken-or-the-egg" dilemma: "We need processing and shipping to support a lot of acreage and production, but we need a lot of acreage in production before it can support the processing and shipping."

The coop is addressing the problem in several ways. The Delta group is just the nucleus of a statewide organization, Geiger explained, and eventually hopes to hook up with farmers in the Matanuska Valley, Nenana, Kodiak and other places in the state.

On a more immediate level, the coop hopes to get started soon in cooperative marketing and retailing in this area, procuring seed and fertilizer on a volume basis for member farms, and moving into cereal and grain handling and marketing for Alaska's barley, oats and wheat.

Down the road is a plan for feed lot operations and beef processing plants in cooperation with beef farmers in Kodiak. The plan calls for calves from Kodiak to be shipped to the Delta area for "finishing," or the final feeding stage before slaughter, thereby freeing the Kodiak farms to carry more breeding stock.

Other long range plans include a joint venture with the University of Alaska Agricultural Sciences Department to study waste heat utilization from pipeline pump stations (see related story) and a joint venture with Farmland International Energy Division of Farmland Industry to come up with a proposal to purchase up to 100 per cent of the state's royalty gas for agricultural purposes.

This latter plan would call for construction of a petrochemical fertilizer plant in Alaska nearest to areas of greatest usage for the products. The plant first would be a topping plant for the agricultural fuels propane and butane, and eventually would expand to producing fuels for consumer use.

The cooperative was to meet with Gov. Jay Hammond this month on a tour of the farmers in the Delta area, and already has hosted a U.S. Senate agricultural subcommittee on a tour of the state.

Geiger feels the time is right for agriculture to sink its roots into Alaskan soil.

"Everything seems to be happening all at once," he said, noting the pipeline waste heat studies, the possibilities for topping plants to make agricultural fuels and fertilizer, and the growing interest in securing enough land for agricultural uses in the state.

"Right now Alaskans import from 96 to 97 per cent of their food stuffs," Geiger said. "We can grow that and compete in the market."

Biz Squibs

Rod Bouchard, vice president of Energy Company of Alaska, has moved from Dallas, Tex. to North Pole with his wife Ona. Bouchard will be affiliated with the North Pole Refinery now under construction...Shop space is reported 90 per cent leased in the new Bentley mall under construction on College Road...Entries in the 1976-1977 Yellow Pages are expected to top last year's jump of 21 new pages... A new business in Fairbanks is the recently opened Cord's Custom Upholstery, 313½ Davis Road. Owner James McCord says the firm will reupholster anything that moves...New members of the Fairbanks Industrial Development Corporation are: Alaska Airlines, Alaska Architectural & Engineering Co., Alaskan Resource Sciences Corp., Atlantic Richfield Co., Barnes Company Realtors, Beak Consultants, Carrington Co., Carr's Quality Centers, D-8 Co., Inc., Eagle Creek Roadhouse, El Paso Alaska, Foster & Marshall, Inc., GDM & Associates, Girl Friday, Heat, Inc., Ken Jernstrom Co., Kenworth Alaska, Inc., KJNP, Life Systems, Inc., McCauley's Reprographics, McLee Construction Co., N.C. Machinery Co., National Electrical Contractors Assoc., Northern Television, Polaris Investment Co., Dr. Arnold V. Pflugrad, Inc., Plywood Supply, Inc., Quality Meats, Rice, Hoppner & Hedland, Sohio Pipeline Co., Dr. Arthur J. Schaible, Inc., Totem Ocean Trailer Express, Inc., "TOTE," Universal Services, Inc., Yerkes, Street & Associates.

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University officials testify during U.S. Senate subcommittee visit here

Washington, D.C. came to the University of Alaska, Fairbanks recently for an update on the developing agriculture industry.

The Senate Subcommittee on Agricultural Production, Marketing and Stabilization of Prices heard testimony urging federal support for cultivating the industry here. Speakers included UA President Robert W. Hiatt and Dr. James Drew, head of the UA Agricultural Experiment Station.

Hiatt told the visiting federal officials, "Alaskans today import 95 per cent of the food they consume. The significance of this virtually complete dependence on food shipped from elsewhere is evident to all Alaskans each time they pay the weekly grocery bill."

Both Hiatt and Drew maintained the full potential of agriculture here will be realized if the industry is developed so it can compete with production in other states. Hiatt said prices here then will be commensurate with prices in other areas.

The president urged federal support to develop resource inventories and economic analyses, to aid farmers and to improve transportation. Drew asked for federal assistance for two specific research proposals.

Hiatt explained, "Alaska is attempting to plan the use of enormous areas of land with a bare minimum of information about the distribution and behavior of Alaska's soils for agriculture, forestry, rangeland and other uses." He asked for increased support for research and for the Soil Conservation Service's soil survey.

Under improving transportation, Hiatt discussed studies made of the feasibility of linking the Alaska Railroad to Tanana, Delta Junction and the Canadian

Border. He pointed out increased federal support for highway construction also would benefit agricultural development.

Dr. Drew described two proposed research projects aimed at overcoming traditional limitations of Alaska agriculture. UA is looking for federal assistance for these projects which involve the use of waste heat.

Drew pointed out there are 8.5 million tillable acres of land in Alaska. But only about 17,000 acres are in production.

He said barley, oats, forages, potatoes and a number of other vegetable crops are suited to the soil and climate here. Drew added the yields and quality of these crops equal or exceed the yields and quality of the same kinds of crops grown elsewhere.

In pursuit of these goals, the UA project would use waste heat from pump station nine on the trans-Alaska pipeline to dry grain and to dehydrate and pellet forage in the Clearwater-Big Delta area. Also, fish meal, a waste product in the fishing industry, would be used as a high protein supplement in pellets produced for livestock feed.

Drew explained, "the use of waste heat in these processing operations can provide, for the first time, a means of offsetting the cool and somewhat wet harvest seasons that have frustrated Alaskan producers of grain and forage in the past."

The second research proposal would test a broad spectrum of waste heat application. It is a joint proposal of the university and the Alaska Energy Office.

Both Hiatt and Drew emphasized Alaska agriculture has the potential of increasing U.S. production significantly.

Resolution 77 opens doors

Following is the text of Senate Resolution No. 77, perhaps the most important breakthrough for agricultural development in the history of Alaska. In order to carry out the intent of Resolution 77, Task Force 77 was formed, and the following individuals make up the Agriculture Study Group appointed by Gov. Jay Hammond:

- (1) Mr. Jalmar Kerttula
- (2) Mr. Paul Huppert
- (3) Mr. Walter Kubley
- (4) Mr. Allen Linn
- (5) Dr. James V. Drew
- (6) Mr. Ed Merdes
- (7) Mr. Graydon Nichols
- (8) Mr. Bob Palmer
- (9) Mr. Roland Snodgrass
- (10) Dr. Donald Dinkel
- (11) Mr. James G. Patton

SENATE CONCURRENT RESOLUTION NO. 77

Relating to the establishment of a comprehensive and meaningful agricultural policy for the State of Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS without a state policy, boldly set out and strongly backed by the people, the Legislature, and the Executive, little can or will be done to establish agriculture in Alaska as an economically worthwhile endeavor; and

WHEREAS a sound and sustained agricultural production, processing and marketing industry is necessary to the healthy economic life and future well-being of Alaska; and

WHEREAS no geographic entity has ever attained lasting greatness through extractive resource production alone; and

WHEREAS the agriculture potential of the Great Land is perhaps its single most significant prospect for a stable future—a point clearly and emphatically made in three federal-state university studies: (1) "Development of New Lands in Metanaska-Susitna Borough", 1970; (2) "Irrigation

(See Page 4, Col. 2)

(Continued From Page 1)

bankable future, and points out these positives about living in the north in general and Fairbanks in particular:

Financial picture: There are five commercial banks, two savings and loan institutions and one credit union. The cost of money here is comparable to that anywhere else in the United States.

Employment picture: The unemployment rate, among those able to work, is negligible in Fairbanks.

There are many investment possibilities in Fairbanks, and in the month of August alone the North Star Borough received 130 applications for business licenses.

The community has one of the highest per capita educational levels in the country and a large population of professional and managerial persons.

With the improvement of transportation facilities in the form of new roads, railroad spurs, air facilities and upgraded warehousing, Fairbanks offers a central and accessible jumping off point to the whole north.

Living picture: On the lighter side, there are exceptional recreation opportunities for persons of all ages inside and outside educational institutions. There is also a realm of cultural activities from visual to performing



GOLDEN GRAIN—Barley is one crop well-suited to Interior Alaska's climate and soil. In fact, experts at the University of Alaska Department of Agricultural Science say Alaska's grain products contain more protein than their counterparts in the Lower 48.

Photo by Evan Bracken

arts, all springing from community involvement, not government subsidy.

Schools, medical facilities, housing and shopping opportunities are outstanding for a community the size of Fairbanks, and even in 1976, with the wind-down of trans-Alaska pipeline construction evident, three new shopping centers, several new schools, two medical clinics and a hospital addition are under construction.

A post pipeline bust? We don't think so.

Focus North will provide a monthly look at the positive side of Fairbanks: detailed reports on many of the above mentioned areas, an economic barometer, features on the leisure side of life on the last Frontier and a brief round-up of business news in the community.

We hope you enjoy it and will join us in focusing energy, time and talent on the north.

(Continued From Page 3)

Potentials, Tanana River Valley, Alaska," 1972; and (3) "Alaska's Agricultural Potential," 1974; and

WHEREAS, given any one of many possible natural disasters—prolonged drought, floods, virulent disease among plants and animals, extreme climatic change, unpredictable weather in the continental United States—Alaska, because it is at the end of the nation's food system, would suffer the most direct and immediate impact; and

WHEREAS Alaska is known to have at least 17.5 million acres of tillable land, plus at least 10 million more acres of conventional grazing land for potential agricultural use, as well as 100 million acres of land suitable for reindeer and musk-ox grazing; and

WHEREAS in the past there has been a lack of coordination of government programs and policies regarding agriculture; and

WHEREAS Alaska now produces less than five per cent of the food it consumes annually, agriculture, as a resource management tool, could provide a much larger percentage of the state's basic consumer needs in food, fiber, industrial raw materials, and aesthetic products at a reasonable price;

BE IT RESOLVED by the Alaska State Legislature that the State of Alaska hereby commits itself to an agricultural policy that encourages and promotes wise use of its agricultural base, including, but not limited to the following courses of action:

(1) The state shall promptly determine how best to make available land for agricultural use.

(2) The state shall encourage agricultural production, processing and marketing through identification and use of massive amounts of potentially recyclable waste energy.

(3) In connection with the commitment of "in kind" state royalties of oil and gas, provision shall be made for the production of reasonably priced fertilizer and fuel for local Alaska use.

(4) The state shall demand that all land identified in "Alaska's Agricultural Potential," 1974, as having tillable agriculture potential be removed from D-2 classification, and, in the national interest, be set aside for future agricultural production.

(5) The state shall actively encourage the production of phosphate, limestone, and fish meal resources in Alaska for use in agricultural production.

(6) The state shall actively assist in the establishment and financing of agriculture processing plants in key agricultural areas of the state to encourage local farm production.

(7) The state agencies shall work closely with private land owners, native regional corporations, village corporations, and other management organizations to stimulate agricultural production, processing and marketing.

(8) The Legislature, in cooperation with the Governor, shall establish a task force, composed of representatives of agriculture, business, and consumer interests, which shall be responsible for the study of legislative opinions for implementing the policies enunciated in this resolution.

Get Subscription



No longer the end of the road

Highways lead from Fairbanks

In all of its 586,412 square miles, Alaska has only some 6,200 miles of highways. And that figure includes the Alaska Marine Highway—traversed by automobiles only with the help of the state's ferry system.

The completion in 1975 of the North Slope Haul Road marked the first permanent road north of the Yukon River, but it is still a private construction road. Even when it is turned over to the state in mid-1977, the haul Road is likely to remain closed to general use for some time. (See related story, p. 4)

Yet trucking and surface transportation are a viable and growing industry in the state. And the highways are stretching, straightening and widening to meet the demands of those who roll on them.

In 1975, trucking and warehousing in Fairbanks experienced the most dramatic growth in the transportation industry with employment advancing around 73 per cent, according to a mid-year report on the Alaskan Economy put out by the Department of Commerce and Economic Development.

That growth in the industry has brought on wear and tear to roads, particularly around Fairbanks where pipeline related traffic was heaviest. The State Department

of Highways is asking voters to approve more than \$53 million in transportation bonds to reconstruct and rehabilitate existing routes to accommodate increasing amounts of traffic.

Commissioner of Highways Hesdon Scougal told a group of Fairbanks business persons in September that the department is asking an additional \$70 million from the federal government to upgrade roads affected by pipeline impact.

"We've been building highways for years for everyone but ourselves," Scougal said. The Alaska Highway, the Richardson, the Glen, the Steese, the Elliott and the Parks have taken a terrific beating in the past three years from the high priority traffic hauling heavy pipeline equipment.

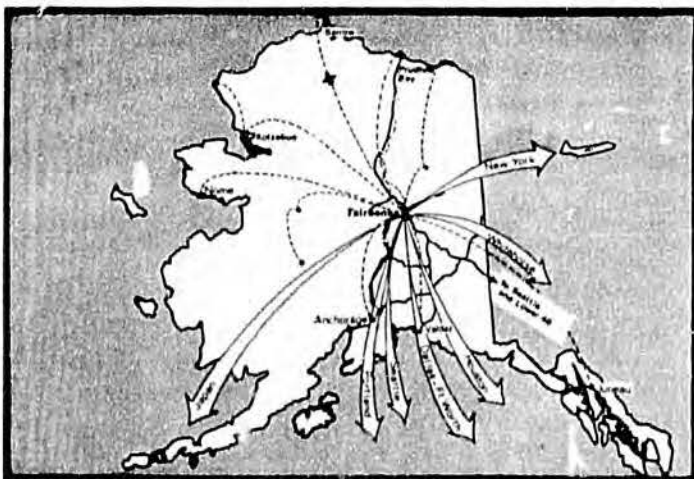
The department's five year highway construction program for the Interior emphasizes reconstruction of existing roads to reduce maintenance costs and upgrade roads to meet present and future public demands. Some of the projects include:

- Complete reconstruction of all sections of the Steese Highway northeast to Central. A new bypass around Fairbanks connecting the Richardson Highway and the Steese is under construction and is expected to be completed next fall;
- Bringing the entire Elliott Highway up to secondary standards within the next five years. This road, connecting with the North Slope Haul Road, was the most severely impacted by pipeline traffic;
- Reconstruction of the Alaska Highway between the Canadian Border and Delta Junction;
- Interchanges on the Richardson Highway at North Pole and Six Mile;
- Replacement of the Peger Road Bridge in Fairbanks.

This summer the department completed construction of a new interchange at Fairbanks International Airport and a new approach to the University of Alaska. The Anchorage to Fairbanks highway has been reconstructed except for two short sections, which are included in the five year plan.

The money from the transportation bonds, if they are approved, will be used to fund many of these projects.

Rolling on these new roads are trucks on daily schedules



TRANSPORTATION HUB—This issue of Focus North looks at transportation and the many modes that carry goods back and forth in Alaska. Fairbanks, at the heart of the state, offers rail, highway, air and combinations of these to the North, South and East.

(Cont. on p. 3)



NORTHERN NETWORK—Extension of the Alaska Railroad to Delta Junction and beyond to the Canadian border offers a possible link in a nor-

thern trans-continental rail network that would tie Alaska to the Lower 48 states by rail as well as by road, air and sea.

Alaskan transportation system linked to future role railroad will play

An integral part of the Alaskan transportation system are the 568 miles of rail stretching from Seward to Anchorage to Fairbanks to Eielson Air Force Base.

Now a federally owned and operated railroad, the Alaska Railroad is coming under scrutiny as Alaskans look to the future transportation needs of the state and the place the railroad can or should take in that overall picture.

Historically the railroad has helped to develop the railbelt area along its tracks. More recently it has been a key factor in the delivery of the huge tonnage of material for the construction of the trans-Alaska oil pipeline.

"We successfully met the challenge of pipeline impact," says William Dorcy, general manager of the ARR. "We witnessed our high point in gross revenues, ton miles and

employment." Now the railroad, and the growing number of Alaskans who use it, are looking at the challenges of the future: the winding down of pipeline activity, the promise of further mineral development in the north, the beginnings of agricultural and timber development in South Central and Interior Alaska and the overall development of industry and transportation modes—the lifeline to sound resource utilization.

Dorcy, who was visiting Fairbanks this month to listen to what business people here had to say about the railroad and the ways it could serve their needs, assumed the position of general manager in April this year. He came to Alaska from the mid-west, where he was vice president of marketing for the "Katy," the Missouri-Kansas-Texas Railroad. Dorcy has a long background in railroading, from yard clerk to brakeman to cost analyst, and has worked for the Great Northern, the Soo Line and the Illinois Central.

After several lean years, Dorcy said, the Alaska Railroad was able to take the profits from the pipeline and implement a capital improvements program for the railroad, leaving the limited Alaska Rail system at present in good working order despite hard use over the past two years. The question now is where do we go from here?

"The people of Alaska have to decide if the railroad is of any value, then decide what to do with it," Dorcy told the board of directors of the Fairbanks Industrial Development Corporation. "I don't believe we should or can leave it like it is."

He met with the board to gather Fairbanks' opinion on status of the railroad, the pros and cons of changing that status to private enterprise, state ownership, or government corporation, and ideas for expansion of the railroad.

(Cont. on p. 5)

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HIGHWAYS . . .

(Cont. from p. 1)

between Anchorage and Fairbanks and on regular schedules to remote areas with highway connections.

Trucking in Alaska has become as normal an operation as trucking anywhere else and rolls 365 days a year. Aside from travel on the North Slope where hazardous weather and extreme cold make operating more of a challenge, the biggest danger on the road these days is traffic, not snow.

Good equipment, good driver training and the techniques to handle all commodities make surface transport just one more link in moving goods in Alaska. Even perishable items hit Fairbanks on the fifty or sixth day after they leave Seattle on barge—by air on the same day. And with techniques that create a controlled atmosphere inside trucks, extra days are added to the shelf life of produce and meats.

Like all other aspects of transportation in Alaska, trucks are part of intermodal systems. Right now Fairbanks is served by three different shipping companies sailing from two to three times weekly out of Seattle, then trucking items from Anchorage. Interchangeable containers mean an item might move by barge, rail and truck before it reaches its final destination.

While rates are often a source of complaint, anyone shipping things into Alaska is paying a round trip fare for a one-way haul. With a combination of water and surface, however, price and frequency are comparable to anything outside.



STRETCHING—A new interchange, above, approaches the University of Alaska and connects with the Anchorage-Fairbanks Highway. Below, the new Steese bypass shoots off the Richardson Highway and stretches north to connect eventually with the Elliott Highway; the route to the North Slope. (Photos by Jim Truett)



Fairbanks meets service/supply challenge

Fairbanks is the undisputed warehousing capital of the North since the advent of the trans-Alaska pipeline and the investment of millions of dollars in new facilities.

The most centrally located city in Alaska with convenient transportation to an area one fifth the size of the United States, Fairbanks is the service and supply center for the multitude of resource development activities in the north. As the take-off point for the haul road to the North Slope, the city has an unlimited future substantiated by more than \$100 million in building permits during the last year. It is now estimated that Fairbanks has more than a million square feet of warehousing space at prices competitive with the major port of Anchorage.

Haul Road Policy Statement

On September 9, 1976, Gov. Jay S. Hammond announced his decision on use of the North Slope Haul Road, the private pipeline service road that will be turned over to the state in mid-1977. The haul road, constructed to service the 800-mile trans-Alaska pipeline, is the first and only permanent road north of the Yukon River. Following are excerpts from the Governor's interim policy statement:

"Even more than the construction of the pipeline, the uses we make of the North Slope Haul Road will have profound effects on the future of our State in terms of the economy, land use, wildlife, and people.

"The interim policy on the North Slope Haul Road I am announcing has two parts. There is a policy for access, and there is a policy for revenues to meet the costs of opening the Haul Road. My decision is that for the short term: the road will be opened just for use by industrial and mining interests much as it is today. We will expect them to pay for the use of the road, just as they do today...

"...We are investigating various ways of making user charges. They include: reimbursement agreements; fees, license, or taxes imposed on business or industrial highway users; negotiate the removal of portions of the Haul Road from the Federal Highway System so direct charges may be made; seeking Congressional action to permit imposition of direct charges on those who use the Haul Road...

"To completely open the road now would remove all options for the future because once opened we would likely never be able to modify that access...

"This decision is an interim policy for the short term. It will be in effect until the peak industrial demands for the road have subsided and until the Land Use Planning Commission and local governments have developed a rational plan for the sound and profitable management of State and Federal lands in the area affected by the road."

A prime example of the multitude of new warehousing facilities in the Fairbanks area spawned by the pipeline is North Star Terminals. Some fourteen buildings stand in a little over 133 acres in the developing industrial park. These range from small 2,000 ft. curvette-type buildings to three large 60,000 square foot Alyeska Pipeline Service Company buildings. Some accommodate mini storage units. A large new office building is an attractive addition to the complex.

The office building is the latest park unit, and, like other buildings in the park, is made of metal. The fact that it was erected through the winter and in just nine months proves that Fairbanks' limited construction season is definitely a phenomenon of the past. Construction of the metal buildings can be carried on at temperatures of 40 below and colder. Year-round construction capability is a major factor in lowering the costs of construction in Fairbanks. It means a much shorter amortization period and prices calculated to attract industry to the heart of Alaska.

According to the president of North Star, Inc., Chuck Rees, more office buildings and continued development of the industrial park are in the immediate future. He said the park is ideal for retail-wholesale type businesses which deal in commercial trade and require convenient parking areas.

A North Star motel is planned with a minimum of 120 units, a swimming pool and other recreational facilities to serve semi-permanent employees in Fairbanks such as salesmen and others who need a local base of operations.

North Star is one of several facilities that have grown up in recent years to serve a variety of industries operating in Interior, North Slope and South Coast Alaska. Business people now have a choice among desirable locations for their operational and service headquarters.

North Star Terminals and other facilities are located near major highways and truck routes; Metro Airfield is close by as is the Tanana River—navigable by barge; and North Star has invested in 14,000 lineal feet of track to bring a railroad spur into the park.

If air is a prime mode of supply transport, Fairbanks has good warehousing facilities adjacent to its international airport. These facilities also are served by an excellent newly completed highway link to the Anchorage-Fairbanks highway, to downtown Fairbanks and to the Highways leading north, east and south of the city.

Of particular importance to Fairbanks is the amount of prime land available for industrial development. In the south industrial area, 7,000 acres are available for light and heavy industrial use with ample aggregate for building and backhaul. This acreage is unbroken by residential or other development and is in the proximity of air, rail, water and highway transportation.

The land also is contiguous to the North Pole refinery and the Golden Valley Electric Association's new power plant, assuring now an adequate energy supply.

The prospect for resource development as well as service and supply activities in the Fairbanks area has never been brighter.

Air carriers continue to play major role in Alaska transportation

Transportation is the most important industry in Alaska and always will be because of the size of the state, says an individual involved in one of the vital areas of Alaskan transportation—air.

In a land where the frontier was pushed back by daring bush pilots rather than wagon drivers on the ground, air transport continues to take the place of roads and surface transportation of goods to most of the area lying north of the Yukon River and in many other areas of the state.

Air transportation has enhanced development in remote areas, has made life easier for the people who live in those areas and has changed completely the construction picture in Northwest Alaska by extending the time of construction with fast material deliveries.

Despite weather conditions that defy practically all but hardy dog-mushers, Alaska pilots fly every day of the year from Fairbanks International Airport. Technical support for aviation is some of the best in the world, and Fairbanks boasts the mechanic who won the national award for best aviation mechanic.

Alaska has air service for everything from bulk fuel to small packages, flown in airplanes from graceful 180's and Twin Otters, to intermediate DC 3's and DC 6's which can haul whole sections of modular buildings in their holds.

Indeed there are dozens of air taxi, charter, passenger, air freight and commercial airlines that operate out of Fairbanks to all points in Alaska—and around the world. Add to that the skills of the state's bush pilots and there is no trip about which one can say "you can't get there from here," whether it's a remote construction site or a hidden lake where the fishing is great.

Even though construction of the North Slope Haul Road has made accessible by road areas that never were before, air transport will continue to play a major role in Alaskan transportation. Continued development on the North Slope, particularly in villages which do not wish to be connected to the mainstream by roads, will require services that only air can provide: transportation of construction equipment and materials for building schools, homes and meeting facilities.

Jim O'Sullivan, administrative vice president of Alaska International Air, a Fairbanks based company which made aviation history daily during the beginning of pipeline construction, predicts that with developments in Native corporations and construction in remote villages, there will be more air service out of villages as well as into them, with more operators basing their headquarters in the bush and flying between villages.

He said AIA has recognized the downturn that would come with the advent of the road, but believes air will become more and more economical with construction of larger and longer runways and aviation technology that allows for bigger and bigger craft.

Combining this technology with intermodal methods of transportation to provide the most economical ton-mile for the shipper paints a bright future for Alaskan air transport.

An example of this is the rail spur at Fairbanks International Airport. Built at AIA request, the spur has contributed to enhancing Fairbanks International as a distribution center, with cargo originating in Fairbanks instead of Anchorage or elsewhere.

"The transportation industry is very labor intensive, it creates jobs, it's an environmentally good industry. It is imperative that we do anything we can to focus attention on Fairbanks as a distribution center for the North," O'Sullivan said.

RAILROAD . . .

(Cont. from p. 2)

tor in order to get a consensus among the people who actually use the railroad. "After all," Dorcy pointed out, "the original purpose of the railroad was to develop Alaska."

He also stressed that the railroad is only one part of a whole transportation system. "We can no longer look at meeting transportation needs by railroad or plane or truck or barge. We have to look at an intermodal system using all means of transportation," he said.

Barges, trucks and planes are partly competition for the railroad, Dorcy said, but they also create business for the railroad. "You put all the services together to make the best package for the user."

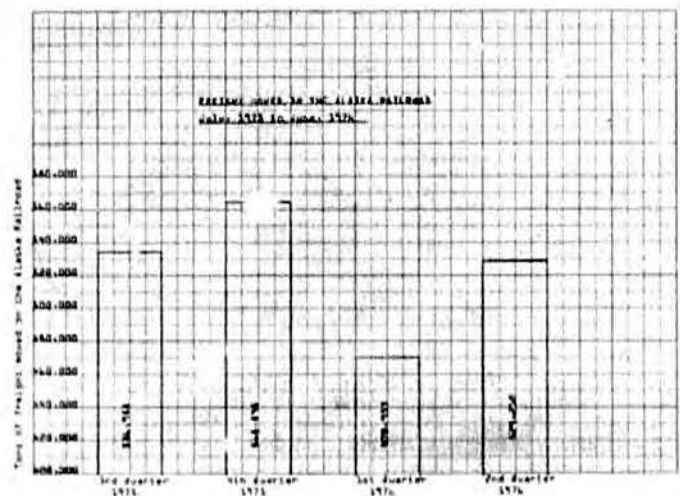
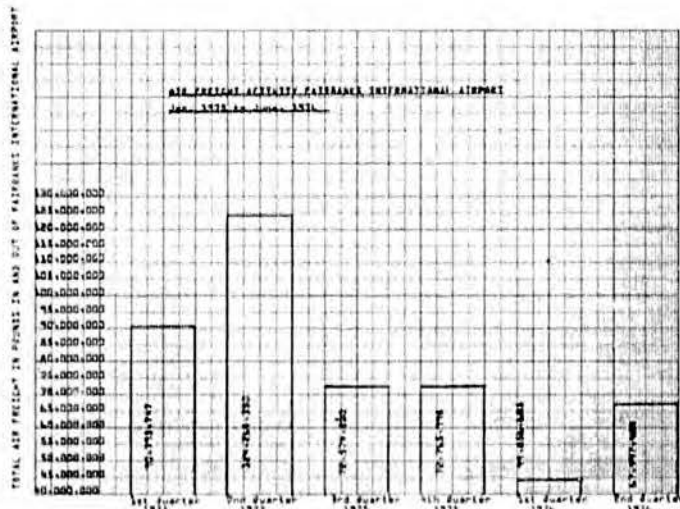
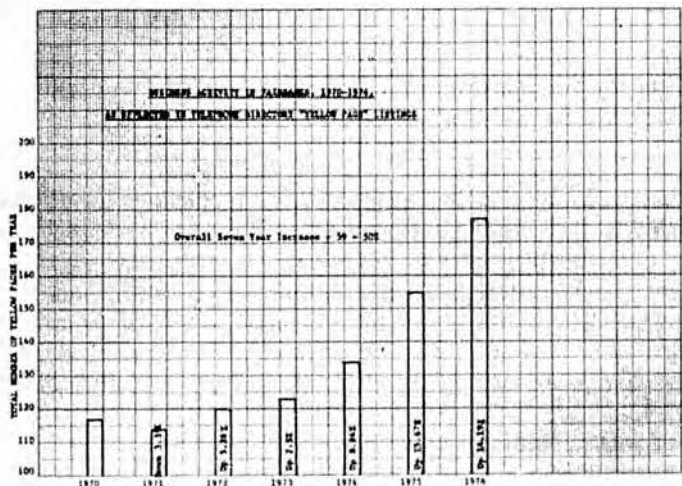
Fred Tolon, a Seattle-based traffic consultant to FIDC, told the group it should consider a three-pronged program for the railroad: (1) getting better funding for the ARR to put it in to service condition and keep it there; (2) achieving a more visible presence of the ARR in Fairbanks, perhaps by making Fairbanks a coterminous operations facility; and (3) determining where the Alaska Railroad should go in terms of expansion to do a better job for Interior, North Slope, Northwest and South Coast Alaska.

The obvious first step is an extension from Fairbanks—Eielson to Delta Junction-Fort Greely. This would require upgrading of the 22-mile Fairbanks to Eielson Air Force Base section and a 72-mile extension from Eielson to the Delta Junction-Fort Greely area. It would serve important national defense needs as well as agriculture, timber, mining and possible petrochemical development requirements foreseen in that area.

That extension also would be a step on the way to meeting the Canadian rail system, creating a vast northern network linking Alaska by rail, as well as by sea, air and highway, to the rest of the United States.

FAIRBANKS TELEPHONE DIRECTORY, 1970-1976,
BUSINESS CATEGORIES LISTED IN YELLOW PAGES

<u>Year</u>	<u>Number</u>	<u>Percent of Increase</u>
1970	756	<u>Base</u>
1973	855	13.10
1976	1,024	19.77
Overall Increase 1970-1976	268	35.45



Biz Squibs

Construction on an \$8 million addition to Fairbanks Memorial Hospital is 20 per cent complete, with projected completion date for the project set next fall...Progress continues on three new shopping malls in Fairbanks, with the HICKEL MALL on Airport and University at 50 per cent complete and the first occupant set to move in March 1; the BENTLEY MALL on College Road is 50 per cent finished, with shops scheduled to move in March 15, and the addition of LA-MONT'S to the MARKET BASKET Mall on Airport and Cowles will open in Spring of '77...Construction in the public sector is moving along as well, with a November '77 target finish date for the multi-million dollar federal building on Gaffney...Other new faces in Fairbanks include a TEAM ELECTRONICS store on Airport Road, three new 24-hour grocery stores—Quik Stop, Bag Boy and Box Boy—bringing to five the total of all night stores, and two new restaurants, Auggie's and Burger King...1976

was a good year for start-up in new small businesses, with nearly a hundred licenses issued in fields from construction to advertising to air to arts and crafts...Some old businesses are moving into new quarters...First National Bank of Fairbanks expanding its present space, Carnation-Meadowmoor Dairies into new quarters, Geiger Realty into a new building on University Avenue, Alaska National Bank of the North into a new headquarters building, and the Operating Engineers, Culinary and Teamsters Unions into new buildings and the Laborers and Electrical Engineers building and remodeling their halls...The new Golden Valley Electric Association generating plant in North Pole is ready to go on line next month, adding 76,000 KW to Fairbanks' power supply...The diesel turbine generators will be followed next year by an addition of nearly the same amount of generation capacity at the plant.