

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

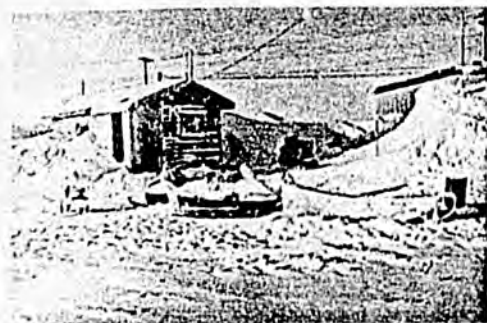
181 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

Barge on Mackenzie River. (Arctic Gas)

Snowmobiles and sleigh, Tuktoyaktuk. (H. Lloyd)

Northern bush aircraft. (DIAND Yellowknife)

Boats used to hunt whale, Kugmallit Bay. (W. Hoek)



who constitute the permanent population of the North. There they were born, and there they will die. A large part of the white population consists of public servants, employees of the mining industry and of the oil and gas industry and their families. Most of them do not regard the North as their permanent home, and usually return to the South. There are, of course, white people in the North who have lived there all their lives, and some others who intend to make the North their permanent home, but their numbers are small in comparison to the native population.

So the future of the North ought not to be determined only by our own southern ideas of frontier development. It should also reflect the ideas of the people who call it their homeland.

### *Economic Impact*

The pipeline companies see the pipeline as an unqualified gain to the North; northern businessmen perceive it as the impetus for growth and expansion. But all along, the construction of the pipeline has been justified mainly on the ground that it would provide jobs for thousands of native people.

We have been committed to the view that the economic future of the North lay in large-scale industrial development. We have generated, especially in northern business, an atmosphere of expectancy about industrial development. Although there has always been a native economy in the North, based on the bush and the barrens, we have for a decade or more followed policies by which it could only be weakened and depreciated. We have assumed that the native economy is moribund and that the native people should therefore be induced to enter industrial wage employment. But I have found that income in kind from hunting, fishing and trapping is a far more important element in the northern economy than we had thought.

The fact is that large-scale projects based on non-renewable resources have rarely provided permanent employment for any significant number of native people. There is abundant reason to



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doubt that a pipeline would provide meaningful and ongoing employment to many native people. The pipeline contractors and unions have made it plain that native northerners are not qualified to hold down skilled positions in pipeline construction, and that they will be employed largely in unskilled and semi-skilled jobs. Once the pipeline is built, only about 250 people will be needed to operate it. Most of these jobs are of a technical nature and will have to be filled by qualified personnel from the South.

I have no doubt that terms and conditions could be imposed that would enable northern businesses to expand during the construction of the pipeline. But there are hazards for northern businessmen. Construction of the Mackenzie Valley pipeline could produce a serious distortion of the small business sector of the Northwest Territories. This would raise problems for the orderly development of regional economic and commercial activity in the long run.

If communities in the Mackenzie Valley and Western Arctic are made to depend exclusively on industrial wage employment and if the production of country food for local consumption ceases to be an important component in the economy, then the self-employed will certainly become the unemployed. The point is simple enough: the extension of the industrial system creates unemployment as well as employment. In an industrial economy there is virtually no alternative to a livelihood based on wage employment. Those who are unable or unprepared to work for wages become unemployed and then dependent on welfare. To the extent that the development of the northern frontier undermines the possibilities of self-employment provided by hunting, fishing and trapping, employment and unemployment will go hand-in-hand.

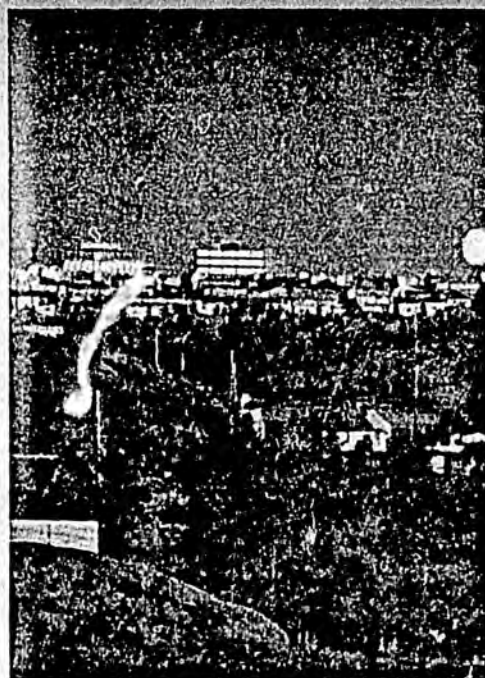
I do not mean to suggest that native people will not want to participate in the opportunities for employment that industrial development will create. Some native people already work alongside workers from the South. Many native people have taken advantage of

Detah Indian village. (R. Fumoleau)

Inuit housing. (GNWT)

Yellowknife. (A. Steen)

Fort Franklin. (R. Fumoleau)



opportunities for wage employment — particularly in the Delta — on a seasonal basis to obtain the cash they need to equip or re-equip themselves for traditional pursuits. But when the native people are made to feel they have no choice other than the industrial system, when they have no control over entering it or leaving it, when wage labour becomes the strongest, the most compelling and finally the only option, then the disruptive effects of large-scale, rapid development can only proliferate.

It is an illusion to believe that the pipeline will solve the economic problems of the North. Its whole purpose is to deliver northern gas to homes and industries in the South. Indeed, rather than solving the North's economic problems, it may accentuate them.

The native people, both young and old, see clearly the short-term character of pipeline construction. They see the need to build an economic future for themselves on a surer foundation. The real economic problems in the North will be solved only when we accept the view the native people themselves expressed so often to the Inquiry: that is, the strengthening of the native economy. We must look at forms of economic development that really do accord with native values and preferences. If the kinds of things that native people now want are taken seriously, we must cease to regard large-scale industrial development as a panacea for the economic ills of the North.

### *Social Impact*

I am convinced that the native people of the North told the Inquiry of their innermost concerns and their deepest fears. Although they had been told — and some indeed had agreed — that the proposed pipeline would offer them unprecedented opportunities for wage employment, the great majority of them expressed their fears of what a pipeline would bring: an influx of construction workers, more alcoholism, tearing of the social fabric, injury to the land, and the loss of their identity as a people. They said that wage employment on the pipeline



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would count for little or nothing when set against the social costs. I am persuaded that these fears are well-founded.

The alarming rise in the incidence of alcoholism, crime, violence and welfare dependence in the North in the last decade is closely bound up with the rapid expansion of the industrial system and with its intrusion into every part of the native people's lives. The process affects the close link between native people and their past, their own economy, their values and self-respect. The evidence is clear: the more the industrial frontier displaces the homeland in the North, the greater the incidence of social pathology will be. Superimposed on problems that already exist in the Mackenzie Valley and the Western Arctic, the social consequences of the pipeline will not only be serious — they will be devastating.

The social costs of building a pipeline now will be enormous, and no remedial programs are likely to ameliorate them. The expenditure of money, the hiring of social workers, doctors, nurses, even police — these things will not begin to solve the problem. This will mean an advance of the industrial system to the frontier that will not be orderly and beneficial, but sudden, massive and overwhelming.

### *Native Claims*

Native people desire a settlement of native claims before a pipeline is built. They do not want a settlement — in the tradition of the treaties — that will extinguish their rights to the land. They want a settlement that will entrench their rights to the land and that will lay the foundations of native self-determination under the Constitution of Canada.

The native people of the North now insist that the settlement of native claims must be seen as a fundamental re-ordering of their relationship with the rest of us. Their claims must be seen as the means to establishing a social contract based on a clear understanding that they are distinct peoples in history. They insist upon the right to

*Inuit at Northern Games, Coppermine, 1976.  
(GNWT-R. Wilson)*

*Reindeer round-up, Atkinson Point. (J. Inglis)*

*Holman youngster. (P. Scott)*

*Children playing in Holman, 1959. (J. Fyles)*



determine their own future, to ensure their place, but not their assimilation, in Canadian life.

The federal government is now prepared to negotiate with the native people on a comprehensive basis, and the native people of the North are prepared to articulate their interests over a broad range of concerns. These concerns begin with the land, but are not limited to it: they include land and land use, renewable and non-renewable resources, schools, health and social services, public order and, overarching all of these, the future shape and composition of political institutions in the North.

The concept of native self-determination must be understood in the context of native claims. When the Dene refer to themselves as a nation, as many of them have, they are not renouncing Canada or Confederation. Rather, they are proclaiming that they are a distinct people, who share a common historical experience, a common set of values, and a common world view. They want their children and their children's children to be secure in that same knowledge of who they are and where they came from. They want their own experience, traditions and values to occupy an honourable place in the contemporary life of our country. Seen in this light, they say their claims will lead to the enhancement of Confederation — not to its renunciation.

It will be for you and your colleagues, in negotiations with the native people, to determine the extent to which native claims can be acceded to, and to work out the way in which self-determination might be effected in the North, whether by the establishment of native institutions on a geographical basis or by the transfer of certain functions of the Government of Canada and the Government of the Northwest Territories to native institutions.

The idea of new institutions that give meaning to native self-determination should not frighten us. Special status for native people is an element of our constitutional tradition, one that is recognized by the British North America Act, by the treaties, by the Indian Act, and



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by the statement of policy approved by Cabinet in July 1976. It is an ethnic thread in our constitutional fabric. In the past, special status has meant Indian reserves. Now the native people wish to substitute self-determination for enforced dependency.

The attainment of native goals implies one thing: the native people must be allowed a choice about their own future. If the pipeline is approved before a settlement of claims takes place, the future of the North — and the place of the native people in the North — will, in effect, have been decided for them.

The construction of the pipeline now will entail a commitment by the Government of Canada and the Government of the Northwest Territories to a program of large-scale frontier development, which, once begun, cannot be diverted from its course. Once construction begins, the concentration on the non-renewable resource sector and the movement away from the renewable resource sector will become inexorable. The goal of strengthening the native economy will be frustrated.

An increase in the white population in the wake of pipeline construction will entrench southern patterns of political, social and industrial development, will reduce the native people to a minority position, and will undermine their claim to self-determination.

The settlement of native claims is not a mere transaction. Intrinsic to settlement is the establishment of new institutions and programs that will form the basis for native self-determination. It would be wrong, therefore, to think that signing a piece of paper would put the whole question behind us, as if all that were involved was the removal of a legal impediment to industrial development. The native people insist that the settlement of native claims should be a beginning rather than an end of the recognition of native rights and native aspirations. In my opinion, a period of ten years will be required in the Mackenzie Valley and Western Arctic to settle native claims, and to establish the

*Snowdrift children. (R. Fumoleau)*

*Johnny Crapeau of De'ah. (R. Fumoleau)*

*Moggie Fisher of Fort Good Hope. (R. Fumoleau)*

*François Paulette of Fort Smith. (M. Jackson)*



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new institutions and new programs that a settlement will entail. No pipeline should be built until these things have been achieved.

It would therefore be dishonest to try to impose an immediate settlement that we know now — and that the native people will know before the ink is dry — will not achieve their goals. They will soon realize — just as the native people on the prairies realized a century ago as the settlers poured in — that the actual course of events on the ground will deny the promises that appear on paper. The advance of the industrial system would determine the course of events, no matter what Parliament, the courts, this Inquiry or anyone else may say.

In recent years in the North we have witnessed a growing sense of native awareness and native identity. The same phenomenon can be observed throughout the country. It is not going to go away. To establish political institutions in the North that ignore this fact of life would be unwise and unjust. Special status can be — and ought to be — a constructive and creative means by which native people, through the development of institutions of their own, can thrive in a new partnership of interests.

### *If There is no Pipeline Now*

If the native people are to achieve their goals, no pipeline can be built now. Some will say this decision must mean that there will be no economic development in the North. If a pipeline is not built now, so the argument goes, the northern economy will come to a halt. But this view misconstrues the nature of the northern economy and northern development.

If there is no pipeline, the native economy based on hunting, fishing and trapping will scarcely be affected. The mining industry, which is the largest component of the private sector of the economy of both the Yukon Territory and the Northwest Territories, will not be greatly affected. Government, the largest employer and the main source of income for white northerners, and the federal and territorial



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bureaucracies are not likely to decrease in size simply because a pipeline is not built now.

A decision not to build a pipeline now would not necessarily bring an end to oil and gas exploration. There will be a setback to Inuvik and, to a lesser extent, to other Delta communities. If exploratory drilling in the Delta and the Beaufort Sea ought to continue in the national interest, the Government of Canada has the means to see that it does.

I am convinced that non-renewable resources need not necessarily be the sole basis of the northern economy in the future. We should not place absolute faith in any model of development requiring large-scale technology. The development of the whole renewable resource sector — including the strengthening of the native economy — would enable native people to enter the industrial system without becoming completely dependent on it.

An economy based on modernization of hunting, fishing and trapping, on efficient game and fisheries management, on small-scale enterprise, and on the orderly development of gas and oil resources over a period of years — this is no retreat into the past; rather, it is a rational program for northern development based on the ideals and aspirations of northern native peoples.

To develop a diversified economy will take time. It will be tedious, not glamorous, work. No quick and easy fortunes will be made. There will be failures. The economy will not necessarily attract the interest of the multinational corporations. It will be regarded by many as a step backward. But the evidence I have heard has led me to the conclusion that such a program is the only one that makes sense.

### *Implications*

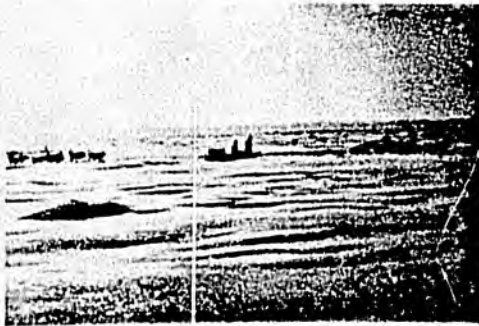
There should be no pipeline across the Northern Yukon. It would entail irreparable environmental losses of national and international importance. And a Mackenzie Valley pipeline should be postponed for ten years. If it were built now, it would bring limited economic

Northern Yukon. (E. Peterson)

Dogteams trek across sea ice. (GNWT)

Little Bell River. (ISL—G. Calef)

Winter — Yukon North Slope. (Arctic Gas)



Letter to the Minister

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benefits, its social impact would be devastating, and it would frustrate the goals of native claims. Postponement will allow sufficient time for native claims to be settled, and for new programs and new institutions to be established. This does not mean that we must renounce our northern gas and oil. But it does mean that we must allow sufficient time for an orderly, not hasty, program of exploration to determine the full extent of our oil and gas reserves in the Mackenzie Delta and the Beaufort Sea. Postponement will offer time for you and your colleagues to make a rational determination regarding the priorities to be adopted in relation to the exploitation of all our frontier oil and gas resources, at a time when the full extent of our frontier reserves has been ascertained.

I believe that, if you and your colleagues accept the recommendations I am making, we can build a Mackenzie Valley pipeline at a time of our own choosing, along a route of our own choice. With time, it may, after all, be possible to reconcile the urgent claims of northern native people with the future requirements of all Canadians for gas and oil.

Yours truly,

Thos R. Berger

## Epilogue: Themes for the National Interest

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Prime Minister Trudeau has said that Canada is a product of the providential encounter between the French and the English on this continent. Canada takes its identity from the evolution of that encounter. The contours of that meeting between the French and the English in North America define the political institutions of the nation, and constitute Canada's unique contribution to the search by man for a rational polity.

But there was an earlier encounter on this continent that made possible the very existence of the nation — between the Europeans and the indigenous peoples of the Americas. Here, in what is now Canada, it was an encounter first between the French and the native people, then between the English and the native people. It was an encounter which has ramified throughout our history, and the consequences of which are with us today. This encounter may be as important to us all, in the long sweep of history, as any other on this continent. And it is taking place in its most intense and contemporary form on our northern frontier.

It is for this reason that so many eyes are drawn to the North. As André Siegfried, the *de Tocqueville* of Canada, said:

Many countries — and they are to be envied — possess in one direction or another a window which opens out on to the infinite — on to the potential future. . . . The North is always there like a presence, it is the background of the picture, without which Canada would not be Canadian. [*Canada* p. 28-29]

It may be that, through this window, we shall discover something of the shape that our future relations with the native people of our country must assume.

The English and French are the inheritors of two great streams of western civilization. They hold far more in common than divides

them: they have similar linguistic and literary traditions and rivalry and commonality of interests that have caused their histories repeatedly to overlap. What is more, the industrial system is the foundation for the material well-being they both enjoy.

Now the industrial system beckons to the native people. But it does not merely beckon: it has intruded into their culture, economy and society, now pulling, now pushing them towards another, and in many ways an alien, way of life. In the North today, the native people are being urged to give up their life on the land; they are being told that their days and their lives should become partitioned like our own. We have often urged that their commitment to the industrial system be entire and complete. Native people have even been told that they cannot compromise: they must become industrial workers, or go naked back to the bush.

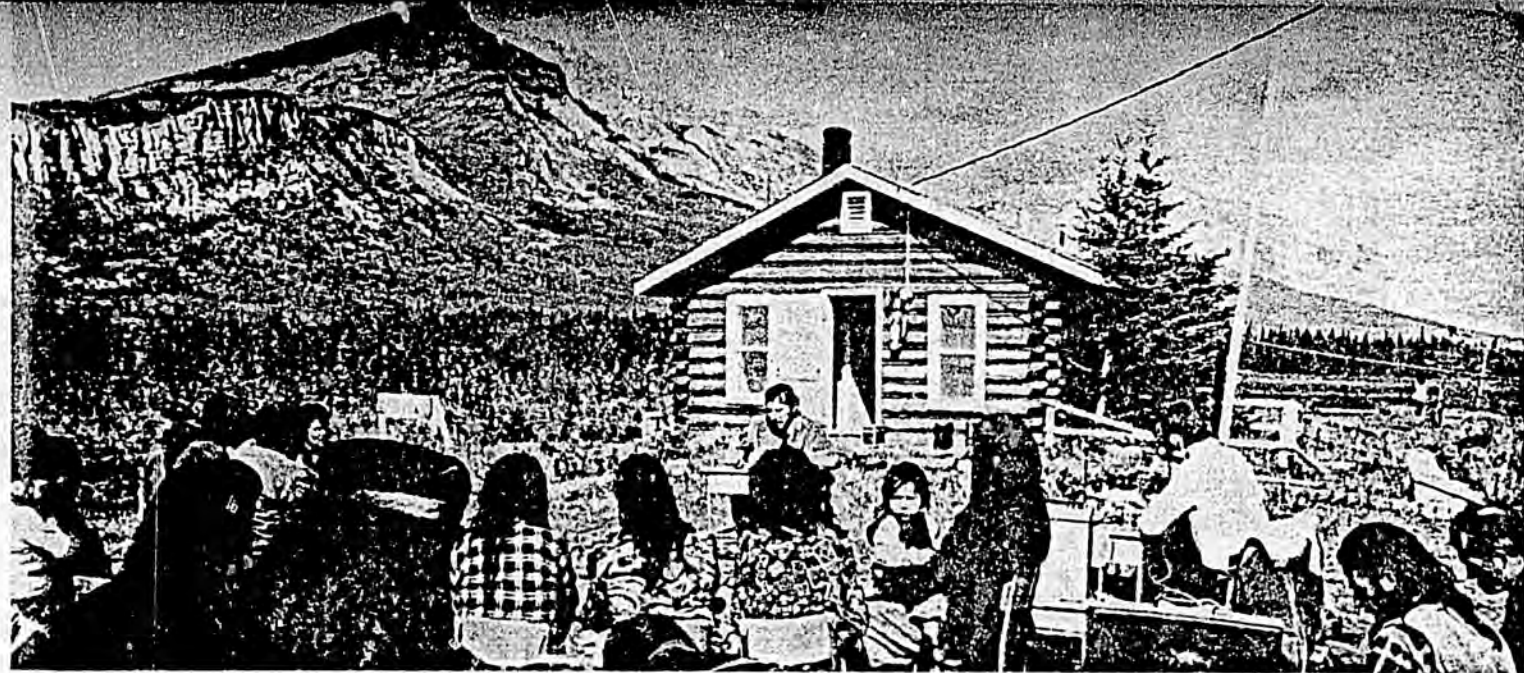
Yet many of them refuse. They say they have a past of their own; they see that complete dependence on the industrial system entails a future that has no place for the values they cherish. Their refusal to make the commitment asked of them is one of the points of recurring tension in the North today. They acknowledge the benefits we have brought to them. They say that they are, in some respects, more comfortable now than they were in the old days. The industrial system has provided many things that they value, such as rifles, radios, outboard motors and snowmobiles. But they know that, in the old days, the land was their own. Even in the days of the fur trade, they and the land were essential to it. Now they recognize they are not essential. If it is in the national interest, a pipeline can and will be built across their land. They fear that they will become strangers in their own land. The native people know that somehow they

must gain a measure of control over their lives and over the political institutions that shape their lives, and that they must do this before the industrial system overtakes and, it may be, overwhelms them. This is what their claims are about, and this is why they say their claims must be settled before a pipeline is built.

The native people know their land is important to us as a source of oil and gas and mineral wealth, but that its preservation is not essential to us. They know that above all else we have wanted to subdue the land and extract its resources. They recognize that we do not regard their hunting, trapping and fishing as essential, that it is something we often regard in a patronizing way. They say that we reject the things that are valuable to them in life: that we do so explicitly and implicitly.

We have sought to make over these people in our own image, but this pronounced, consistent and well-intentioned effort at assimilation has failed. The use of the bush and the barrens, and the values associated with them, have persisted. The native economy refuses to die. The Dene, Inuit and Metis survive, determined to be themselves. In the past their refusal to be assimilated has usually been passive, even covert. Today it is plain and unmistakable, a fact of northern life that must be understood.

The native people have had some hard things to say about the government, about the oil and gas industry and about the white man and his institutions. The allegation has been made that what the leaders of native organizations in Northern Canada are saying is not representative of the attitudes and thinking of northern native peoples. But this Inquiry not only has sought the views of the native organizations, but has obtained the views of the native people who live in every



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settlement and village of the Mackenzie Valley and the Western Arctic. There the native people speaking in their own villages, in their own languages and in their own way, expressed their real views. About that I am in no doubt.

It would be a mistake to think that the native people are being manipulated by sinister forces, unseen by them, yet discernible to us. It is demeaning and degrading to tell someone that he does not mean or does not know what he is saying, that someone has told him to say it. It would be wrong to dismiss what they have said because we would rather believe that they are not capable of expressing their own opinions.

It may be uncomfortable to have to listen, when we have never listened in the past. But we must listen now. If we do not understand what is in the minds of the native people, what their attitudes really are toward industrial development, we shall have no way of knowing what impact a pipeline and an energy corridor will have on the people of the North.

We all have different ideas of progress and our own definitions of the national interest. It is commonplace for people in Southern Canada to dismiss the notion that a few thousand native people have a right to stand in the way of industrial imperatives. But many of the Dene intend to do just that. Philip Blake told the Inquiry at Fort McPherson:

If your nation chooses ... to continue to try and destroy our nation, then I hope you will understand why we are willing to fight so that our nation can survive. It is our world.

We do not wish to push our world onto you. But we are willing to defend it for ourselves, our children, and our grandchildren. If your nation becomes so violent that it would tear up our land, destroy our society and our future, and occupy our homeland, by trying to

impose this pipeline against our will, then of course we will have no choice but to react with violence.

I hope we do not have to do that. For it is not the way we would choose. However, if we are forced to blow up the pipeline ... I hope you will not only look on the violence of Indian action, but also on the violence of your own nation which would force us to take such a course.

We will never initiate violence. But if your nation threatens by its own violent action to destroy our nation, you will have given us no choice. Please do not force us into this position. For we would all lose too much. [C1085ff.]

Chief Fred Greenland said to the Inquiry at Aklavik:

It's clear to me what the native people are saying today. They're discussing not their future but the future of their children and grandchildren, and if the government continues to refuse or neglect [us] ... I think the natives would just stop their effort and discussions and the opportunities for a peaceful settlement would be lost. We must choose wisely and carefully because there will be a future generation of Canadians who will live with the results. [C3863]

Frank T'Seleie, then Chief at Fort Good Hope, also spoke of the future generations, of the children yet unborn. He told the Inquiry:

It is for this unborn child, Mr. Berger, that my nation will stop the pipeline. It is so that this unborn child can know the freedom of this land that I am willing to lay down my life. [C1778ff.]

Chief Jim Antoine of Fort Simpson:

... every time we try to do something, within the system ... it doesn't seem to work for us, as Indian people. We tried it, we tried to use it, it doesn't work for us. ... We're going to keep on trying to use the system until we get frustrated enough that we're going to try changing it. I think that's where it's directed, that's where it's going. I would stand with my brother from Good Hope that he would lay

down his life for what he believes in, and I feel the same way. There's a lot of us young people who feel the same way. [C2625]

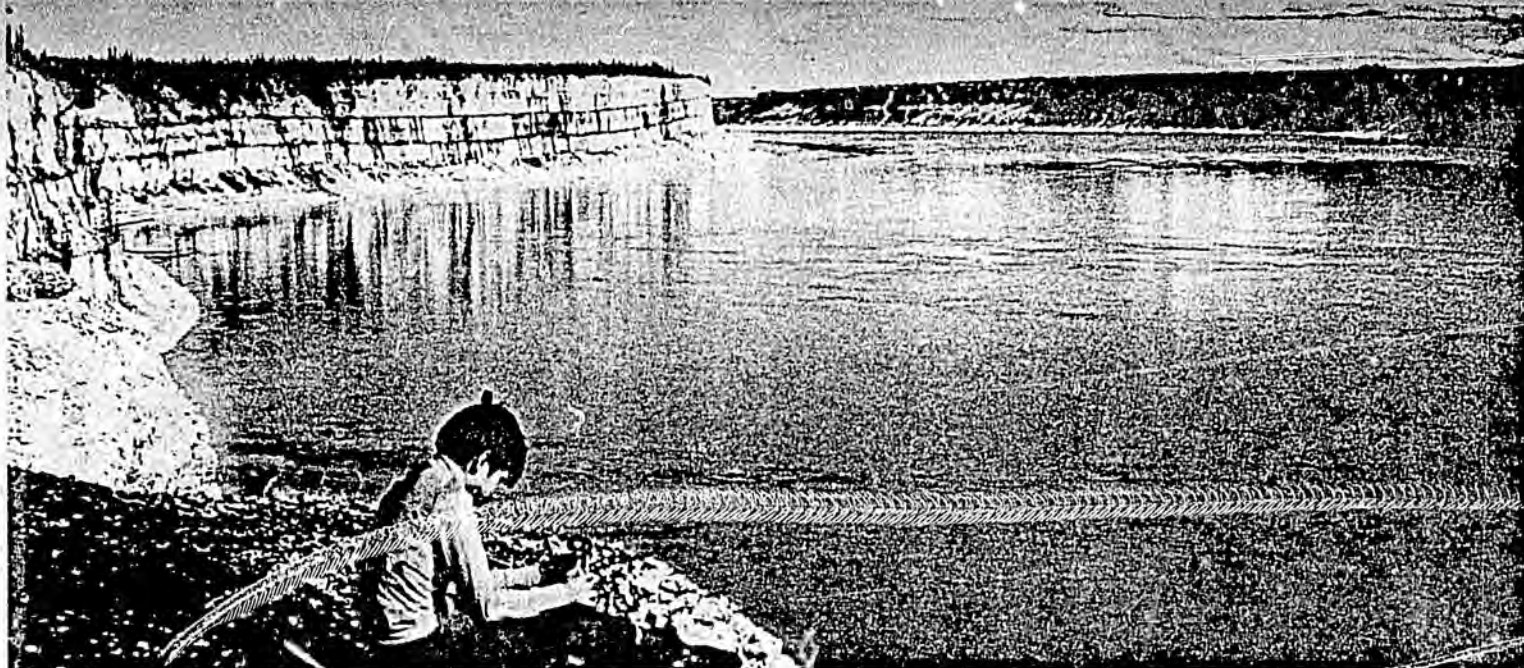
Raymond Yakaleya, speaking at Norman Wells:

Our backs are turned to the corners. This is our last stand.

I ask each and every one of you in this room what would you do if you were in our shoes? How would you feel if you had these conditions on you? I ask you one more time, let us negotiate, there's still time, but don't force us, because this time we have nothing to lose. When I ask for the lives of my people, am I asking you for too much? [C2177]

I have given the most anxious consideration to whether or not I should make any reference in this report to these statements. It may be said that merely reciting them would be to invite a violent reaction to the pipeline, if it were built without a just settlement of native claims. Yet these statements were not lightly made — no one who heard them could doubt that they were said in earnest. So I have concluded that they cannot be ignored. They illustrate the depth of feeling among the native people.

I want to emphasize that my recommendation that the construction of a Mackenzie Valley pipeline should be postponed until native claims are settled is not dependent upon this evidence. That recommendation is based upon the social and economic impact of a pipeline, and upon the impact it would have on native claims. I would be remiss in my duty, however, if I did not remind the Government of Canada that these things were said. I do not want anyone to think I am predicting an insurrection. But I am saying there is a real possibility of civil disobedience and civil disorder that — if they did occur — might well render orderly political evolution of the North impossible, and could poison relations between the Government of



The Ramparts along the Mackenzie River. (R. Fumoleau)

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and economic advancement of the native people are concerned. Those social and economic gains will follow from the achievement of a sense of collective pride and initiative by the Dene, Inuit and Metis, and not simply from a clearing away of legal complications to enable industrial development to proceed.

If the pipeline is not built now, an orderly program of exploration can still proceed in the Mackenzie Delta and the Beaufort Sea. And, even if the oil and gas industry withdraws from its exploration activities because of a decision to postpone the pipeline, the Government of Canada has the means to ensure the continuation of exploratory drilling if it were held to be in the national interest. Postponement of the pipeline would mean that, if continued drilling in the Mackenzie Delta and the Beaufort Sea reveals sufficient reserves, Canada can proceed to build a pipeline at a time of its own choosing, along a route of its own choice, by means it has decided upon, and with the cooperation of the native people of the North.

Let me make it clear that if we decide to postpone the pipeline, we shall not be renouncing our northern energy supplies. They will still be there. No one is going to take them away. In years to come, it will still be available as fuel or as industrial feedstocks.

We have never had to determine what is the most intelligent use to make of our

resources. We have never had to consider restraint. Will we continue, driven by technology and egregious patterns of consumption, to deplete our energy resources wherever and whenever we find them? Upon this question depends the future of northern native people and their environment.

Maurice Strong, Chairman of Petro Canada, has written:

Man's very skills, the very technical success with which he overspreads the earth, makes him the most dangerous of all creatures.

One critical aspect of man's use of planetary resources is the way in which he is burning up more and more of the world's energy....

We can no longer afford to plan on the basis of past and current trends in consumption. If we assume that a decent standard of life for the world's peoples inevitably requires increasing per capita use of energy, we shall be planning for an energy starved world, or an ecological disaster, or both. Rather than searching endlessly for new energy sources, we must contribute to its wiser use....

At present, we are far from this ideal. We have recklessly assumed that no matter how wasteful our lifestyle, we shall somehow find the energy to support it....

In the last 15 years, world use of energy has doubled. North America now uses about five times as much energy as is consumed in the whole of Asia, and per capita consumption is about 24 times higher. The United States each year wastes more fossil fuel than is used by two-thirds of the world's population. [Edmonton Journal, September 22, 1976]

If we build the pipeline, it will seem

strange, years from now, that we refused to do justice to the native people merely to continue to provide ourselves with a range of consumer goods and comforts without even asking Canadians to consider an alternative. Such a course is not necessary, nor is it acceptable.

I have said that, under the present conditions, the pipeline, if it were built now, would do enormous damage to the social fabric in the North, would bring only limited economic benefits, and would stand in the way of a just settlement of native claims. It would exacerbate tension. It would leave a legacy of bitterness throughout a region in which the native people have protested, with virtual unanimity, against the pipeline. For a time, some of them may be co-opted. But in the end, the Dene, Inuit and Metis will follow those of their leaders who refuse to turn their backs on their own history, who insist that they must be true to themselves, and who articulate the values that lie at the heart of the native identity.

No pipeline should be built now. Time is needed to settle native claims, set up new institutions and establish a truly diversified economy in the North. This, I suggest, is the course northern development should take.

We have the opportunity to make a new departure, to open a new chapter in the history of the indigenous peoples of the Americas. We must not reject the opportunity that is now before us.

# Skåne and south east Sweden.





This may well be your first taste of Sweden. Linger awhile! The air's fresh, the waters sparkle, and the countryside's gorgeous and varied. Skåne, whose lush plains change gently into a landscape of lakes and woods; the south east coast, with splendid beaches and archipelagoes; two magic islands, Öland and Gotland, lying just off shore; the hills and forests of Småland, heart of the glass-making industry. Read on and decide where you'd like to make your holiday base. If you can!

## Skåne, the southernmost part of Sweden

Talk with a farmer from Skåne. He'll tell you that it's here the good life is. And who's to contradict him? You'll see the prosperity of this province reflected in the rich and fertile landscape (Skåne produces a large part of what Sweden eats and drinks), in countless farms, and splendid manor houses and chateaux. There are more than 200 of them, with serene beautifully laid-out parks. You might even



come across a sign which says "Gå gärna på gräset!"—please walk on the grass. This is typical of the region's hospitality, as are the numerous fine old inns, where you can enjoy good country cooking and a glass or two of snaps in really welcoming surroundings. Two things in the food line that would be a shame to miss; a local smörgåsbord (you can almost hear the table groan); and eel, smoked, baked, stewed—there are hundreds of recipes. But there's more to Skåne than beautiful countryside and good food. You'll find the townsfolk are relaxed and friendly.



The towns themselves bustle with activity. Malmö, just across the water from Copenhagen, is a good shopping centre (a charming souvenir is a Charlotte Weibull doll—you get them at Lilla Torg, the "Little Square" in Malmö); and the night-life suffers little in comparison with its big Danish neighbour. Helsingborg, another town



just a stone's throw from Denmark, has an interesting shopping street where you can browse to your heart's content (no cars allowed).

In the summer, just outside town, you can see performances at a beautiful open-air theatre. For a taste of old Skåne, savour the atmosphere of the cathedral and university city of Lund. And everywhere there's always something happening; traditional religious plays, market days,



folk festivals. One other thing. If all the sight-seeing makes your feet tired, do as they do in Skåne. Wear clogs. They're traditional. And very good for your feet as well.



Fun at the go-cart track, near Höganäs.



This is called "Spettekaka"—it's a sugar cake they eat at weddings.

SCOMM

#9.71



Swedish Tourist Board

# Sweden is fantastic. Whatever you want to do.

Whatever kind of holiday you're looking for, Sweden is fantastic. Her lakes and forests, her coasts and cities, islands and archipelagoes! Ancient law assures you free access to all of Sweden's lovely scenery. Here you can stray to your heart's content, bathe where and when you will, pick flowers, berries and mushrooms...



Sweden is fantastic—because there's so much of her—the fourth largest country in Europe, with only 8 million inhabitants. With all this space and to spare, Sweden has plenty over for you. Whatever part of the country you pick for your holiday, no matter how you travel, or what sort of accommodation you prefer, you'll find you've any amount of elbow-room.

Sweden is fantastic—eager to please and help the tourist! Almost all Swedes speak some English, and most quite a lot. And many some German and French.

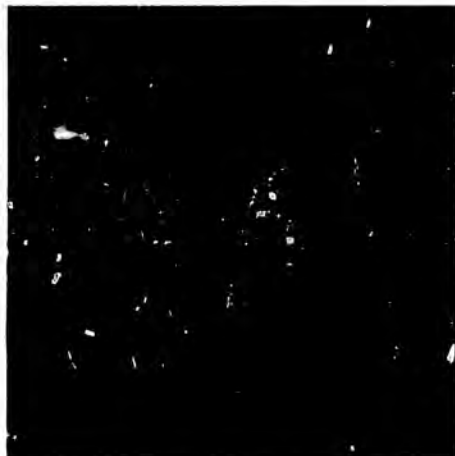


Sweden is fantastic for a lively healthy holiday. Swedes are known for their outdoor sporty ways, and the

arrangements they've made for themselves have been made for you too. You'll feel a different person when you get home again!

Sweden is fantastic—all year round. There's little she can't offer at one season or another. Always in this long country—one of the sunniest countries north of the Alps—the sun is shining somewhere. Far up into the Arctic Circle the summers are hot, humidity low. Autumn and spring are bright and clear, even lovelier than the "high" summer (July) when Swedes all go on holiday. And after the snow has come there's wintersports.

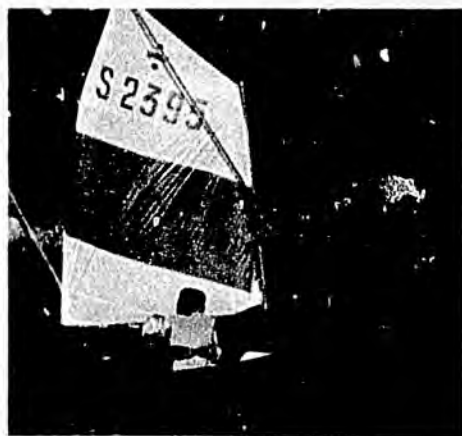
Your Swedish holiday will do wonders for you. Here are a couple of pages of advice and suggestions which will come in handy in planning it.



Park the car. Hire a pushbike. Explore the real old Sweden from idyllic little winding roads, wander among villages, lakes, fields and woodlands. Detailed suggestions for tours are available in many places.



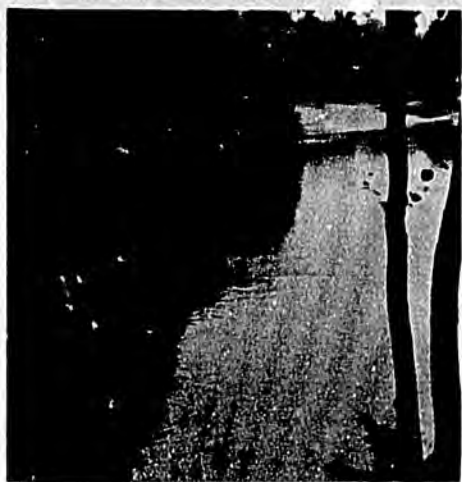
Her waterways!—The coast of Sweden is longer than Africa's—because of all her innumerable islands and inlets. Inland are beautiful old canals, idyllic waterways, a hundred thousand lakes. All larger communities, and most smaller ones, have admirable bathing places, often combined with a good camping site.



Some of Sweden's lakes are as large as inland seas. And her coasts are tideless. So why not hire a boat? Rowboat or canoe by the day. Or a motor cruiser or sailing yacht by the week. Explore these endless fairways, the myriads of islands with your family. Every 16th Swede owns a boat, so boatclubs, jetties and guest harbours are everywhere.



Or explore Sweden's rivers and lake systems by canoe. You've fifty recommended routes, of varying length and difficulty, to choose from.



In Sweden fishing is everyman's sport. One Swede in four is an addict. And still there's room for more! Up in the highlands of the north there's fine game-fishing. Along the coasts, sea-fishing. And coarse-fishing and angling in the myriads of lakes and idyllic forest pools. All in the most fabulous scenery! Fishing cards are cheap and easily available.

theatre, country fiddlers' teams, pop music—the lot! And the major cities abound with art exhibitions, opera, "events" of every kind. Just take your pick.



And when at long last the sun goes down and the lights come on, then there are night-clubs, discothèques, bars and restaurants.

sauna bath. Many hotels and motels have their own.



In the far north at Midsummer you can ski in the light of the midnight sun—only a few minutes up in a ski-lift from the flowery meadows whose flora Linnaeus found the most wonderful in the world. Ski equipment can be hired, of course.



And golf! Sweden has more than 135 golf courses. And you won't have to queue up to get to the first tee! Clubs and trollies can be rented. It is advisable to bring your local membership card or a letter from your Club secretary. Greenfees are very reasonable.



So whether you're trying to get the calories down or pack them in, Sweden's the place to do it in! Cuisine can be international or traditional. In either case the gourmet will have memorable experiences. Skål!



But whatever kind of holiday it is you're looking for, Sweden's all yours to have it in. Here are just a few more: Gliding, aviation, parachuting, riding, pony-trekking, water-skiing, hunting, bird-watching, go-cart racing, tennis, squash, bowling, table-tennis, ice-hockey, chalet holidays by the sea or lakeside.

Now turn the page. Follow us on a quick trip through Sweden, from south to north. Choose which sights, experiences and activities appeal to you most. And mark in your holiday route on the map at the end. Welcome to Sweden!



In the summertime culture moves out into the countryside. Music festivals, folk dancing, open air



And when it comes to keeping your weight down, there's nothing like a

# Sweden invites you to enjoy a festive calender of annual events



which in 1977 includes

**3—5 Feb:** Jokkmokk (N. Lapland)  
The Great Lapp Winter Fair.

**6 March:** Sälen—Mora (Dalarna)  
Vasa Ski Race, cross-country, 85 km  
/53 miles.

**Mid-March:** Strömsund (Jämtland)  
"Prinsloppet". Long distance skating  
50 km/30 miles for men, 20 km/12 1/2  
miles for women. Elite and keep fit  
classes.

**20—21 March:** Åre (Jämtland)  
World Cup. Slalom and Giant slalom.

**Mid-May—mid-Sep:** Stockholm  
Performances 2—4 times a week at  
Drottningholm Court Theatre with  
mainly 18th century operas.

**Beg June:** Tierp (Uppland)  
"Upplandsschottis": competitions in  
"schottis" dancing, folk musicians  
meeting and folk dancing. All partici-  
pants dressed in national costumes.

**17—18 June:** Motala  
Round Lake Vättern, cycling 300 km/  
188 miles (men and women).

**24—25 June:** Throughout the country  
Midsummer is celebrated with dancing  
round the Maypole, games and folk  
dancing to the accompaniment of  
violins and concertinas.

**Beg July:** Sälen—Malung (Dalarna)  
"Skinnarrännen", long distance canoe  
event, 70 km/43 miles.

**Beg July:** Båstad (Skåne)  
Båstad Tennis Grand Prix.

**July—beg Aug:** Vadstena  
International Vadstena Academy.  
Concerts, operas, theatre performances

in the Town Hall, Vadstena Castle,  
Old Theatre, Petrus Magni School,  
and Bjälboätten Palace.

**3 July:** Delsbo (Hälsingland)  
Folk Musicians' Meeting. Traditional  
festival with over one hundred musi-  
cians in national costumes from the  
whole of Sweden.

**3 July:** Leksand (Dalarna)  
The Church Boat Race. Traditional  
race in long boats across Lake Siljan  
to Sunday service.

**9 July:** Kilafors—Järvsö (Hälsingland)  
"Hälsinge Hambo", a competition in  
Hambo dancing and a popular carnival  
procession through the lovely Ljusnan  
valley. Dancing in Hårga, Bollnäs,  
Arbrå and the final in Järvsö.

**9—10 July:** Stånga (Gotland)  
"Stånga-Spelen", ancient Gotland  
athletic games.

**Mid-July:** Åhus (near Kristianstad)  
Jazz Festival.

**Mid-July:** Malmö, Jägersro (Skåne)  
Swedish Derby (for horses bred in  
Scandinavia).

**15—24 July:** Leksand (Dalarna)  
"The Road of Heaven", allegorical  
play of biblical events taking place  
in a Dalarna village, just as the people  
here used to imagine them. Open-air  
performance in Swedish played by  
amateur actors.

**16—17 July:** Åsele (S. Lapland)  
Åsele Market. The Laplanders fore-  
most folk festival for more than 200  
years. Handicraft demonstrated and  
sold, auctions, old homestead day and  
old-fashioned country wedding.

**Mid-July—mid-Aug:** Visby (Gotland)  
Visby Festival. "Petrus de Dacia",  
mystic pageant opera by Friedrich  
Mehler, staged in the impressive ruins  
of St. Nicholas Church.

**25 July:** Kukkola (near Haparanda,  
Norrbotten)  
"Sikfesten" (fishing festival) at the  
waterfall Kukkolaforsten. Also compe-  
tition by log-floaters forcing the rapids  
on logs.

**July/Aug:** Brunskog (Värmland)  
"Gammelvala", a week when all the  
old ways of living are revived with  
ancient traditions of handicraft,  
charcoal-burning, flax-processing,  
spinning, yeast- and cheese-making,  
brewing and baking.

**14 Aug:** Dammtorp, Tived (Väster-  
götland)  
Local Crafts' Day. Old time tarboiling,  
churning, wood-working and other old  
rural activities.

**Beg Sep:** Stockholm  
"Yachting Day". Sailing in the Stock-  
holm archipelago, the highlights is the  
Large Yachts' Race for the Scandal  
Beauty Trophy on Riddarfjärden in  
Stockholm.

**28—30 Sep:** Uppsala  
Uppsala University—5th centenary  
celebrations.

**10 Dec:** Stockholm  
Nobel Festivities with Nobel Prize  
Ceremony.

**13 Dec:** Throughout the country  
"St Lucia's Day". Lucia processions  
of the Queen of Light.

# Skåne and south east Sweden.





This may well be your first taste of Sweden. Linger awhile! The air's fresh, the waters sparkle, and the countryside's gorgeous and varied. Skåne, whose lush plains change gently into a landscape of lakes and woods; the south east coast, with splendid beaches and archipelagoes; two magic islands, Öland and Gotland, lying just off shore; the hills and forests of Småland, heart of the glass-making industry. Read on and decide where you'd like to make your holiday base. If you can!

## Skåne, the southernmost part of Sweden

...th a farmer from Skåne. ...'I you that it's here the good life is. And who's to contradict him? You'll see the prosperity of this province reflected in the rich and fertile landscape (Skåne produces a large part of what Sweden eats and drinks), in countless farms, and splendid manor houses and chateaux. There are more than 200 of them, with serene beautifully laid-out parks. You might even



come across a sign which says "Gå gärna på gräset!"—please walk on the grass. This is typical of the region's hospitality, as the numerous fine old inns, where you can enjoy good country cooking and a glass or two of snaps in really welcoming surroundings. Two things in the food line that would be a shame to miss; a local smörgåsbord (you can almost hear the table groan); and eel, smoked, baked, stewed—there are hundreds of recipes. But there's more to Skåne than beautiful countryside and good food. You'll find the townsfolk are relaxed and friendly.



The towns themselves bustle with activity. Malmö, just across the water from Copenhagen, is a good shopping centre (a charming souvenir is a Charlotte Weibull doll—you get them at Lilla Torg, the "Little Square" in Malmö); and the night-life suffers little in comparison with its big Danish neighbour. Helsingborg, another town



just a stone's throw from Denmark, has an interesting shopping street where you can browse to your heart's content (no cars allowed). In the summer, just outside town, you can see performances at a beautiful open-air theatre. For a taste of old Skåne, savour the atmosphere of the cathedral and university city of Lund. And everywhere there's always something happening; traditional religious plays, market days,



folk festivals. One other thing. If all the sight-seeing makes your feet tired, do as they do in Skåne. Wear clogs. They're traditional. And very good for your feet as well.



Fun at the go-cart track, near Hönäs.



This is called "Spettkaka"—it's a sugar cake they eat at weddings.

# The south east coast and Småland.



## Blekinge

It was the novelist Selma Lagerlöf who called Blekinge "The garden of Sweden". It won't take you long to see why. It snuggles in the south east corner, and valleys, hills, lakes, streams, fields and forests make up a charming and intimate countryside. Along the coast is a delightful archipelago, where you can sunbathe, swim and boat. If you want to catch something more than a sun-tan, remember that game fishermen from all over the world come to fish salmon in the Mörrum river, from April to September.



Or if you don't like fishing, do as so many Swedes do. Come to Ronneby Brunn. It's one of the biggest resort hotels in Sweden—all the comforts, great swimming, and a swinging night-life. Or visit Karlskrona, with its fascinating old town, and fine maritime museum.

## Kalmar and Öland

They say it never rains in summer in this part of Sweden. Which is an exaggeration. But you can take our word for it, the weather's

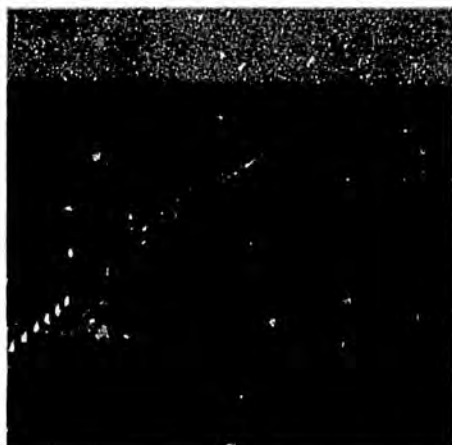


*Kalmar Castle was formerly known as "the lock and key of Sweden".*

usually great! The city of Kalmar itself has a lot to offer, and there's a magnificent mediaeval castle (the castle chapel is much in demand by those who want an extra-romantic wedding). West of Kalmar, you can see the fascinating art of glassmaking.



The factories at Orrefors and Boda are particularly worth visiting. Just outside Kalmar is a fine 18-hole



golf course, and along the coast you've marvellous bathing, boating and fishing. As well as something really spectacular: Europe's longest bridge. Opened in autumn 1972, it's more than three miles long and links the mainland to Öland.



Öland? You must treat yourself to a visit to this sunny island. It would take the most hardened cynic not to fall in love with its unique landscape—fragrant with wild flowers, alive with bird-song, and dotted with hundreds of picturesque windmills.



Many Viking burial sites and no fewer than sixteen prehistoric forts are hidden away among its quiet meadows. At Öland's southernmost point lies one of the largest archaeological stations in Europe. As for bathing, a local will tell you it's the best to be found anywhere. Safe beaches. Clean, clear water. Pick your spot from a full 185 miles of coast.



*These rough stone walls originally separated one pasture from another.*

# Gotland

Gotland may be an island; but it's by no means isolated. It's easily reached by air or ferry from the mainland (though please book in advance—Gotland's popular!).



The coast is three hundred miles of little coves and long long sands; the climate and warm water make for delightful swimming and a quick sun-tan. All around the coast



are strange cliff formations, "raukar", which have given rise to many legends. The entertainment's good as well. As more and more young people discover the island, informal pubs and bright discotheques have mushroomed. But Gotland still preserves its own special kind of peace. There are more than ninety



"Hammarstenen", a picture stone from the Viking age, is placed at the entrance to the Bunge open-air museum.

churches, famous for their sculptures and remains of frescoes dating back to the Middle Ages. And of course



there's Visby—one of the outstanding sights in all Sweden. Once a Hanseatic city, it's nicknamed "The city of ruins and roses", and is surrounded by the largest



mediaeval city wall in Northern Europe. The most ancient part of Visby, within the mediaeval town walls, has been selected as a pilot project for the Council of Europe's European Architectural Heritage Year 1975. This part of the city, which has slowly grown and been renewed over the centuries, presents peculiar traffic problems, is much affected by tourism, but is losing much of its population.



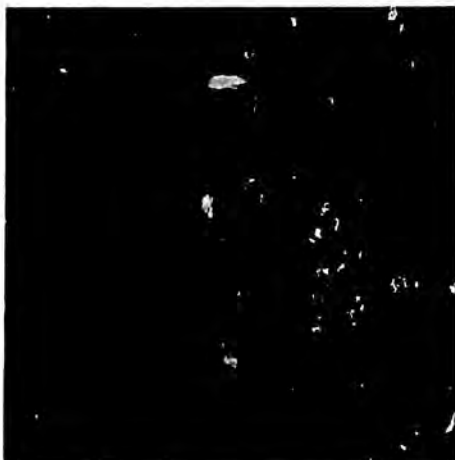
Guillemots on Stora Karlsö bird sanctuary.

Gotland, like Öland, is a treasury of bird-life and wild flowers (including some very rare orchids). Take the boat from Gotland to Stora Karlsö, a little island with a unique guillemot colony, as well as lots of other birds, and masses of wild flowers.

*A hint.* Take a coach round Gotland. Throughout the summer the buses leave daily for whole-day trips, including such sights as the Stora Karlsö bird sanctuary, and the interesting Hoburgen "raukar", lime stone formations, in the south. Half-day tours go to Sjonhem/Ljugarn and to the Lickershamn/Lummelunda caves, with Scandinavia's most extraordinary stalactites. A city tour of Visby tells you the city's history in a nutshell.



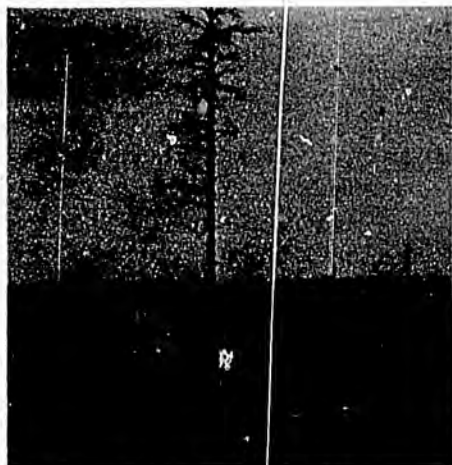
A charming old street—typical of Visby.



A Gotland sunset, its beauty speaks for itself.

## Småland, the inland region

Which region has the most lakes? It's a controversial question, but the people here have no doubt about it. Småland. There's no doubt, too, that if you like to fish or



go boating, this is wonderful country to be in. There's an atmosphere of mystery in the hills and deep forests. You'll understand why they're said to be the haunts of trolls. In fact, up in the pure fresh air of the highlands, you wouldn't think that



Småland's a place where industry thrives. Yet thrive it does. Växjö is the capital of the Swedish glassworks district. Come and see the glass being blown. It looks easy, but they say it takes thirty years and more for a glass-maker to perfect his craft. Someone you may well meet on a factory tour is Bengt Heinze at Kosta glassworks. He's a master glassblower. What he doesn't know about the subject just isn't worth knowing. If you want to take some glass home with you, you can pick up scarcely flawed pieces at bargain prices. In Växjö itself there's a glass museum, and an experience you shouldn't miss, "The House of Emigrants". Simply and movingly, the exhibition tells the story of the great exodus to the United States in the latter half of the 19th century.



*You can listen to the story of the great exodus from Småland. In your own language.*

A short drive, and a pleasant one, away from Växjö, and you're in another world again; an old wooden house and lovingly kept gardens. Carl Linnæus' birthplace. At Lessebo you can see paper being made by hand—the only papermill of its kind in Sweden.

Jönköping is the town where Swedish matches originated and it's a fine centre for exploring Småland, particularly the country around Lake Vättern. The old town of Gränna lies on the shores of the lake.



*Like rock isn't it? The local name for it is "Polkagris". They make it in Gränna.*

From there, take a boat to the island Visingsö, and see the sights by horse and cart. A different and delightful day out.

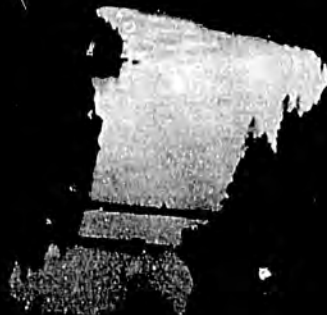
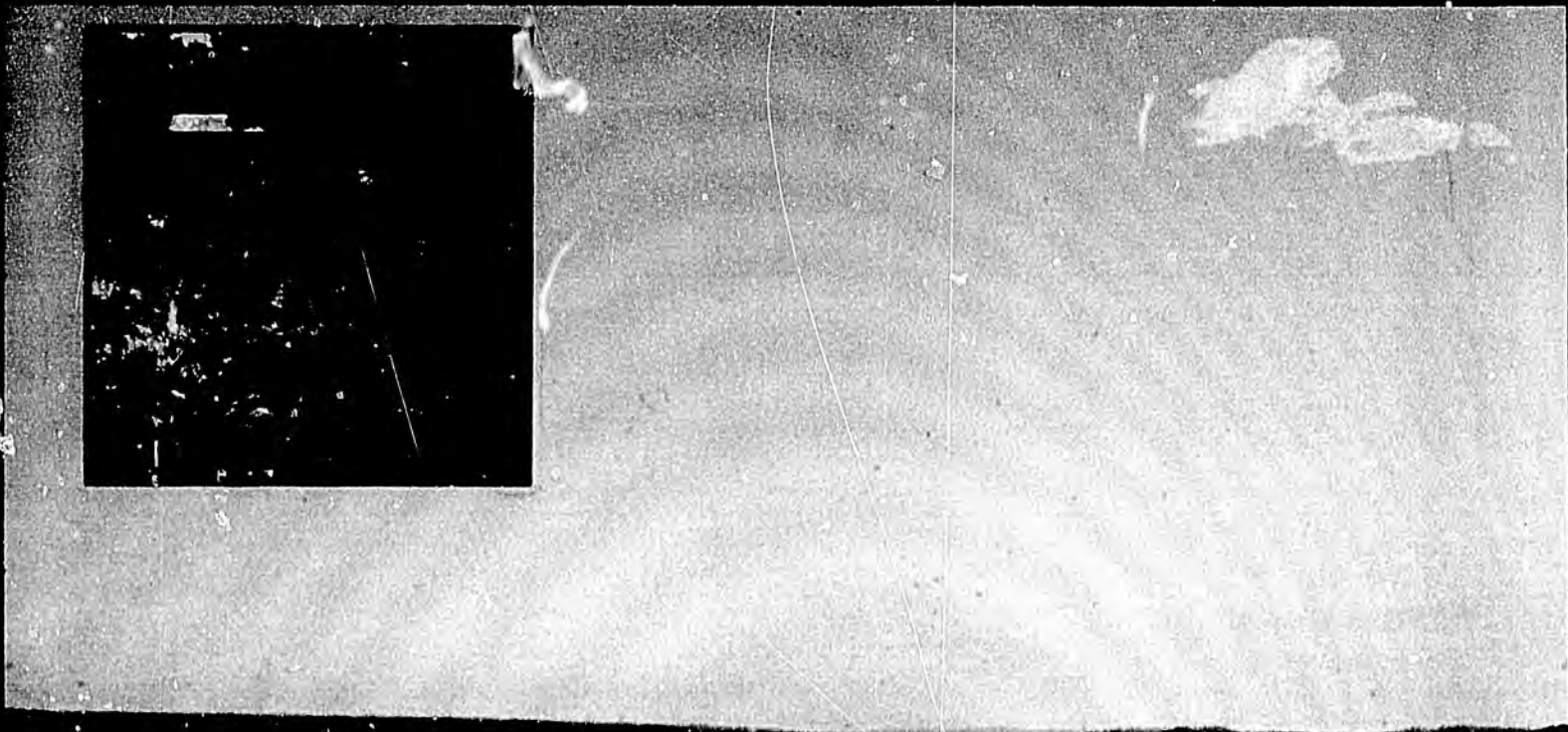


Jönköping itself couldn't be more conveniently situated; it's at the junction of several arterial roads, and the E 4. The city offers a wide selection of hotels, restaurants, and entertainments.



*Farm holidays are very popular in Småland.*







This is the most popular holiday region for the Swedes. Come, and you'll see why! Sandy beaches, smooth rocks, and tree-lined lakes; swinging night-life, and rural villages; wonderful sport, and every kind of accommodation, from a summer chalet by the sea to Gothenburg's luxury hotels. Whatever you want from a holiday, you'll find it on Sweden's South West.

## The sunny west coast

Here, they say, the water's warmer than most other sea-water north of the Mediterranean. It's a fact that the Gulf Stream does make for



a fine, warm climate—and superb bathing. The clarity of the water will astonish you—you can really see the bottom. The coastline embraces two regions, Bohuslän and Halland. People usually describe Bohuslän as being a rocky coast, and Halland as one long sandy beach. This is only partly true. Among Bohuslän's granite rocks and promontories (perfect for sunbathing) nestle delightful little sandy coves—one of them just for you. This rocky coastline continues south of Gothenburg as far as Varberg,



Typical Bohuslän fishermen's houses.



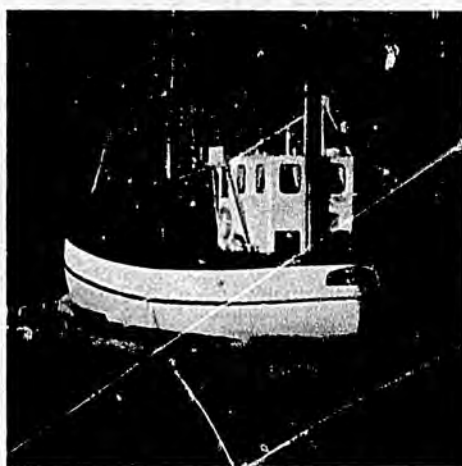
a holiday resort with lots of character. After that, the great sweeping bays begin, with miles of silver sand, dunes, and a shallow foreshore. The perfect



spot if you've got children—and never too crowded. There are small rocky promontories here, as well. The whole coast is one huge



archeological museum, with ship burial sites from Viking times, Bronze Age rock-carvings (like at Tanum, just off the E 6); ancient fortresses, quaint little churches. If you're a fisherman, you'll be in



your seventh heaven. Go with a party in a large boat out to the fishing banks; hire your own boat, or just fish off the rocks. Ask a local fisherman for hints. Inland, there's a charming countryside



You'll find lots of beautiful little shops.

of lakes and woods, and small towns where traditional handicrafts are still pursued.

You eat well, too; try the sea-food—

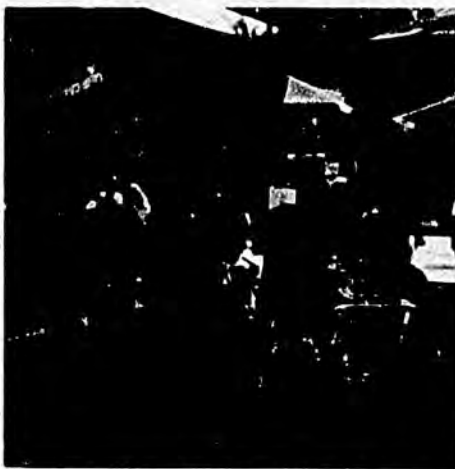


Here they auction shrimps in the afternoon.

and particularly, the special sea-food salad "Västkustsallad". Entertainments? First class. Dance in some modern restaurant or discotheque; or on a jetty, to the strains of an accordion and the sounds and the scents of the warm salt sea.

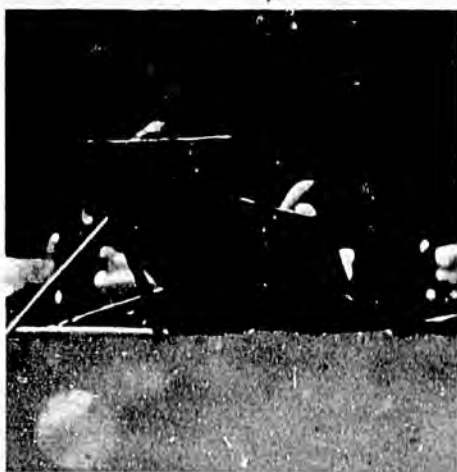
## Gothenburg

Gothenburg is quite likely to be your first taste of Sweden. Don't just hurry through—make a meal of it.



*Could almost be Paris, couldn't it?*

It's an ideal base for exploring Sweden's West Coast. You must see the big square, Götaplatsen, a unique cultural centre, with an art gallery, theatre, concert hall, and a magnificent library that's open till 10 pm (if you want to catch up on the news, they've foreign newspapers as well). Have a great evening out at Liseberg. It's not just an amusement park, but a home of the arts as well. You'll find it hard to imagine a finer shopping city than Gothenburg;

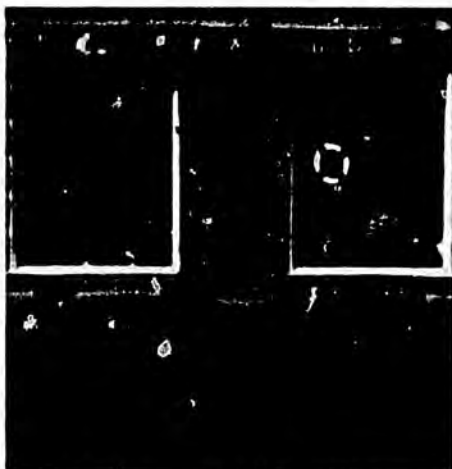


*Lazing on a summer afternoon—even nicer when the deck chair's free!*

supermarkets, department stores, up-to-the-minute boutiques as well as the small Kronhusbodarna with shops and a post office from the turn of the century. If you feel like relaxing, there are spacious parks, wide boulevards, and many charming open spaces where you can just sit and watch the world go by. Or why not take a boat trip, and see the sights from the water? Step ashore on the island of Nya Älvsborg. Here you may visit a historic fortress from the 17th century when Sweden was a leading European military power.



Scores of modern hotels and restaurants, discotheques and nightclubs are ready to welcome you to this gayest of Sweden's cities.



*One of the antique shops in the old part of Gothenburg—a splendid place to shop.*

## Västergötland

This is an utterly unique landscape, gentle, undulating, rich in prehistoric remains, and peaceful old villages.



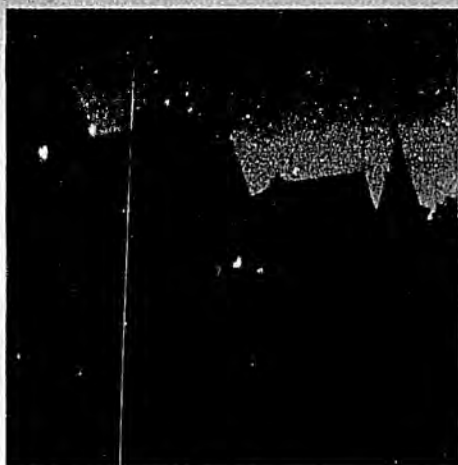
*A holiday village—rent a chalet like these.*



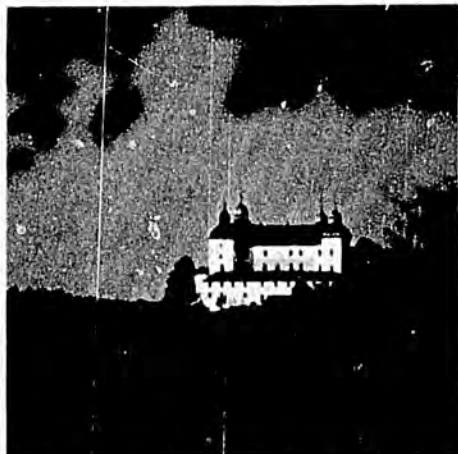
Here is where you can see the crane dance. The time to go is the middle of April; the place, Hornborgasjön. The countryside boasts many rare wild flowers; the lakes are full of fish; and you're almost sure to see



moose if you're in the Hunneberg region (to the west, near Lake Vänern). It has Sweden's densest moose population. Feeling active? Billingeus, at Skövde, is a splendid up-to-date physical-fitness-centre-cum-hotel; tennis courts, a top-class pool, gymnasium, slalom-slopes and artificial rinks in winter. The new



hotel at Hjo, with its annexes—authentic turn-of-the-century villas—is another superb centre for an active, healthy holiday. Excursions? Trollhättan—with its waterfall, canal, and intriguing lock-system; Läckö, a mediæval castle by the shores of Lake Vänern; and Borås with one of Sweden's finest zoos, where you can see African big game roaming completely at liberty in beautiful



*Läckö Castle. Of mediæval origin it was rebuilt in the 17th century.*

parkland. Not far from Borås is another mediæval castle, Torpa, where many exhibitions are held each summer. And if all this doesn't make your mouth water, the



strawberries will. Come in July, and try them—they're a Västergötland speciality.



*This is strictly for experts—but you can learn to be one here, at Ulricehamn.*

## Dalsland

Drive north from Gothenburg, and you come to the little province of Dalsland. Little, yes; but many think it's one of the most interesting in Sweden. It combines the feeling of spaciousness, the undisturbed nature of the North, with the smiling countryside of Southern Sweden. Biologists and geologists come to study its special combination of flora, fauna and types of countryside. But Dalsland isn't just for people who have special interests. You'll be



*Rowing's great fun.*

enchanted by its forests, lakes, and waterways. The fishing's out of this



*Here you can charter a motor boat or a canoe and/or rent a solitary summer cottage.*



world. And boating enthusiasts regard Dalsland as one of the places for canoeing, rowing, and sailing. You must experience the Dalsland Canal—Roger Pilkington, the English canal expert, reckons it's one of the prettiest in the world. It connects Lake Vänern with the Norwegian canal and lake system, and eventually the North Sea. Take one of the



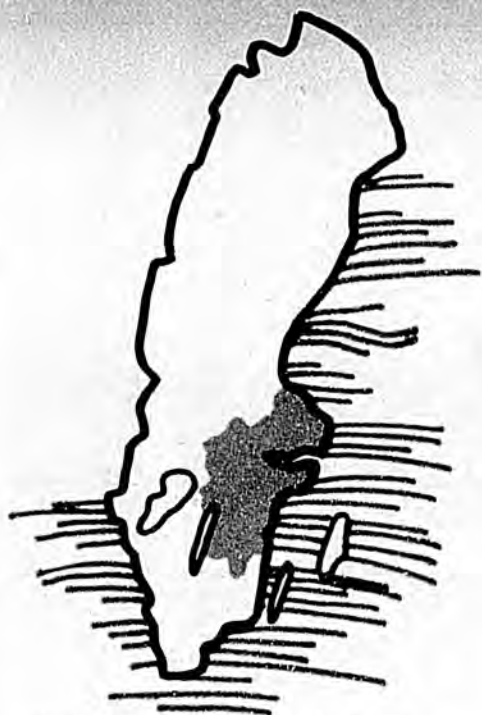
beautiful passenger boats. Or if you like walking, go to Kroppefjäll; a remarkable nature reserve; stroll along one of the marked paths, and discover nature as it used to be—untouched, and indescribably lovely.



Please don't leave litter. Sweden's spacious countryside and crystal clear waters are open for all to enjoy—all the "thank you" we ask is that you'll help them to keep their beauty.

# Regions and Stockholm





Lake Vättern and Lake Mälaren—both so big you could call them inland seas; a countryside that embraces ancient hills, rich farmlands, cool forests of pine and birches; an archipelago of some 24,000 islands, perhaps the most beautiful in the world; and of course, the great city, Stockholm. If you wish to blend the pleasures of big city life with the calm of the country, here is your holiday.

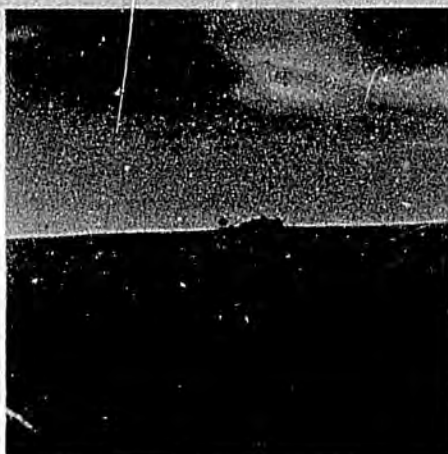
## Östergötland

Turn off the E 4, and discover a delightful province: Östergötland, with its enchanting inland waterway, the Göta Canal. The landscape is



typical of Central Sweden; fertile farmlands, unspoilt forests, and the rocky shores of Vättern and the Baltic. Like so much of Sweden.

Östergötland is a fine place for an active holiday. Go to Vadstena, on Vättern's shore. The town breathes history—incidentally, it was the home of Sweden's patron saint, St. Bridget. You can still see the Blue Church and the remains of her mediaeval monastery. A great place for a day out is Kolmården Zoo, where the animals roam free. A special attraction for the children: dolphins. What else



*A field of rape seed—used for making margarine.*



*In July a 17th-century opera is performed in Vadstena Castle by the International Vadstena Academy.*

to do? Fishing, of course, both inland and in the archipelago; or take an idyllic trip on the Göta or Kinda Canal. Hungry? Try char, fresh from Lake Vättern. Delicious!



*No wonder they made such a big catch. They're professionals!*

## Örebro county and the Bergslagen region

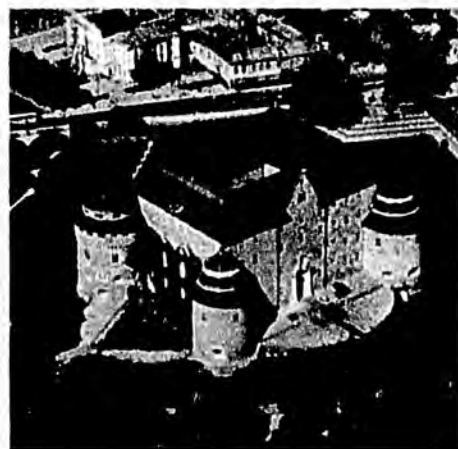
Pack your fishing gear. Just a few hours drive from Stockholm or Gothenburg will take you to the thousand lakes of Örebro county. And the countryside's superb; fruitful lowlands to the south;

tremendous forests in the north, and rugged mountains, dotted with picturesque old huts.

In the Bergslagen district, jasper, amethyst and other semiprecious stones are to be had for the searching. Some superoptimists even pan for gold. You never know your luck! A spectacular attraction is Svea Falls near Degerfors—huge blocks of stone and gigantic holes carved out by a tremendous mass of water some ten thousand years ago. No water roars to-day, but the falls were once three times the size of Niagara.



Örebro county has many romantic lakes. In the depths of the great forest of Tiveden lies beautiful little Lake Fagertärn, famed for its red water-lilies.



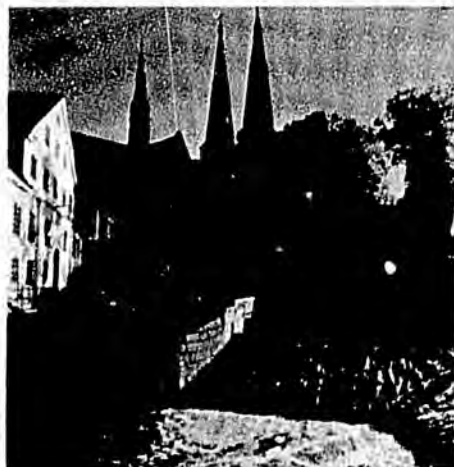
Capital of the region is the town of Örebro, with its beautiful castle, and the reconstructed old town of Wadköping.



*An old-fashioned store in Wadköping.*

## The country around Lake Mälaren

Mälaren. Few lakes have more islands; none is surrounded by such a variety of glorious landscapes. To the north, there's Uppland; rich farming country, and rich in history, too. To the north west, Västmanland. Hills, woods, clear sparkling lakes; and to the south, Södermanland—gentle, yet romantic countryside.



Let's go first to Uppsala. A great cathedral; a university dating back to 1477; a university library with 28,000 handwritten manuscripts, including the famous Silver Bible, plunder from



the Thirty Years' War; the Linnaeus' gardens. Uppsala positively reeks history. Just outside the city is "Gamla Uppsala" (Old Uppsala), and some mysterious burial mounds. Legend has it they were raised in the 6th century, for three kings. Charming features of Uppland's countryside are the hundreds of red-painted soldier's cottages, relics of a more war-like past; rune stones and quiet country churches, many with superb murals dating from the 15th century. For an excursion, go to Sigtuna, founded in the early 11th century as a centre for Christian missionaries. Fishing? Try for salmon and sea trout by the imposing water falls at Älvkarleby, just off the E 4. If you're interested in hydroelectric plants, take a look at the working models in the power station.



Drive west, and you come to Västmanland—glittering little lakes and mighty forests. Visit Strömsholm, with its canal and castle (one of the many in the region). Strömsholm Castle is now an international riding centre.



There's also an interesting mediæval town, Arboga. A good place to stay is Västerås, right on the shores of Mälaren, and ideally situated for excursions. Two interesting features; the town gets its hot water and heating from one central plant with just one chimney; and the centre of town is traffic-free. No wonder Västerås is so clean and fresh.



In Sala Silver Mine, 180 ft below the surface. The Mine Museum and a partly excavated 16th-century mining village are both eminently worth a visit.

Södermanland, the third Mälaren province, is characterized by its romantic birch groves and splendid manor houses. You shouldn't forget to visit the royal castle, Gripsholm, at Mariefred. For a wonderful day out you take the boat from Stockholm,



and complete the journey on an old railway—the carriages, the guards, the station are all just as they were at



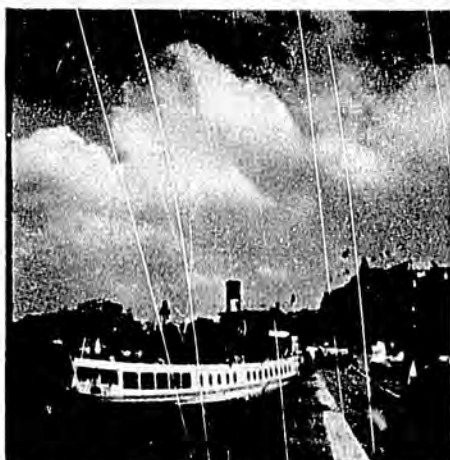
the turn of the century. Eskilstuna, on the E 3, has some fine old smithies, and a well-kept zoo. Nyköping, on the E 4, boasts an impressive fortress and art museum, Nyköpingshus. If you just want to relax, laze in the archipelago—and enjoy the clear water, the fresh air, and the marvellous feeling of space that Sweden gives you.



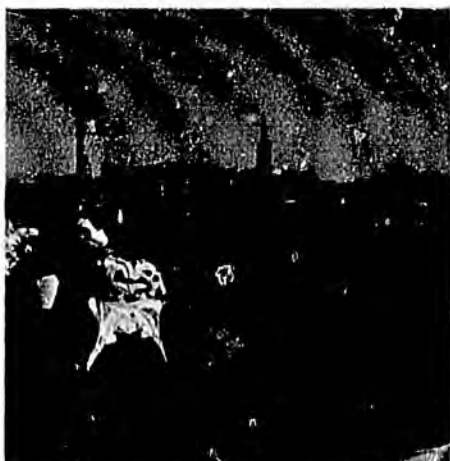
Strängnäs is an idyllic small town on Lake Mälaren and the cathedral is one of Sweden's most beautiful.

# Stockholm - the city on the water

Sweden's capital—but unlike any capital you've ever seen. For a start there's the matchless archipelago. More than 24,000 islands, where you can swim, boat, fish, waterski within a few minutes from the centre.



And Stockholm, the city! Built on 14 islands, connected by tunnels and bridges, it is both a glimpse into the future and a rich memory of a baroque past. In the Old Town you will find cellars that date back to the Middle Ages, where you can sample such specialities as "gravlax", (pickled salmon with a special mustard sauce), or "strömming" (small herring, one of the Swede's staple foods). The meat dishes are excellent, too! Or enjoy a smörgåsbord and a spectacular view in one of Stockholm's many luxurious restaurants.



From mid-May to late September there are performances of 18th-century ballet and opera two, three or four times a week at the Drottningholm Court Theatre.

Visit the "Wasa", the 17th-century flagship of the Swedish fleet, salvaged, and now housed in her own museum. Stroll round Skansen, an open-air museum of Swedish life and customs through the centuries. Go by boat to Drottningholm. This, the court theatre, built in 1766, possesses the oldest stage machinery in the world. It's still functioning. And the original sets are still used during the famous summer season performances.

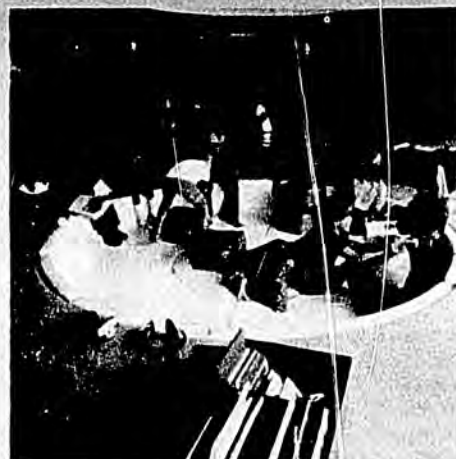


This is the city's oldest square, Stortorget, in the Old Town.



Beer and traditional jazz at "Stampen"—one of the many pubs in town.

As for shopping, entertainments, nightlife, cultural activities—they're what you'd expect from one of the world's great capitals. Tops!



Leave the kids to play at the "Kulturhus".



You can swim right in the centre of the town.



Tourist pilots will guide you through the town.

Please don't, when in Stockholm, or in any other town, cross the street when the little man on the traffic lights is red. You may be fined.

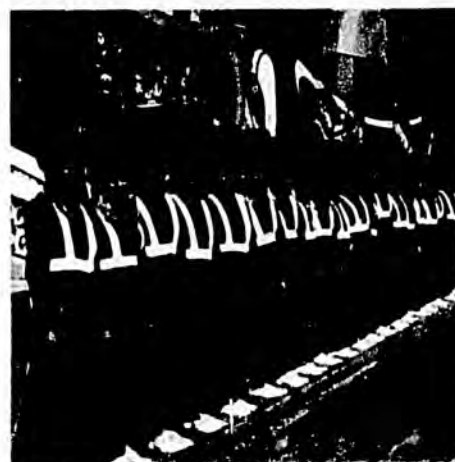




E 4. Gävle, a thriving port, has an interesting old town—narrow streets of red and white cottages.



Gävle's forestry museum "Silvanum" is the only one of its kind in Europe. Another sight is the State Railway Museum, housing some 60 historic locomotives and coaches.



At Furuvik just outside Gävle—a marvellous band to add to the fun.

Taking the children? The amusement park at Furuvik offers a splendid day out. In summer, join in the fun



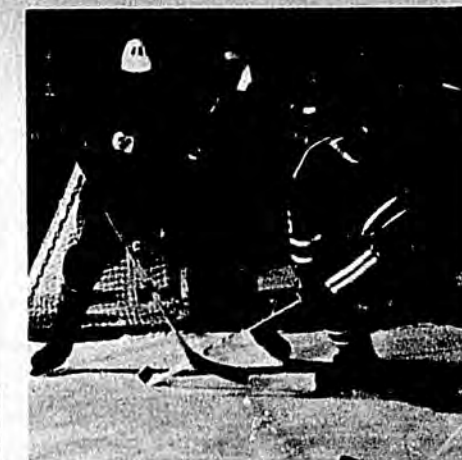
of the many folk festivals—singing, dancing, music and a real party atmosphere. The Hälsinge Hambo is a chapter to itself. More than 900 couples in national costume dance up the beautiful Ljusnan valley, from Härja at Kilafors to Järvsö—a hambo championship! Usually on the second Saturday in July.



north from Stockholm. Reckon about 2 1/2 hours for the journey to Gästrikland. The fishing and bathing are first class—and if you're feeling energetic, the region boasts fine "keep-fit" centres—particular in Hemlingby, near Gävle, just off the



## Sweden's folklore regions.

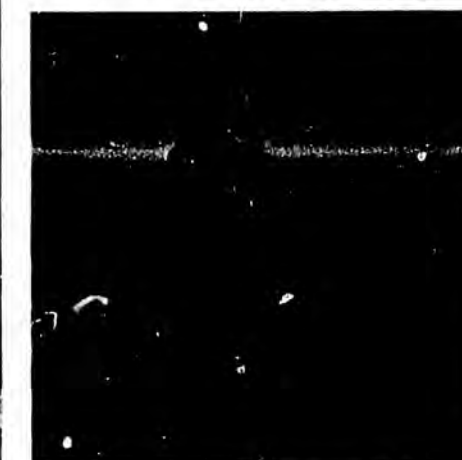


Sweden's most popular winter sport.

Or why not come in winter for a change? Gästrikland and Hälsingland are rapidly becoming known for their fine wintersport facilities.



Come in winter, and enjoy superb skiing.



If you're lucky, you'll see a moose.



In Gävle, you can rent a bike—a great way of getting around.

# Värmland

Just 2 1/2 hours drive from Gothenburg (a similar distance from Oslo) and you're in Värmland; such



a complete contrast to modern city life, you might be thousands of miles away. More than 2,500 lakes and rivers, green valleys and high mountains will make you rub your eyes in disbelief that nature can still be so undisturbed. Lake Vänern, where you



can find your own private shore, and the spectacular, meandering valley of the Fryken lakes and Klarälven river are perhaps the best known natural wonders in a legendary landscape.



You can hire a roomy cabin cruiser and explore the romantic waterways of Värmland.



*This ship at Jössefors is reconstructed, but the area's full of genuine Viking remains.*



But the people are as important as their land. It's fair to say that in almost every little village there are people still practising their traditional handicrafts, like pottery, metalwork, woodcarving. Special things to do?



*Here's Preben Mortensen and his wife. More than 135 canoes for hire, special canoeing holidays, and 600 miles of water to explore.*

Go canoeing (Värmland is Europe's number one canoe centre). Your guide could be Preben Mortensen, trapper, backwoodsman, and inspiration behind Värmland's unique canoeing facilities. Visit the little village of



*At Brunskog they still bake bread the old way. Scrumptious!*

Brunskog, where every year, for a week in July, the old ways of living are revived. There are many fine manor houses (you can even holiday in some). If you're interested in churches, Södra Råda has a unique mediæval church with remarkable paintings. For a day out, the park at Rottneros is ideal, with an internationally famous collection of sculptures, as well as matchless grounds.

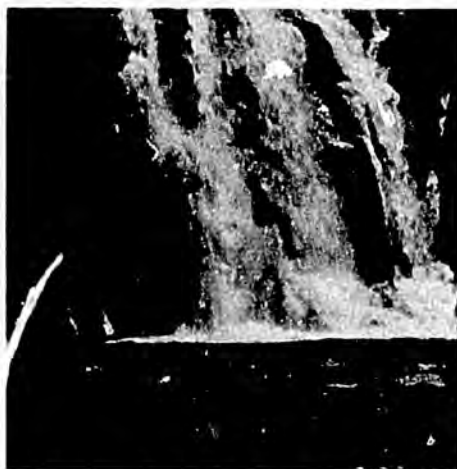


*Rottneros Manor, the original of "Ekeby" in "The Story of Gösta Berling" receives more visitors than almost any other stately home in Sweden.*

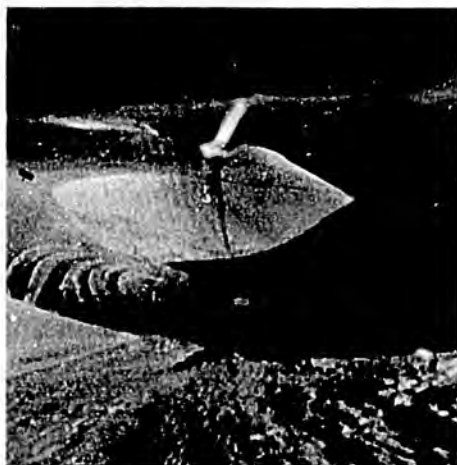


# Dalarna

Dalarna means "The Valleys"—but to the Swedes, and anyone who's been there it means an idyll. And if anything, that's an understatement. The countryside ranges from



gentle woods, fields, lakes, to the mountains of North Dalarna, where bears still roam. The mountains



make it an ideal winter sports centre—in fact Dalarna was chosen for the world skiing championships in 1974. Here, too, the annual Vasa Ski-Race



is run—10,000 entrants!—on the first Sunday in March, the world's longest! In Dalarna every parish has its own folk-costumes, which also vary at specific times in the church year. During summer, people dance through the twilight night to the centuries-old

music of the Dalecarlian fiddlers. On certain Sundays and at Midsummer people still row to church across Lake Siljan in the old church boats, direct descendants of the Viking longships. They even hold churchboat races! Up in the mountains, where people formerly drove their cattle in the summer, there are still some old dairy farms ("fäbodars") in use. Here, you can see something of Dalecarlian peasant life, and buy typical products such as the tasty "tunnbröd" or thin bread. If you fancy yourself as a musician, join in the fun of Siljan Week, in July, where you might have the chance of borrowing an



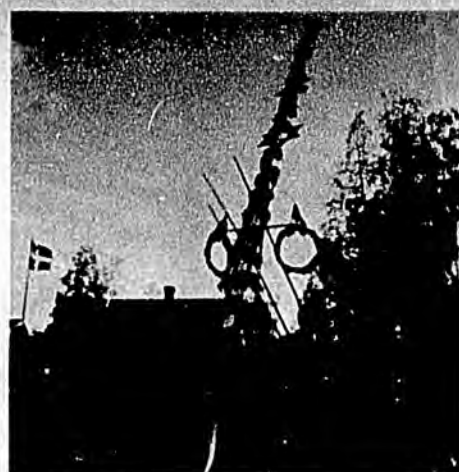
*The original charter of Stora Kopparberg—the oldest limited company in the world.*

instrument and taking part in the festivities. If you've got business interests, the Stora Kopparberg company at Falun is the world's oldest limited company; there is a



*The joys of a truly open road—and so many places to camp in!*

mine museum, and the copper mine itself is open to tourists. Accommodation? Dalarna, like Värmland, has fine hotels, small pensions, camp-sites, summer cottages, youth hostels. Something for every taste and pocket.



*When the Midsummer pole is up, then the fun starts.*



*A Midsummer marriage. With all the traditional trimmings.*

P.S.

If you can, do try to be in Dalarna at Midsummer; go to one of the many small villages where they arrange spectacular festivities—some say the best in Sweden.



*The Dala Horse—hand-carved and hand-painted in Dalarna—and nowhere else!*

Please don't throw lighted cigarette ends out of your car window. The Swedish summer is warm and dry, and the danger of the forest fires very great. Timber is too valuable and beautiful to lose through carelessness!

# The North and Lapland.





Imagine the size of this huge area—bigger than Western Germany! Mountains, forests, lakes, bear, wolverine, moose, lemmings, reindeer, foxes; hiking, swimming, fishing, hunting; unpolluted air and water; a 420-mile long coastline; a summer climate where the temperature is often 24°C (75°F) or more; and of course, the Midnight Sun. No night-lights needed! How to get there? Excellent plane and train services from Stockholm and Gothenburg. Or by car—it takes time, but it's worth it. Accommodation? Good and inexpensive hotels. Youth hostels. Or bring your own. This is real camping country! If you want a holiday away from the crowds, a holiday that is, for once, genuinely different, come North!

## Jämtland and Härjedalen

Only one town, Östersund; but few regions are better equipped to take good care of you—particularly if you've a bent for the outdoor life! Stay at a summer cottage, or one of



The panorama (left) is of the Vista Delta in Northern Lapland, between Kiruna and Mt. Kebnekaise.

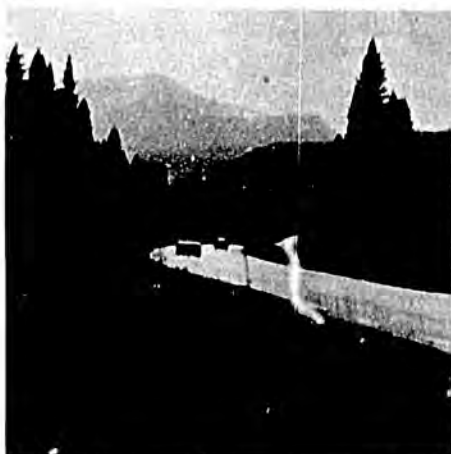


Never mind the snow—the pool's heated!

the many fine tourist hotels. Keep-fit enthusiasts will appreciate their hiking excursions, and their sauna baths even more. Go game-fishing by a waterfall, with a towering mountain as a backdrop. In September, you can hunt for moose—several hotels arrange special safaris. In winter, there's fine winter sporting. The Alpine skiing—and après-ski—



at Åre is reckoned to be among the best in Scandinavia—some say in Europe. What to eat? (The air makes you hungry.) Fresh fish, of course; salmon, trout, pike, perch—even tastier if you've caught them yourself! Bringing your car? Good! Then you'll see at first hand how splendid



the roads are, both in summer and winter. Unharrassed and uncrowded motoring—through sheer, stupefying scenic grandeur.



Doing as the Swedes do. Keeping fit!



Up here, there are so many ways of having a great day out.



Farmers used to spend the summer in cottages like these. The children were absolutely fascinated.



There's lots of good walking country—and not too difficult for the children.

## The north coast and Västernorrland

If you have any doubts about swimming just below the Arctic circle, dismiss them. It's often warmer than Southern Sweden (and that's often very warm).



*Breath-taking scenery in Västernorrland.*

You've rocks, sandy beaches; the romantic archipelago near Luleå; in all, 420 miles of coastline, with



*At several places along the coast there are lovely bathing places.*

the E 4. Following it from Sundsvall to Haparanda. At Piteå, way up north there's a beach that would stand comparison with any riviera anywhere.



*First catch your fish, then eat it.*

And of course, the sun, at midnight, as you swim from some secluded beach, belonging to you alone.



Great sea-fishing; and inland fishing too, for that matter. In Sollefteå, Västernorrland, you can even catch fish in the middle of the town! Places to go? Things to see? Sundsvall, delightfully situated between two high hills, each offering impressive views. Museum; Alnö Old Church, late 12th century; tumuli at Högom; Spikarna and Löran fishing villages. In Timrå Bergelöfsen salmon nurseries. Herring being cured at Ulvöhamn, an acquired taste, but worth acquiring. The city of Umeå — birches, wooden



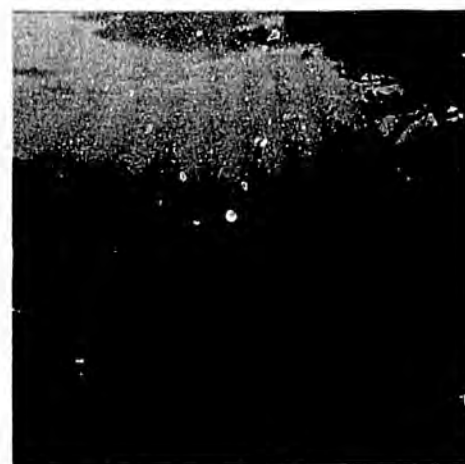
Ulvöhamn—how can they have a sour herring industry in such an idyllic spot? houses, and the world's most northerly university. Try its restaurant; inexpensive, and open to everybody. At Lövånger—by way E 4, 30 m. S. of Skellefteå, is an old "church town" of 122 red timber chalets, once used by churchgoers who came from far afield at church festivals. Some date from the 17th century and may today be rented by tourists—the largest and most unusual chalet village in Sweden! Don't forget to travel inland a little; valleys, forests, mighty rivers—and good roads to put all this beauty within easy reach. Make a visit to Torvsjö on the lovely "Saga Route" between Åsele and Vilhelmina. Torvsjö is an old village whose handy villagers have restored some century-old watermill machinery. You can see how milling, treshing, ironsmithery, crop-drying and knife-grinding were all done by water-power,

## Lapland, Europe's last wilderness

Did you know that Lapland has the world's largest town in terms of area? That's Kiruna, where the iron



comes from, and it's more than 7,500 square miles. The Lapps, or "samer" as they're called in Sweden, are Europe's oldest people, many of them still making their living by herding reindeer. If you're lucky, you may even see a Lapp wedding. If you want a comprehensive picture of the Lapp way of life, their costumes, their language, their culture, go to one of the fine museums in Luleå, Jokkmokk, or Arjeplog.



*Would you believe it's 11 pm!*

If you're here in June and July, buy a postcard and write your greetings in the brightness of the midnight sun! Up here, you can play



*Some camping sites even have minigolf!*

golf, or fish, the night through, if you feel like it—all the time's day-time! For Sw. cr. 50 you can buy a fishing card ("Turfske Nord") entitling you to fishing in 750 lakes and 600 miles of streams or rivers.



*The best time for hiking in the Swedish highlands is from the beginning of July to the beginning of September.*

It is valid for 3 weeks for the whole family (father, mother and children under 16). Perch, pike, grayling and



*Many hotels specialize in more home-like comforts. You relax in front of a crackling fire, grill sausages, hear some music or join in the singing.*

trout all await the angler on holiday. But above all, perhaps, Lapland is nature. Pure nature, unspoilt by man, or machine, with a unique, and age-old plant and animal life.



*Where else but in Lapland would you find reindeer in a post office?*



*Penetrating ever deeper into the fell country you take the boat. It goes daily from late June to early September between Ritjenjokk and Vaisaluokta.*

Lapland is best explored on foot. The "Royal Trail", starting at Abisko, takes you through 135 miles of this mountain world to Kvikkjokk. Overnight huts lie at distances of 9—15 miles along this well-marked trail. Hikers without experience from earlier tours can join



*This is "pimpling"—a favourite winter sport. But don't sit on the ice too long!*



*This is "Gammelstad"—Old Town. Beautifully preserved red and white wooden houses, and a remarkable church.*



*From end of June until mid-July you can enjoy skiing at Riksgränsen summer ski-school—sometimes in the light of the midnight sun.*

one of the many guided hiking excursions arranged by the Swedish Touring Club (STF). Europe's last wilderness... yes; but maybe a tiny bit misleading if you consider the excellent—and beautiful—roads and resort hotels. If you've got plenty of time at your disposal, the drive up from Gothenburg is breathtaking. Allow at least three days. Otherwise Lapland is easily reached by train or air. Do ask for Lapland specialities—thin bread, and reindeer steak; marvellous! And be sure to take some Lapp handicrafts home with you—a lasting souvenir. One other thing. You may get back so tanned, your friends won't believe you've been so far north. Buy a certificate that proves you've crossed the Arctic circle. That'll show them!



*Crossing the Arctic circle. And there's a certificate to prove you've been there.*

Please don't forget to calculate distances and location of service stations in your route map before setting off for the day. The North is huge, don't underestimate it!

# How to go to Sweden.



## By sea

Whether travelling from Great Britain or the Continent you can enjoy a relaxing journey by sea to Sweden. The ships are very comfortable, and the food excellent—and reasonably priced!

The car must be at the quay at least 1 hour before sailing.  
Combined travel arrangements exist on many routes.

### FROM GREAT BRITAIN

**London/Tilbury—Gothenburg** (36 hrs)  
Swedish Lloyd

Three sailings per fortnight in each direction; during June—August more frequent sailings.

**Immingham—Gothenburg** (22—25 hrs)

Tor Line

One sailing a week in each direction, June—August.

**Felixstowe—Gothenburg** (23½ hrs)

Tor Line

Three sailings a week in each direction.

**Other pleasant seaways to Sweden via Denmark and Germany:**

**Harwich—Esbjerg** (18 hrs)

DFDS (United Steamship Co.)

Daily sailings.

**Newcastle—Esbjerg** (19½ hrs)

DFDS (United Steamship Co.)

Two sailings per week in each direction, end May—Sep.

**Harwich—Bremerhaven** (16 hrs)

Prins Ferries (Lion Ferry AB)

One sailing daily in each direction.

**Harwich—Hamburg** (20 hrs)

Prins Ferries (Lion Ferry AB)

One sailing daily in each direction.

### FROM DENMARK

Frequent daily sailings on the following routes:

**Frederikshavn—Gothenburg** (3 hrs)

Sessanlinjen and Stena Line

**Grenå—Varberg** (4½ hrs)

Lion Ferry AB

**Copenhagen (Tuborg)—Larsskrova**

SL-Ferries (1 hr 10 min)

**Copenhagen—Malmö** (1 hr 40 min)

Öresundsbolaget/DSØ (Dampskibsselskabet Øresund AS)

**Copenhagen—Malmö**

Öresundsbolaget

Hydrofoils (40 min)

**Dragør—Limhamn** (50 min)

Öresundsbolaget/DSØ (Dampskibsselskabet Øresund AS)

**Helsingør—Helsingborg** (25 min)

DSB/SJ/LB-Ferries

(Danish Railways/Swedish Railways/Linjebyss)

### FROM GERMANY

**Kiel—Gothenburg** (13 hrs)

Stena Line

One sailing daily in each direction.

June—Aug: Four additional sailings per week.

**Travemünde—Gothenburg** (13 hrs)

Sessanlinjen

Three sailings a week in each direction.

**Travemünde—Helsingborg** (10½ hrs)

Lion Ferry AB

One sailing every evening in each direction with free bus transfer Malmö—Helsingborg and vice versa for morning sailings from and to Malmö.

**Travemünde—Trelleborg** (7½ hrs)

TT-Line

2—3 sailings daily in each direction.

**Travemünde—Malmö** (8 hrs)

Lion Ferry AB

Two sailings daily in each direction.

**Travemünde—Nynäshamn** (25 hrs)

Finnlines

6—7 sailings monthly in each direction.

**Travemünde—Slite/Gotland** (22 hrs)

Finnlines

6—7 sailings monthly in each direction, June—August.

**Travemünde—Gedser/Denmark** (3 hrs)

GT-Line

4—5 sailings daily in each direction.

There are frequent ferry-services between Finland and Sweden i.e. between Helsinki and Stockholm and Turku and Stockholm.

### SWEDISH TOURIST BOARD

Box 7306, S - 103 85 Stockholm 7, Sweden

Representatives abroad:

Sveriges Turistbureau

Vester Farimagsgade 1, mezz.

DK - 1606 København V

Denmark

Swedish National Tourist Office

Swedish Embassy, 23, North Row

London W1R 2DN

England

Sveriges Turistbyrå/Ruotsin Matkailutoimisto

Alexandersgatan 40

SF - 001 00 Helsinki 10

Finland

Office du Tourisme Suédois

11, Rue Payenne

P - 75003 Paris

France

Zweeds Informatiebureau

Noorderstraat 7-9

Amsterdam

Holland

Ufficio Informazioni Turistiche

Ambasciata di Svezia

Piazza Rio de Janeiro 3

I - 001 61 Roma

Italy

Sveriges Turistbyrå

Fr. Mamsens Plass 8

N - Oslo 1

Norway

Schweizerische Touristik-Information

Wienstrasse 9

CH - 8034 Zurich

Switzerland

Swedish National Tourist Office

75, Rockefeller Plaza

New York, N.Y. 100 19

United States

Scandinavian National Tourist Offices

3600 Wilshire Boulevard

Los Angeles, CA 900 10

United States

Schweizerische Touristik-Information

Glockengieserwall 2-4

D - 2000 Hamburg 1

West Germany



## By air

There are direct international flights to Stockholm, Gothenburg, Malmö, Norrköping, Jönköping, Växjö and Västerås — as well as a comprehensive domestic network stretching from the southern tip of Sweden to far above the Arctic Circle. Stockholm's international airport is Arlanda 25 miles/41 kilometres north of the capital. Bus connections with the air terminal at Vasagatan take about 45 minutes.

There are direct flights from London to Stockholm (2 hrs 20 min), to Gothenburg (1 hr 45 min) and via Copenhagen to Malmö (3 hrs). Via Copenhagen you reach Stockholm from Dublin in approx. 5 hours, from Glasgow in 4 hours and from Manchester in 3 hrs 45 min. SAS has regular flights to Stockholm from Anchorage (11 hrs), Chicago (11 hrs), Los Angeles (13 hrs), New York (9½ hrs), Montreal (9 hrs) and Seattle (11½ hrs), from Buenos Aires (22 hrs), Port of Spain (15 hrs) and from Santiago de Chile (25 hrs). From Sidney, Australia, the flight time to Stockholm is approx. 32 hours, from Hong Kong 18 hours, Delhi 13 hours, Manila 26 hours and Bangkok 15½ hours.



## By rail

Travelers from the U.K. who prefer a shorter crossing can travel either via London (Liverpool St)—Harwich—Hook of Holland or via London (Victoria)—Dover—Ostend. Both ports have rail connections to Sweden via Copenhagen (Hook of Holland—Stockholm by train 22—25 hours, Ostend—Gothenburg 22—23 hours). Malmö—Stockholm by train takes 6—7 hours, Malmö—Gothenburg 3½—4 hours and Gothenburg—Stockholm 4—5 hours.

**Inter-Rail** is a railpass valid for youths up to 23. This railpass entitles the holder to unlimited travel by rail 2nd class for one month in Sweden and 20 other European countries. The railpass has to be bought in your home country. For travelling within your own country you get 50 % reduction on your railtickets.

# How to travel in Sweden.



## By air

SAS and the associated carrier LIN operate an extensive network covering 26 airports with connections to some 150 major cities and towns throughout the country. A flight e.g. Stockholm—Kiruna (situated above the Arctic Circle) takes 2 hrs 25 min. Stockholm has two airports. The majority of domestic flights depart from Bromma airport (7 miles/11 kilometres west of the city centre).

Taxi flights can be booked at many airports. For further information about SAS/LIN services please consult your travel agent or the nearest airline office.



## By bus

A cheap and comfortable way of travel is by express bus, providing fast connections between important towns in southern and central Sweden and between Stockholm and the coastal towns in northern Sweden. Fares are considerably cheaper than by train or air. A return ticket Stockholm—Gothenburg costs Sw.cr. 95. A Post Office bus service operates in northernmost Sweden. These coaches, which deliver mail in outlying parts, also take passengers and are modern and comfortable. There are also numerous package tours by coach through different parts of Sweden.



## By car

When entering Sweden with a car you must have the following documents in your possession:

1. Passport or other identification papers.
  2. National driving licence.
  3. National registration certificate.
  4. Nationality plate.
- Internationally valid insurance, "Green Card" is not compulsory but recommended.

Sweden drives on the right hand side of the road. There are speed limits on all roads and maximum speed limits are indicated by road signs.

The driver and the passenger in the front seat are obliged by law to use seat belts.

If your car has asymmetrical headlights it is recommended to have them set for use in right-hand traffic.

The Swedish traffic safety organization recommends half-lights, instead of parking-lights, both when driving in darkness in lightly built up areas, and when driving by daylight, not just when the visibility is bad!

It is recommended to fit a windscreen spray and flaps behind your rear wheels, to protect yourself when being overtaken and others when overtaking.

Petrol vouchers do not exist in Sweden. At self-service petrol stations, a litre of regular petrol costs approx. Sw.cr. 1,50, premium Sw.cr. 1,60—1,70.

Many stations have banknote operated dispensers taking 10-kronor notes. Diesel oil costs approx. Sw.cr. 0,70 per liter.

Sweden has an excellent trunk road system with many stretches of motorway and many more are under construction. The roads are well sign-posted. There are good service facilities en route.

It is forbidden to park at the side of main roads, but there are plenty of special parking places, often regular lay-bys, where you can picnic or, at the larger ones, buy refreshments at a kiosk.

Be careful when parking your car in towns and cities. The prohibition sign is found either in miniature placed on a house-wall, or placed on a post. Parking fines are high in Sweden, rarely under Sw.cr. 50.

**Please don't drive after drinking.** Sweden's laws are very strict.



## By rail

Swedish trains are very comfortable. There are various combinations of 1st and 2nd class carriages, both pullman style and with compartments. The majority of trains are electric. On long-distance trains there is usually a buffet car. No smoking in the buffet car. A journey by express train from Gothenburg to Stockholm, 283 miles/456 km, takes 4 hours and costs approx. Sw.cr. 130. Fares become proportionately cheaper the longer the journey. Over 62 miles/100 km a return ticket is some 15 % cheaper. There are a number of rebates applicable. On "expresståg" a seat ticket is necessary (Sw.cr. 5).

On longer journeys, couchette and sleeping car facilities are provided. Sleeper charges: Sw.cr. 32 in a 3-bed compartment, (2nd class), Sw.cr. 48 in a 2-bed, (1st class), and in 1st class single Sw.cr. 175. Couchettes in 2nd class are available on certain routes, e.g. Stockholm—Kiruna—Narvik (Norway). A couchette ticket costs Sw.cr. 17.

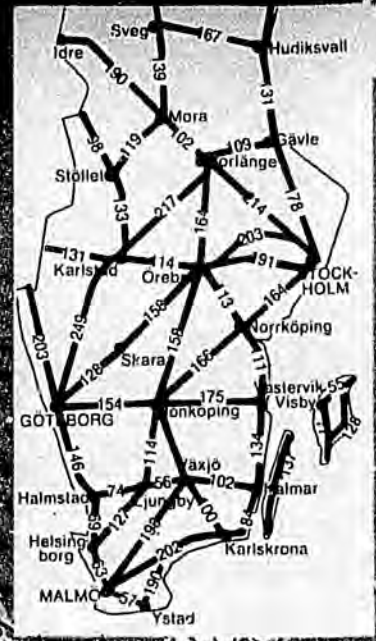
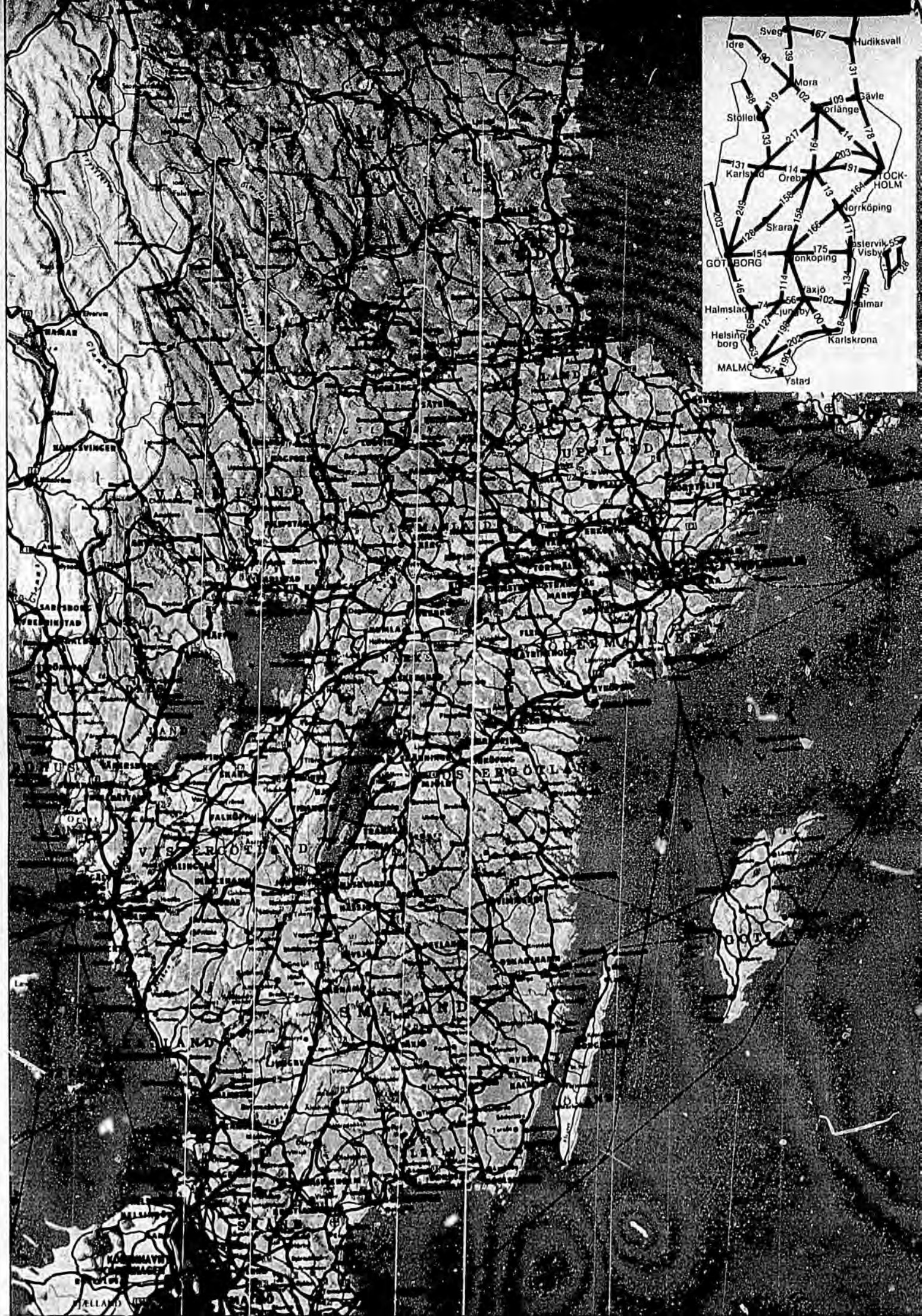


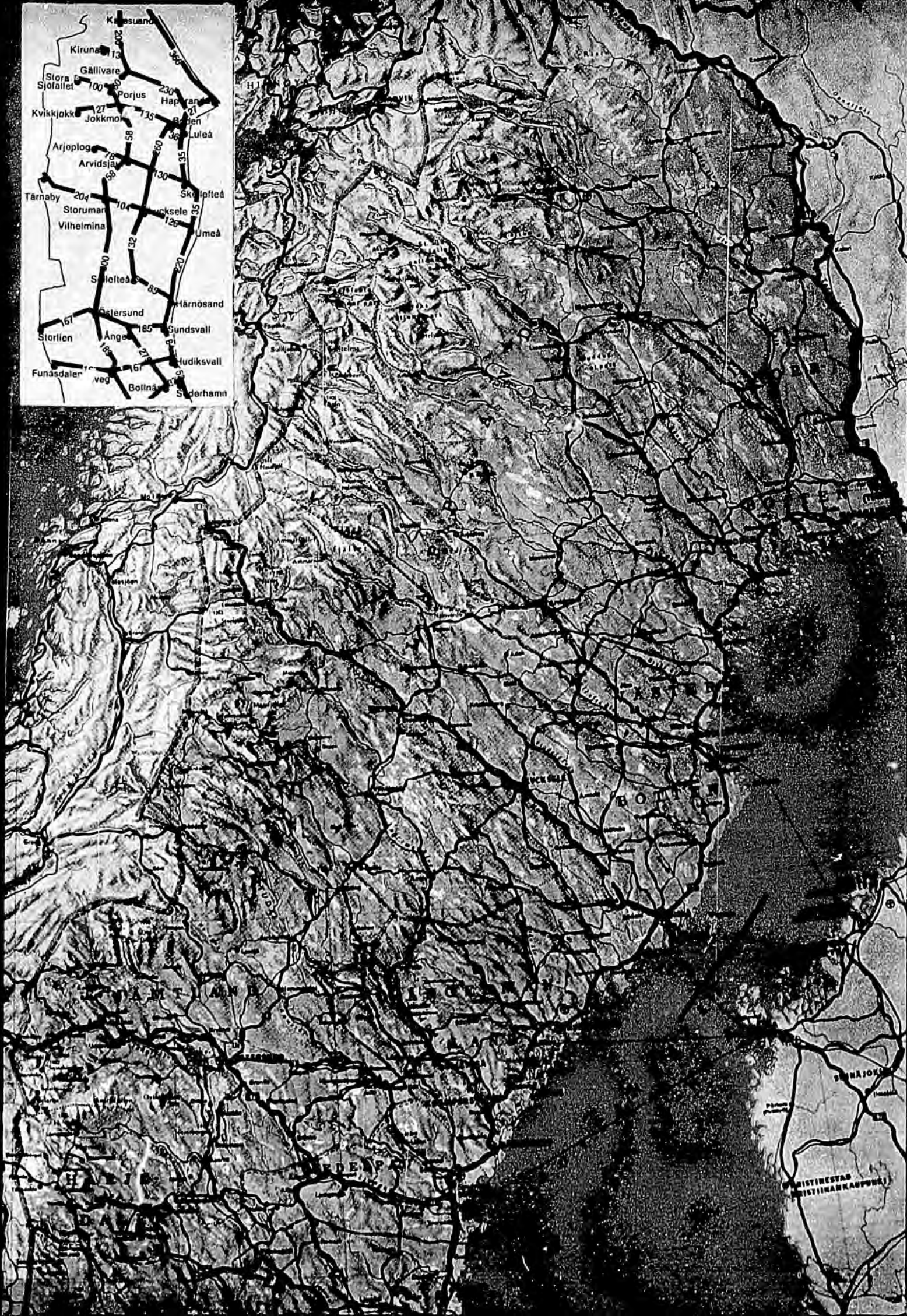
## By boat

Car ferries between the mainland and Gotland: Nynäshamn—Visby, Västervik—Visby, Oskarshamn—Visby.

Sea passage: 3 3/4—4 1/2 hrs. There is another connection between Grankullavik (Öland) and Klintehamn (Gotland), 2 1/2 hrs. Daily crossings June—August. Fares Sw.cr. 38—47. A classic tourist route is the Göta Canal, linking up the great lakes and archipelagoes of Central Sweden, with regular passenger traffic from mid-May to early September. From Stockholm to Gothenburg (or vice versa) takes 3 days. All meals and accommodation on board. Fares from Sw.cr. 550.

Typical of the Swedish coast are the great archipelagoes, with their thousands of little islands. Many of these are linked by regular boat services in summer (information from local tourist offices). Steamer trips can also be taken on certain of the larger inland lakes and waterways. Motor cruisers and yachts may be chartered by the week. Ask for detailed information.





# Where to stay.



## Hotels

Sweden has about 1700 hotels, of varying standard. Most are reasonably priced and suited to ordinary budgets, though of course some are in the luxury class. You should count on at least Sw.cr. 100 for a double room with bath or shower and toilet.

**SARA** of Sweden is the largest hotel & restaurant chain in Scandinavia with 40 hotels and 70 restaurants in major cities throughout Sweden and one hotel in Oslo, Norway. All the hotels and restaurants are centrally situated. Family rooms are available at reasonable rates. Children under 12 years are accommodated free when occupying the same room as their parents.

**SARA Hotel Cheques:** The rate is Sw.cr. 85 per person in two-bed room including breakfast. Children under 12 years are accommodated free of charge and have reduced breakfast price when occupying the same room as their parents. The cheques are valid daily throughout June, July and August and at weekends (Friday afternoon—Monday morning) the rest of the year. Cheques can be obtained through your Travel Agent. Further information from the Sales Dept., SARA, P.O.B. 21009, S-100 31 Stockholm.

**The Bonus Passport** is a Scandinavian hotel discount system, which gives an average discount of 20% at more than 60 hotels in Sweden, Denmark and Norway. The Bonus Passport costs approx Sw.cr. 65, a sum you will recoup after just a few nights use and is valid for an unlimited number of nights from 15 June to September 1977. The Bonus Passport applies for a maximum of two adults plus two children and can be purchased from your Travel Agent.

**Four-day stay in Stockholm for only Sw.cr. 155.** Three nights accommodation, three breakfasts and a 50 % reduction on admission charges to certain museums, to Skansen (outdoor museum) and Gröna Lund (funfair). (Booking through your Travel Agent or from Stockholm Tourist Association, Box 7172, S-103 84 Stockholm 7.)

**Modern one-room flats in student accommodation** in Stockholm and Lund, from June to August. From single room with shower and toilet, up to 3—4 bed rooms. Two-bed room: Sw.cr. 72—95, 3—4 bed room, per bed Sw.cr. 22—27.

## Resort hotels

These exist all over Sweden, usually in beautiful spots in the countryside, at seaside resorts or wintersport centres. Full or demi-pension are based on a 3-day stay. Full pension per person and day from Sw.cr. 80. At more exclusive hotels you must reckon on paying Sw.cr. 110—160. Reductions for children. Most of these hotels arrange excursions, activities, dancing and entertainment for their guests.

## Motor hotels and motels

A large number of motels and motor hotels of high standard are found along all major roads in Sweden. The motels are minor establishments usually with self-service restaurants of good standard. The motor hotels are major first-class hotels close to large cities with rooms of high standard. Prices vary but a double room with shower costs Sw.cr. 120—140. Family rooms (4 beds) about Sw.cr. 150.

**Esso Motor Hotel Cheques** cost approx. Sw.cr. 75 per double room and night incl. breakfast. Half price for children 4—11 years and free of charge for children under 4 years in their parents' room. The cheques are valid for the period May—September and weekends October—December at all 45 Esso Motor Hotels and Esso Motels in Sweden. (The cheques are not valid, however, at Gyllene Utern/Gränna). The cheques can be bought at your travel bureau.

Ask for a full price list of hotels from any office of the Swedish Tourist Board. For addresses, see p 26.



## Touring lodges and youth hostels

The Swedish Touring Club (Svenska Turistföreningen, STF) operates 190 comfortable and cheap hostels, known as "Vandrarhem", all over Sweden. Almost all have 4—6 bed family rooms, 80 have running h & c water in the rooms. Most are based on self-service in modern kitchens. But some offer full meal service. All you need to bring is your own linen, or else rent it. These Touring Club Lodges or Youth Hostels

are in fact open to anyone, irrespective of age. The price varies with the room standard, from Sw.cr. 14—18 per night per person. If you bring a membership card from your national youth hostel organization affiliated to the International Youth Hostel Federation (IYHF) or an International Guest Card or have an STF membership card you pay Sw.cr. 10—14 per bed and night. A youth hostel handbook is published annually by STF and by IYHF. Price approx. Sw.cr. 9 resp. 12.



## Camping sites

There are about 530 camping sites all over Sweden, approved by the Swedish National Camping Committee. They are usually open from 1 June to 1 September and marked by the above authorization sign. An approved camping site must be supervised daily and rubbish removed regularly. The sites are classified in three groups, from 1 to 3-star, 3-star being the best. Charges vary from Sw.cr. 5—15 per car and tent or caravan. An international camping carnet is often required or you buy a Swedish camping card at the first site you visit. Many sites have special parking for caravans, with electric sockets. Details of all approved sites in "Campingboken" (The Camping Book). Price Sw.cr. 12.

## Holiday chalets ("stugor")

During the high season it is usually difficult to book a cottage in Sweden. Peak season is mid-June until mid-August, and during winter in the mountain regions the Christmas/New Year period, mid-February until the first week of March (the Swedish schools' wintersport weeks) and Easter. During these periods the prices are also highest (approx. Sw.cr. 550—1200/week). In May and onto mid-June as from mid-August throughout September, however, you can easily rent a modern and well equipped cottage anywhere in Sweden. The off-peak charge for a cottage with four beds is Sw.cr. 350—650 per week.

If you fancy living on a Swedish farm, try "Bondgårdsemester". For approx. Sw.cr. 25 per person you get bed and breakfast. This kind of holiday accommodation, however, is also fairly limited.

# Where to eat.

Most Swedish hotels also have a restaurant. The largest of them have several dining rooms: e. g. a cafeteria for swift self-service at budget prices, and a more elegant dining room, with waiter service for guests who want to take their time and are prepared to pay more (from Sw.cr. 20 upwards for a lunch or dinner). "Dagens rätt" (Today's special) on the menu will save you some kronor. Self-serving restaurants ("Bar" or "Cafeteria") are found all over Sweden, many of them belonging to the same company. SARA of Sweden Hotel and Restaurant Group and ICA Restaurants have self-service restaurants in many towns, and the department stores, e.g. Epa, Domus, Tempo and Ahlén's, have very well-kept restaurants and cafeterias where you can get a good and substantial meal for Sw.cr. 11—15. Motorists will also find good places for

refreshments. Taverns and self-service establishments along the major roads provide snacks as well as lunch and evening meals. The largest are the Esso Taverns and "Tre Snäckor". Motor hotels and certain motels also have fully licensed restaurants.

Mealtimes in Sweden are usually: Breakfast from 7 or 8 a.m. to 10 a.m. Lunch from 11.30 a.m. to 3 p.m. Dinner from 5 p.m. onward (but in hotels and better restaurants not after 8 p.m., when only "supper" is served, a meal which is less substantial, but because of overtime rates, is apt to be expensive). Breakfast is usually not included in the hotel room price. For a continental breakfast you should reckon with Sw.cr. 8—12. Most hotel restaurants and resort hotels are fully licensed. Wine and spirits are served from noon on weekdays and

1 p.m. on Sundays. Some restaurants and hotels are only licensed to serve either beer or beer and wine. Beer is available in different strengths. The usual Swedish beer costs in a restaurant Sw.cr. 4—6 for 33 centilitres (cl.). Strong or so-called export beer costs Sw.cr. 6—7 for the same quantity. The weakest beer is "lättöl", 1,8 % alcohol content. It is, of course, less expensive, but nevertheless, drinkable if you are warm and thirsty. There is a wide range of imported red and white wines. Many restaurants serve wine by the carafe: Sw.cr. 15—25. When ordering a Swedish snaps or other spirits, specify how much you want. Spirits are served in quantities of 2 cl., 4 cl. or 6 cl. Snaps is only taken with the hors d'oeuvres or the "smörgåsbord". In a restaurant a snaps (4 cl.) costs Sw.cr. 8—12.

## Some things you should know.

### Passport and visas

A valid passport entitles you to a stay up to three months in Sweden. A visa is usually not required.

### Customs

You may bring in, duty free, 200 cigarettes, or 9 oz of tobacco (if you are over 15); 3/4 litre spirits (1.3 pts), 1 litre of wine (1.75 pts) and 2 litres of beer, if you are over 20. Travellers who are resident in non-European countries may bring in free of duty 2 litres of wine or spirits and 2 litres of beer as well as 400 cigarettes or 500 gr (about 1 lbs. 3 oz) of other tobacco. Medicines may only be brought in if intended for the traveller's own use. Narcotics used as medicines may be brought in if intended for personal use during not more than 5 days and if the traveller can produce a medical certificate that he needs them. Please leave pets at home, as they are subject to stringent quarantine regulations.

### Currency

The Swedish units of currency are kronor and öre. 100 öre = 1 krona. For current rate of exchange—ask your bank. Swedish banknotes: 5, 10, 50, 100, 1 000, 10 000 kronor. Silver coins: 10, 25, 50 öre, 1 krona and 5 kronor. Copper coins: 5 öre. Banks are open Monday—Friday 9.30 a.m.—3 p.m. In many larger cities banks close at 6 p.m. Saturdays closed.

### Illness

In case of illness or accident your hotel will call a doctor. Doctors are on round-the-clock duty in the emergency wards of hospitals, and in other places there is always a doctor or nurse on duty. Between Britain and Sweden there is a reciprocal agreement under which British subjects resident in the British Isles receive the same medical benefits as Swedish citizens. This means that if you have to call a doctor, you pay his bill and obtain his official receipt. This receipt you then take together with your passport to the nearest health insurance office ("sjukkassa") where about 2/3 of the cost will be refunded to you. Treatment in hospital clinics costs Sw.cr. 15. Hospitalization in a public ward is free.

### Tipping

Service charge (15 %) is usually included in the hotel bill, so it is not necessary to tip the chambermaid or other staff, unless they perform special services.

The service charge in restaurants is 13 % of the amount on the bill and is automatically added by the waiter or waitress.

Taxi drivers expect a tip of 10—15 %, and hairdressers about the same. Cloakroom attendants should receive Sw.cr. 1,50 per coat.

### Tourist information

There are local tourist information offices, ("Turistbyrå") in most towns and holiday centres. These offices bear the

international "I" sign, a guarantee of good service by personnel speaking foreign languages. The offices are normally open only during the tourist season. Attached to the tourist office is usually a hotel booking service, Rumsförmedling or Hotellcentral, where you get help to find a hotel room, or a room in a private house. The booking charge varies from Sw.cr. 2—10.

### Travel facts

The Swedish Tourist Board has compiled a series of Travel Fact Sheets in English and German. Each gives detailed information of a kind which can be useful to anyone visiting Sweden. Here is a list of them:

- 1 Sweden Ferry Connections
- 2 Sweden Coming Events
- 3 Golf in Sweden
- 4 Cycling in Sweden
- 5 Winter Sports in Sweden
- 6 Budget Price Accommodation in Sweden
- 7 Youth-travels in Sweden
- 8 "Allemansrätten"
- 9 Boat-hire in Sweden
- 10 Tourist information offices in Sweden
- 11 Holidays on Swedish waterways
- 14 Angling in Sweden
- 16 Hiking in the Swedish Highlands
- 17 Game shooting in Sweden

These Travel Fact Sheets can be ordered by post from the Swedish Tourist Board's offices. For addresses, see p. 26.

# How is the weather in Sweden?

People who have never been to Sweden can have the oddest ideas about the climate. Many think that Sweden is plunged in darkness for one half of the year and bleached by the midnight sun for the other. Or that it is so icily cold that polar bears parade the streets in all seasons.

These misconceptions might stem from the fact that Stockholm actually does lie more to the north than the southern tip of Greenland. So Sweden, the theory



goes, must have the same climate as Greenland . . . But this is not so. And for two reasons: the long hours of sunlight in the summer, and the Gulf Stream, which carries heat all the way up to the west coast of Scandinavia.

*Average daily maximum temperature (C° and F°) in Stockholm and average hours of sunshine (mean value during the period 1931—1960):*

| Apr        | May         | Jun         | Jul         | Aug         | Sep         |
|------------|-------------|-------------|-------------|-------------|-------------|
| +8,3<br>46 | +14,6<br>58 | +19,2<br>67 | +21,9<br>71 | +20,2<br>68 | +15,3<br>60 |
| 208        | 292         | 318         | 295         | 248         | 174         |

The only really exact way of describing weather is with statistics. The figures show that a July day in Stockholm gives no fewer than 19 hours of full daylight, with an average of 9½ hours of sun-



shine. Sweden is in fact one of the sunniest countries north of the Alps. Days are long all over the country from early May to late August. And most fantastic of all: north of the Arctic Circle the sun never sets all summer and is to be seen all night long.

*Mean monthly rainfall in mm in Stockholm:*

| Apr | May | Jun | Jul | Aug | Sep |
|-----|-----|-----|-----|-----|-----|
| 31  | 34  | 45  | 61  | 76  | 60  |

It does of course rain in Sweden. The greenery and the crops need it. But



summertime rain comes mainly in showers, long downpours are rare. Stockholm has less rain than any other Scandinavian capital — and less than Berlin, Milan, and Vienna. Sweden is the land of the four seasons. Spring arrives as early as March in the south. Summer can be long, with real heat waves in June, July, and August — yet the heat is always pleasant because the humidity is low. The Swedish autumn offers clear, fine days well into October, days which are mild because of all of the summer's heat stored in the waters around Sweden. The winter is dry and visitors are often greeted by fresh and sunny weather. Much of the country has plenty of snow for 4—5 months each winter. The skiing season is of course longest in the north.

Sweden has the perfect climate for a truly invigorating holiday. The Swedes themselves love the outdoor life. So whatever your fancy, you'll get more out of it in Sweden. Playing golf, swimming,



fishing, skiing, sailing, hunting. Above all, there's plenty of room in Sweden. The countryside is as unspoiled as it is beautiful. The air is clean and fresh. Sweden is the place for your next holiday if you are bored with lying prostrate on a sweltering beach. If you find it hard to credit what we say about the weather why not come and see for yourself? The weather isn't the only fantastic thing about Sweden.

# REPORTS & COMMENT

## NORWAY

The fact that Norway, with the smallest population in Western Europe except for Luxembourg, has now passed even the United States in per capita national income and is one of the wealthiest industrialized nations in the world seems to fill Norwegians with more foreboding and apprehension than excitement or satisfaction.

The time when Norway was the poor relation in Scandinavia is a living memory for most of the country's 4 million people. By temperament, Norwegians are not excessive in their jubilation or enthusiasm for anything—including striking oil. They are quietly enjoying the feeling of being envied by their neighbors for the first time. (Question: What is the new status symbol for a Norwegian? Answer: A Swedish

chauffeur.) But there is an instinctive reluctance to embrace this new national wealth as a permanent reality, a reluctance born of the caution and reserve typical of Norwegian character, and a kind of subconscious fear that one day the country might wake up and find that the North Sea bubble has gone the way of the South Seas bubble earlier in this century.

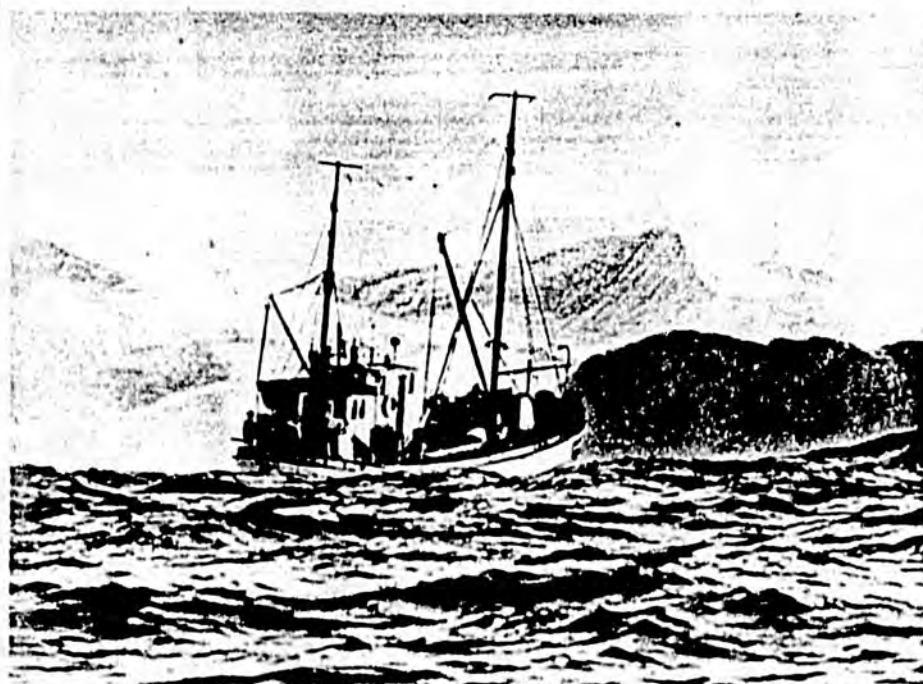
Of course the prospect that this will happen is remote. North Sea oil will be flowing until it runs dry. In theory the Arab oil states could suddenly take a price dive and drop the cost of their easy-to-produce Middle East crude by three or four dollars a barrel. But it would take a lot more than that to put the plug back into the North Sea now, and the Arabs would have to reckon the cost to themselves. In any case, given the cautious way in which the Norwegians have set about planning the

investment and controlling the exploitation of oil and gas in their sectors of the North Sea, the impact on Norway's economy of a major price cut would be only marginal.

### Poor relation?

For Norway, North Sea oil is just icing on top of the economic cake. Long before oil was ever discovered under the North Sea, Norway had pulled itself solidly upward in the growth period of the 1950s and 1960s, less spectacularly than some countries but a great deal more steadily than most, averaging 4 to 5 percent growth a year. By the beginning of this decade, Norway stood ninth in per capita income among the principal industrialized nations, the twenty-three members of the Organization for Economic Cooperation and Development (OECD). By 1974, well before oil had begun to flow, Norway had reached fifth place. The latest projections show that the Norwegians now have an average annual income of \$7033, compared to \$7018 in the United States. Of course the cost of living is much higher in Norway, as is the net effect of its taxes; and the United States' growth rate dropped last year while Norway's continued its customary modest advance. It is arguable whether per capita income figures give a true economic comparison, but it is not arguable that by any standards this has been a remarkable postwar economic achievement for a country which was once the poorest in Western Europe.

Thus, by the time the oil came along, Norway had already established a soundly based, diversified, well-directed, productive, and expanding economy. And all this in spite of the fact that, apart from hydroelectric energy, Norway has few natural resources. Its real



*Fishing boat off the Norwegian coast*

## NORWAY

asset is its people and their character: their ability and readiness to work hard with great self-discipline in order to get the most out of what is available, within a strong national political consensus about priorities and policies.

It is easy to understand why the Norwegians are the people they are. A small population, strung out along a coastline about the length of the Maine-to-Florida coast, living in an environment of mountains, rocks, snow, and sea, long winter nights, the rugged solitude of a beautiful but difficult land, long distances between settlements, isolated farms, small villages, small cities, small enterprises, ships and men far away from home—all of this breeds introspection, self-reliance, and stubborn strength. The Norwegians fortunately share a clear sense of nationhood and common purpose. Although Norway has a strong socialistic political orientation, as befits a country with few resources and a small population, its people remain conservative in tastes and attitudes. They do not succumb to excesses, trendy faddism, or political crazes which regularly grip their larger and hitherto wealthier neighbor, Sweden. Norwegian character has its melancholy side; read Knut Hamsun's novels, go to an Ibsen play, or see the paintings and lithographs of Edvard Munch. But when it comes to thinking problems through carefully, deciding what to do, and then doing it, Norwegians manage their affairs individually and collectively better than most other people in the world.

For example, when it became clear in the 1960s that North Sea oil would have great economic impact, the Norwegian shipbuilders quickly seized the opportunity to move from production of ships into the building of oil rigs, drilling platforms, underwater storage tanks, and specialized support ships for North Sea operations. Maybe it was an obvious move to make, but it took money and decision, and it wasn't all that obvious to the British on the other side of the North Sea. Within five years Norway, with no previous experience in building oil rigs, was the second largest producer of offshore oil equipment in the world after the United States. Today it is well ahead of the United States in the use of prestressed concrete for production platforms which double as undersea oil storage tanks.

The science of econometrics was virtually created at the University of Oslo by Professor Ragnar Frisch, who became the first Nobel Prize winner in economics before his death in 1973. His influence on government economic planning and policy-making in Norway was enormous, and his protégés include Erik Brofoss, a director of the International Monetary Fund in Washington, and Ge'z Wold, director general of the Bank of Norway, who is rated by *The Economist* of London as "arguably the most intellectually able banker in the world today."

Being the people they are, Norwegians have spent a great deal more time worrying and talking about the impact of the new oil wealth on their way of life and their national character than about how to get the oil up from the seabed and what to do with it. Listening to one of these introspective conversations, one would think that Norway was turning into a land of hucksters and jet-setters, wheelers and dealers, with Oslo becoming a kind of Tehran of the North. Of course the very opposite is true. In shaping government policy on North Sea oil, Norway has acted with rare prudence, thoroughly, and effectively to take control of a national asset in advance and direct its exploitation and use for the common good.

### "A better society"

A special government commission spent eighteen months examining the impact of the oil boom on Norwegian society in every aspect from the effects of oil production on sea life to taxation policies and political control over the oil industry. It delved into the demographic changes which the industry might bring about in Norway, studied the new possibilities for Norwegian industry, estimated just how much oil money the Norwegian economy could absorb without creating excessive inflationary pressures, outlined a range of social services on which money could be usefully spent, and raised a series of warning signals and cautionary observations about problems which should be avoided by careful planning.

The commission's extensive report to the Storting, Norway's unicameral legislature, is really a blueprint for directing, controlling, and channeling the oil wealth which is going to reach out and touch every wage-earner, every farm and household in the country. The report puts emphasis on "development of

a qualitatively better society," and "full control by democratically elected institutions of all important aspects of petroleum policy."

There will be no Norwegian oil barons rushing off to gamble at Monte Carlo or buy up condominiums in the tropics. In addition to exercising rigorous control over private oil concessions in the North Sea—the amount of oil and gas which can be taken out, the amount of the government's cut through royalties per barrel and taxes on company profits—the Norwegians have set up their own company, Statoil, which will have nearly exclusive rights to future development as new areas are allocated for exploration farther north. The private oil companies—American, British, French, and others—found the Norwegian government very tough and also exasperatingly slow to decide exactly how they were going to shape their control over this national asset.

In contrast to Norway's tough rules for development, in Britain a Conservative government under Prime Minister Edward Heath first invited the oil companies to open up and go flat-out for North Sea oil. Then Harold Wilson's Labour government took over. Now the British are trying to emulate in some way the more careful, controlled, socialistic policies which Norway has followed in dealing with the problem from the start. Of course Britain's need for North Sea oil is far greater and more urgent than Norway's. But ironically enough, the cautious and slow-moving Norwegians were quicker than the British to supply North Sea oil to Britain by undersea pipeline. Because of an undersea landscape feature known as the "Norwegian trench," it is all but impossible to pipe oil or gas back to Norway from the fields which have so far been discovered. This has caused much political as well as technical anguish in Norway, but there is no getting around, or even through, the Norwegian trench. So the first North Sea pipeline was built from Norway's Ekofisk field to a point in the north of Britain at the mouth of the river Tees. The first oil arrived through the pipeline last October, two months before a British pipeline opened up from the Forties field, on the 40th parallel of the North Sea, to a point in Scotland north of Aberdeen.

The Norwegian pipeline is now delivering about 350,000 barrels a day to Britain, and this will increase steadily to upwards of a million barrels daily as other wells come into production and

## NORWAY

are plugged into the pipeline system. Meanwhile a second Norwegian pipeline carrying natural gas from the Ekofisk wells to Emden on the north coast of Germany is scheduled for completion this summer. The Norwegians collected about \$51 million from their oil in 1975 and this will leap to around \$400 million this year. Since Norway operates on an annual budget of approximately \$10 billion, nearly 5 percent of government spending will be covered by oil revenues in 1976.

Norwegians have already had their first income tax cut as a result of North Sea oil revenues, and given the extremely high tax rates here, there is plenty of room for more. In the main, the government intends to channel money into improved social services and social benefits: better old-age pensions, homes, and care; housing; education; local spending on civic amenities such as swimming pools and libraries; and bigger spending on equipment for the Norwegian armed forces. The government commission study estimates that Norway's oil income will be somewhere in the neighborhood of \$3 billion annually by the 1980s, when production will probably level off; but less than half of that can actually be spent and absorbed in Norway itself without causing more economic problems than it will solve. As far as using this surplus wealth is concerned, the commission report states that "Norway must show responsibility for the poor countries of the world"; the Africans, Asians, Latin Americans, and others are already starting to beat pathways to Oslo.

### Gloomy streak

In the meantime, however glittering the pot at the end of the North Sea rainbow, Norway's immediate problems have been more than enough to satisfy the gloomy streak in the Norwegian character. The major industries of shipbuilding and shipping have been hit hard by the global recession. In the spring of this year, about 110 tankers and cargo vessels of Norwegian ownership were laid up in the safe waters of the fjords—a total of 32 percent of all Norwegian merchant tonnage and 10 percent of the Norwegian fleet. The unemployment this represents is bad enough, but the overall economic effect has been staggering.

Norwegian shipowners have always followed a policy of turning their ships over fast, keeping their fleets modern and up-to-date. Most ships have a life of twenty years, but the average vessel under the Norwegian flag is usually only eight or nine years old. The Norwegians try to sell off their used ships while they can claim a good price and offer good value to somebody else. But this means that when the shipping slump hit the world, Norwegian owners were caught with a lot of ships not yet paid for. Hence the slump has put a double strain on Norway's balance of payments, making it necessary to borrow money abroad to pay off construction loans for ships which are not earning money.

As a result Norway, for all her economic success, plunged another \$2 billion deeper into debt in 1975. The country is now carrying a total foreign debt of around \$12 billion, which is 9 percent of the gross national product, higher in relative terms than that of any other OECD member state. Of course when this is measured against the anticipated flow of \$3 billion in annual oil revenues in a few years' time, Norway is a pretty good credit risk. But reduction of overseas debt will be a first priority for Norway's surplus oil money.

Nor has Norway been immune from the problems which have hit every other industrialized state in Europe—inflation (currently 12 percent), falling exports, and unemployment which pushed up to 2 percent but is now dropping. This is not a figure which would cause much upset for most governments, but it is enough to send a shudder through Norway's Labor party and cabinet. In short, however good the future looks, there is plenty to worry about in the present.

### The new middle

The real impact of the new affluence in Norway has been not so much on the character of the Norwegian people, or even their way of life, but rather on the politics of the country and Norway's social-political demography. The Labor party's long dominance of Norwegian politics (since 1935) has been based on the electoral strength of the industrial workers, the small farmers, fishermen, and forestry workers. But the growing wealth of the last two decades has meant a steady erosion in these trades and occupations, and a steady growth of employment in white-collar jobs, the

service industries, the civil service, social services, distributive trades, and in the professions of law, teaching, and medicine. At the same time, the growth of Norway's industry—small but efficient and well-diversified manufacturers of electronics, motors, shipping gear, television sets, boats, sporting equipment, light consumer products—has added greatly to the country's managerial class as well. Holding these votes for Labor is the party's biggest political problem as the other votes slip away. The Labor party, it might fairly be said, is a victim of its own success in managing Norway's affairs and providing so many years of solid economic growth.

The heaviest political blow to the Labor party and government came in September 1972, when Norwegian voters in a national referendum rejected membership in the European Common Market by a decisive 53 percent. It was not merely a defeat; it was a deeply divisive and wounding political struggle in a country where politics and political issues usually remain mild and moderate, one that split all of the political parties, the Labor party most of all. Premier Trygve Bratteli, who fought hard to take Norway into the Common Market, stepped aside for a year to allow a minority coalition, led by the Conservative party, to take over and negotiate an association agreement with Brussels, on what turned out to be surprisingly generous terms.

In September 1973, the Norwegians went to the polls, as they do every four years, to elect a new legislature. Labor, still smarting from the referendum battle, took a pounding, losing around 11 percent of its vote, primarily to a leftist group known as the Socialist People's party, which had opposed entry into Europe. Nevertheless, Bratteli was able to form a new government with 62 out of 155 seats in the Storting and support from the extreme Left. When Norway's regular quadrennial municipal elections came around two years later, Labor regained a good portion of its losses, but it still failed to make much headway in attracting and holding support from the newly affluent white-collar voters, support it will need if it is ever to return to its former political dominance in the country.

The time had come for a political change. Soon after the municipal elections Bratteli announced that he would step down from the leadership, which he then did in January of this year, turning over the premiership to fifty-

year-old Odvar Nordli, who comes from the agricultural county of Hedmark. Bratteli, who was imprisoned in a Nazi concentration camp during the war, is one of the great men of Norwegian politics, one of the builders and shapers of modern Norway. But he knew when it was time to go. Nordli gained his ascendancy in the party through his effectiveness as its floor leader in the Storting. Tall and somewhat gangling, slow-spoken with a ready smile and a careful manner of weighing what he says, Nordli is of the postwar generation of the party's leadership. He believes that the extreme leftist group's popularity, which cost the Labor party so heavily in 1973, has now faded, and he is certain to shape party policy to make a greater appeal to the new affluent class. Bratteli felt the same, but he also sensed that the younger generation of the party leadership would be better placed to chart the new course.

Nordli made few changes in the Bratteli Cabinet when he took over in January, and he has until September 1977, when the next regular parliamentary elections are held, to work for a solid Labor comeback at the polls. In addition to offering a new leadership image for the party, he has two further advantages. First of all, whatever the problems Labor has been having in the loss of its dominance, the four rightist parties that formed a coalition government from 1965 to 1970, and again in 1972 for a year after the Common Market referendum, remain diffuse and ineffectual, a weak opposition when it comes to picking up political opportunities. There is a lot of informal talk among the parties about possible coalition policies, but so far nothing has come of it. The Labor party therefore remains the only really solid political force in the country.

Nordli's greatest advantage, of course, is North Sea oil. It gives him room for economic maneuvering, and in the spring, after only three months in office, he made his first move. He completed a deal with the trade unions, farmers, and employers—a step typical of the way in which Norway manages its economy—which combines tax relief and social security improvements with wage restraint. The overall aim of the deal will be to give wage-earners an increase of about 3 percent in disposable income this year and again in 1977; at the same time, it ought to cut the inflation rate back to 9 percent. In return for wage restraints on the part of the

trade unions, the government will cut income taxes, reduce the social security contributions of both employers and employees, increase social security allowances for children, and improve old-age pensions. Finally, a special allocation of about \$40 million will be set aside for increased food subsidies, which will hold down food prices while at the same time paying the farmers more for their products.

A constant concern of all Norwegian governments is sustaining the country's farming population—not merely for economic or political reasons but also to maintain an equitable distribution of population in this thinly populated land. Norway worries constantly about the drift to the cities and strives in particular to make life as economically attractive as possible, with tax breaks and other incentives, for people in such areas as the towns and farms north of the Arctic Circle.

Nordli has used this first injection of the growing oil revenues primarily in support of well-tried, existing policies and programs. There will be no giveaway or splurge with oil money in Norway; in fact the large foreign debt will take a good cut of the earnings for some years to come.

Norway is probably the most classless, naturally social democratic country in Europe. When it gained its peaceful independence from the Swedish crown in 1905, there was no landed gentry, no royalty or aristocracy (in that year Norway's first modern king, Haakon VII, a Danish prince, was invited by popular acclaim to ascend the throne), no concentration of industrial wealth, and indeed not much of an economy at all. It was a nation of farmers, seamen, and fishermen. Even today, except for its shipowners, who are determinedly unostentatious (and not doing all that well right now), Norway still lacks an upper class. Distribution of wealth rather than concentration of wealth or acquisition of wealth has been the hallmark of Norway's economic development. Everybody started at about the same economic level and progressed uniformly. Today this means that most of the Norwegian city and town dwellers have tiny summer cottages off in the rocky hills overlooking a fjord, and almost certainly a boat down below on the water. There is contentment without smugness, satisfaction without arrogance.

Given the economic outlook and the kind of people Norwegians are, it should not be difficult for a Labor gov-

ernment under Nordli to give a bigger slice of the national cake to the center without affronting the Left. Most prime ministers in Western Europe would probably be glad to trade their own problems for those facing Nordli and the Norwegians.

—DON COOK

## GUATEMALA

### After the *Terremoto*

Adobe dust is everywhere in San Martín. It has been much the same in every town throughout the Guatemalan highlands since the *terremoto*—the earthquake—struck on February 4. But in San Martín the dust is so thick that tiny Indian children walking through it leave deep footprints. The weeds and the bushes are brown with it. Chickens and pigs wander through the rubble camouflaged, the same color as the crumbled bricks.

No one escapes the dust. Those who survived the collapse of their homes now choke in the crushed adobe. The smallest breeze swirls it into a dense haze that cuts the sunlight into dirty yellow shafts. The dust collects in the creases of the skin, cakes on the lips, in the nose. It has a sweet taste and smells like talc. It is also quite deadly, consisting largely of pumice that rasps through the lungs with each breath. The Indians tie bandannas tightly around their noses and mouths. A few even wear surgical masks. Women try to shield their babies, carrying them on their backs wrapped, heads and all, in their handwoven shawls. In the best of times, a Guatemalan Indian child has less than a fifty-fifty chance of reaching his first birthday; now the odds are even worse.

### "Our greatest need"

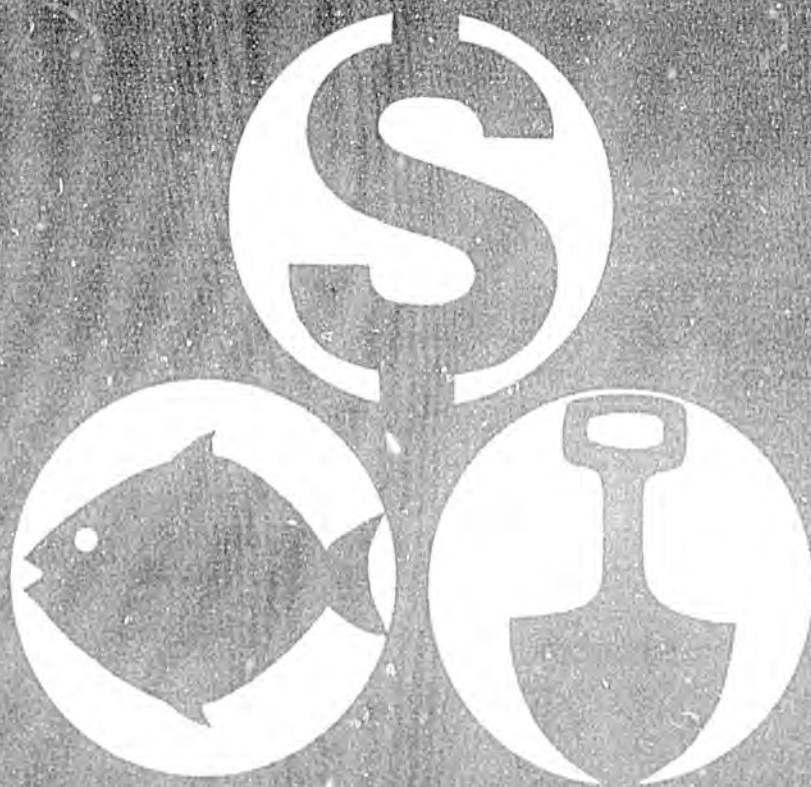
Twenty-five thousand Guatemalans died in the earthquake, 3000 of them in San Martín—one out of every ten people who lived in the town. It lasted only thirty-nine seconds, but it leveled San Martín as effectively as if the town had been carpet-bombed. Not one house was still standing on February 5, not even one wall of a house. Everywhere only low mounds of rubble remained, and under them, 3000 bodies. It took many days to find and bury them all.

The earthquake set off landslides that blocked the road through the mountains

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# **The Role of the Permanent Fund in Alaska's Future**



**A Preliminary Report by  
the House Special Committee  
on the Alaska Permanent Fund**

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# I Introduction

An overwhelming majority of Alaska voters approved an amendment to the state constitution in November 1976 which provides that at least 25 percent of certain state nonrenewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the legislature designates as eligible for permanent fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the fund and use of the fund's earnings. Three bills introduced in the 1977 session were referred to the House Special Committee on the Alaska Permanent Fund. Our task is to find out what Alaskans want the fund to achieve and to recommend legislation for a permanent fund that can best attain those goals.

The intent of this report is to inform Alaskans about the Alaska Permanent Fund—how it evolved, present management, possible future roles, and investment and management options for

its principal and earnings. This report also allows committee members to state what they feel are the main issues to be resolved in the permanent fund enabling legislation.

We hope that you will take the time to study this booklet, jot down your comments and questions as you read, and send us your views by filling out and mailing the questionnaire on the back cover. You may obtain further information about the Alaska Permanent Fund by calling or writing:

House Special Committee  
on the Alaska Permanent Fund  
528 West 5th Avenue, Suite 270  
Anchorage, Alaska 99501  
Phone: (907) 276-3433

Above all, please watch for and participate in the public meetings and forums on the Permanent Fund to be held throughout the state beginning in September. If we have your comments by then, we can incorporate your ideas in the Public Forum program. Legislators will attend each forum to discuss the Permanent Fund, answer your questions, and find out what you want your Permanent Fund to be.

## **II Evolution of the Alaska Permanent Fund**

The permanent fund idea in Alaska gained popularity only after the \$900 million North Slope lease sale in 1969. Following this sale, the Brookings Institute conducted a series of seminars concerning "The Future of Alaska." More than 100 Alaskans were invited to attend, to explore some of the major emerging policy issues, and to set forth a plan for Alaska's future. The participants agreed that the "Alaska way of life" should be preserved. They defined this life-style as one which combines the conveniences of technological innovation with the opportunity and values of living as close to nature as possible.

After the Brookings seminars, several bills were introduced in the 1970 legislative session to establish some sort of "permanent fund" with the \$900 million. However, other more immediate uses for the money were judged to be more important, and no permanent fund was established.

The 1974 legislature passed a bill creating the Alaska Renewable Resources Development Fund. This legislation provides that not less than five percent of nonrenewable resources income will be deposited in a separate fund beginning July 1, 1978. Monies can be appropriated from the fund only for capital and operating expenditures for the rehabilitation, enhancement, and development of renewable resources programs.

Another bill, which would have created a permanent fund by statute, passed the legislature in 1975. However, because of a disagreement with the legislature over constitutionality, the governor vetoed it. The 1976 legislature passed House Joint

Resolution 39, calling for a constitutional amendment to establish the Alaska Permanent Fund. The voters approved that amendment in November 1976 by a margin of nearly nine to one.

The amendment lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund. The only restriction on the use of the principal of the fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The income from these investments will be deposited in the State's General Fund unless otherwise provided for by law.

The Joint House Finance and Judiciary Committee Chairmen's Report, detailing legislative intent for HJR 39, stated that sufficient revenue would be accumulated in the Alaska Permanent Fund to allow diversification of Alaska's economy and to insure that future generations receive benefits from development of the State's nonrenewable resources. The report noted that the fund would be restricted to income-producing investments "which the legislature would establish and change from time to time to meet the needs of the state." Use of the fund's earnings was left open to the legislature "to give future legislatures the maximum flexibility in using fund earnings—ranging from adding to fund principal to paying out a dividend to resident Alaskans."

The principal represents Alaska's mineral wealth transformed into dollars through the sale of natural resources to private developers. The legislature must decide what forms of wealth-preserving and income-producing assets this money should take. Our mineral sale revenues have recently been financing about 60 percent of state expenditures. When revenue from mineral sources begins to decline, part of the future role of the Permanent Fund may be to supplement the General Fund with earnings from fund investments or to help create a tax base to provide new state revenue sources.

Presently, the income earned by permanent fund investments can be channeled into any use the legislature designates. The House Committee on the Permanent Fund, therefore, must also recommend where and how to use the fund's earnings which, unlike use of the principal, need not produce income.

The governor anticipated voter approval of the permanent fund amendment. In August 1976 he temporarily expanded the membership and duties of the State Investment Advisory Committee, which is charged by statute to advise the commissioner of revenue on investment policy for the State. He directed the advisory committee to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

The State Investment Advisory Committee conducted its deliberations with energy and diligence. Members conferred with consultants to produce draft legislation for a permanent fund structure. To arrive at its findings, the State Investment Advisory Committee examined consultants' reports on many of the resource-based monetary funds and development banks throughout the world.

In March 1977, two bills were introduced in the State House to begin debate on the structure of the Permanent Fund. Both bills would structure the Permanent Fund essentially as a development bank. Both measures propose a two-board management system, a policy board with overall policy-

making power, and a committee under the policy board to approve investment proposals. Both bills also give the president of the permanent fund corporation strong executive power and sole responsibility for presenting investment proposals to the investment committee. Both proposals require that at least 40 percent of the fund must be placed in high-grade securities, but allow up to 30 percent of the assets to be invested in Alaska development loans and another 30 percent in community projects and private dwellings. Except for the appointment of the policy board members (who are subject to legislative confirmation under only one of the bills), both proposals would allow the fund to operate rather independently from the executive and legislative branches.

In 1977 the legislature passed an interim permanent fund management bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the commissioner of revenue to invest permanent fund money into various "money-market instruments," such as U. S. Treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. As of July 15, 1977 four million dollars had accrued to the Permanent Fund and had all been invested in a savings account in the Bank of America and in U. S. Treasury notes. Almost \$45,000 in interest has been earned in the first five months of its existence.

The House Special Committee on the Alaska Permanent Fund met on July 15 and 16, 1977 and heard testimony from a number of expert witnesses; two of whom presented papers on the establishment of the fund ("Economic Considerations in Establishment of Alaska's Permanent Fund" by Arlon Tussing, Institute of Social and Economic Research, University of Alaska and "Thinking About the Alaska Permanent Fund: A Cautious Approach for Alaskan Policymakers" by Belden Daniels, Department of City and Regional Planning, Harvard University). Copies of both papers are available from the Committee on request.

One of the major thrusts of Dr. Tussing's testimony was that there is no need or useful function for permanent fund investment in major industrial or commercial enterprise in Alaska, unless special reasons existed to subsidize them. Dr. Tussing's report infers that, at least initially, it makes more sense to invest the major portion of the fund outside the state.

Dr. Daniels emphasized that no development bank can create economic activity not already in existence; if there is no market or if costs are too high, "artificial" investment from the Permanent Fund will not help. Dr. Daniels suggested that the fund could provide needed commercial credit and financing of small- and medium-scale enterprises in Alaska but that fund managers should, in most cases, insist on market return for fund investments. A possible exception is economically feasible joint ventures with regional development corporations outside the major population centers. Daniels emphasized the importance of coordinated planning between the Permanent Fund and the General Fund.

During the 1977 legislative session, the Speaker of the House and the President of the Senate appointed special committees to consider alternative proposals for the Permanent Fund during the legislative interim. The committees will gather and distribute information, listen to public opinion, seek expert advice, consider how the fund should be administered, establish major goals for the fund, and present their recommendations to the full legislature in January 1978. The committees will make major efforts in the areas of public education and participation to learn what Alaskans want their permanent fund to be. This booklet marks the beginning of this phase.

Robert Lewellen



### **III The Fund in Relation to the Constitution and Other State Funds**

Oil and minerals are a removable portion of Alaska's statehood entitlement to its citizens—past, present, and future. This nonrenewable wealth is now being extracted and transformed into another form of wealth—money. Dedication of that wealth to the Permanent Fund should provide an opportunity to make this wealth a renewable resource for many generations.

Although the form of the wealth is changing, the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The legislature must decide into what income-producing assets permanent fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. Presently, a significant portion of state expenditures relies on oil revenues. The legislature has already stated that one objective of the fund is to diversify the state economy. As oil wealth declines, the Permanent Fund may bear the responsibility of supplementing the General Fund through income from fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the legislature appropriates money from

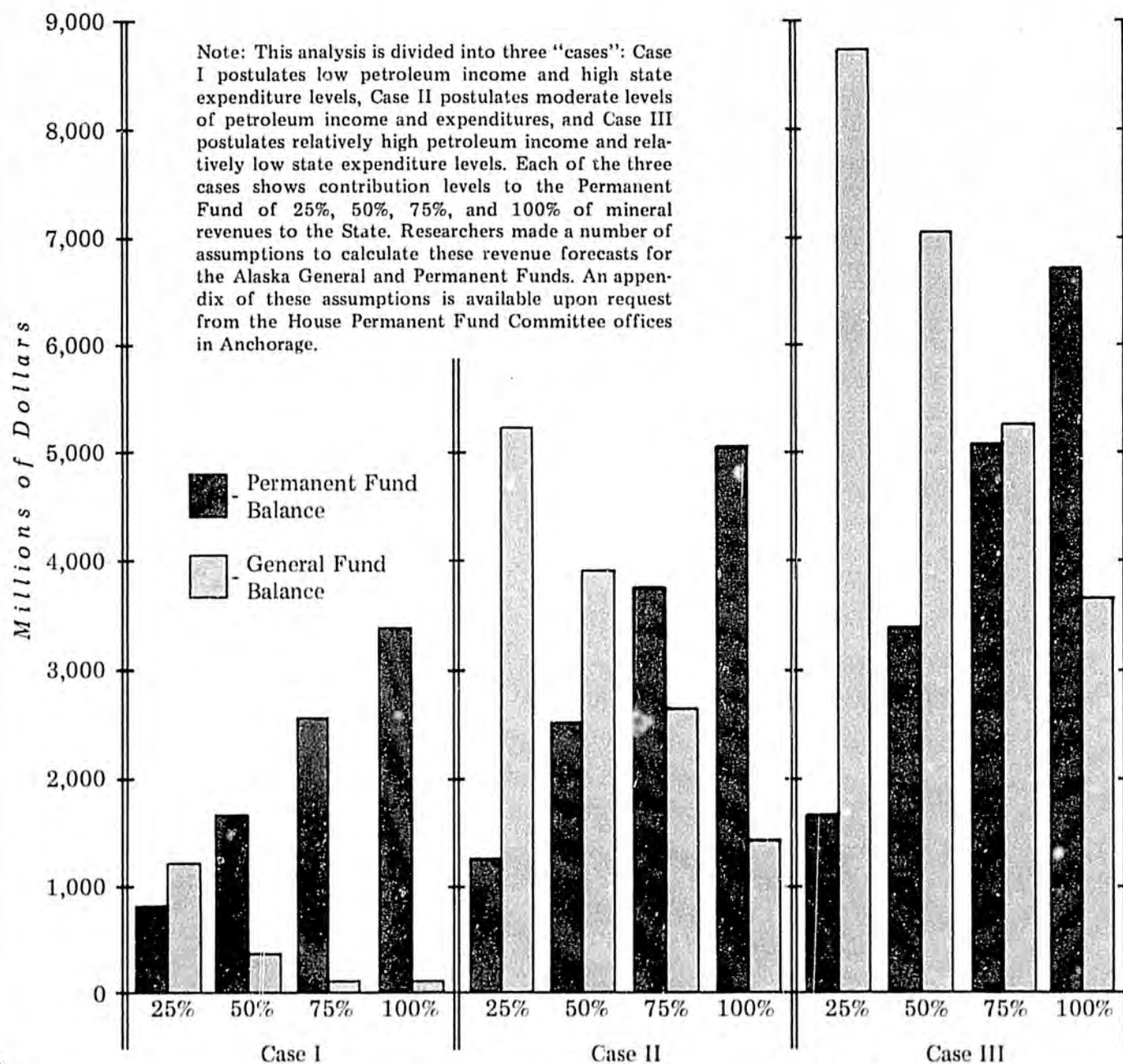
the General Fund to finance state activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all state revenues from all sources. The legislature is the only body empowered by the constitution to appropriate money from the General Fund.

The objectives of some of the general fund expenditures may be similar to those of certain investments of the Permanent Fund. For example, the State currently maintains loan programs to promote a variety of interests, ranging from business to home loans and senior citizen housing. Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

The State also possesses extensive bonding powers and can pursue major projects by issuing general obligation or revenue bonds. Special purpose agencies, such as the Alaska Power Authority, can (with legislative approval) provide for the financing of specific facilities. The State additionally has mechanisms, such as the Municipal Bond Bank, to assist local governments borrowing money to achieve their objectives.

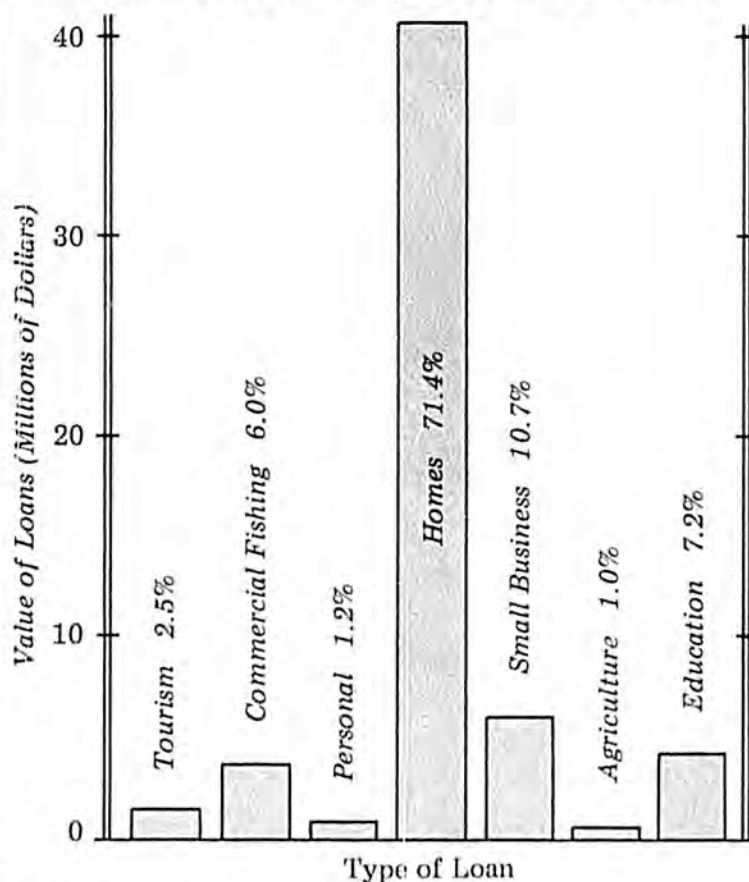
These various tools should be considered as we ponder alternative fund uses so that we can best match tools with objectives. Further, provisions for coordinating permanent fund and other government activities will be a crucial element in developing the enabling legislation.

**Figure 1**  
**Revenue Projections through 1985**



Source: State of Alaska, Legislative Affairs Agency, Research Division, July 14, 1977.

**Figure 2**  
**Loan Fund Activity: Fiscal Year 1976**



Source: State of Alaska, Office of the Governor,  
Division of Budget and Management, October 11, 1976.

The following state loan programs and activities are potentially eligible for permanent fund investment (i.e., they are "income producing," although the rate of return will vary):

(1) The Scholarship Loan Program provides loans to Alaska residents for postsecondary vocational and academic training with a forgiveness incentive for remaining in Alaska after completing school.

(2) The Fisheries Enhancement Revolving Loan Fund supports loans to nonprofit organizations or individuals for the development of hatcheries.

(3) The Municipal Bond Bank Authority is an independent public corporation to help Alaska communities develop needed public facilities by marketing general obligation bonds. The bond bank will purchase these bonds, offering its own revenue bonds to the public bond market.

(4) The Division of Business Loans administers five revolving loan funds and two public corporations—the Small Business Revolving Loan

Fund, the Tourism Revolving Loan Fund, the Commercial Fishing Revolving Loan Fund, the Child Care Facilities Revolving Loan Fund, the Water Resources Revolving Loan Fund, the Alaska State Development Corporation, and the Small Business Development Corporation. These five loan funds enable qualified businesses and public utilities to obtain long-term financing for developing, expanding, or modernizing their operations.

(5) The Veterans Affairs Revolving Loan Fund makes loans to qualified Alaska national guardsmen and veterans in Alaska. These loans may be used to purchase, refinance, build and remodel homes, farms, businesses, and multiple dwellings. In addition, a qualified veteran may receive a loan for education, fishing, mining, or personal use.

(6) The Agricultural Revolving Loan Fund provides long-term, low-interest loans to promote rapid development of agriculture as an industry throughout the state.

(7) The Senior Citizen Housing Development Program provides loans and grants to municipalities, housing authorities, and other nonprofit local sponsors to stimulate new housing construction and for rehabilitation of existing units for senior citizens.

(8) The Alaska State Housing Authority (ASHA) and the Alaska Housing Finance Corporation (AHFC) are operated by the State for public and low-cost housing programs and state-supported financing for low- and moderate-cost private sector housing development. Currently, ASHA receives almost all of its funding from the U. S. Department of Housing and Urban Development and manages housing units throughout the state. AHFC makes or buys mortgages on low- or moderate-income housing, insures mortgages, and makes home improvement loans and loans for other associated costs of home ownership, including down payments, to qualified persons or developers. In addition, the State has established 13 regional Native housing authorities with powers essentially similar to those of ASHA. The federal government provides virtually all of the funds for these activities, so State participation is minimal and limited to insured short-term loans.

(9) The Alaska Power Authority is designed to promote the development of hydroelectric and fossil fuel power sources for domestic Alaska usage. The authority is generally empowered to issue bonds and notes to finance power development activities in the State, with the debt being secured by the projects themselves or by the earnings of these projects. This program is still in the formative stages and has yet to issue bonds.

## IV Objectives for Permanent Fund Investment

The people of Alaska should establish the overall objectives for their permanent fund. The committee hopes to achieve this through public meetings and other public participation and information programs to be held throughout the state in the coming months and through direct solicitation, such as the attached questionnaire. We need to know your priorities to write permanent fund enabling legislation.

The proposals listed below have emerged from the Alaska Public Forum, the State Invest-

ment Advisory Committee, survey research, and concerned individuals. The list is not exhaustive, nor are the proposals or objectives mutually exclusive. Remember that the types of investments made will determine the amount of income the fund earns.

Before you evaluate these proposals, consider the following: Many of the proposals for in-state investment may involve an interest or risk subsidy; that is, the money is loaned at lower interest or in greater quantities than borrowers can

**Figure 3**  
**Possible Objectives and Implications for Investment Proposals**

| Investment Proposal                                                                                          | Possible Objectives                                                                                                                                                                                                                               | Possible Implications                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loans or loan guarantees subsidizing various in-state basic industries with emphasis on renewable resources. | <ul style="list-style-type: none"> <li>-Diversify the Alaska economy.</li> <li>-Employ Alaska residents.</li> <li>-Enhance a stable economy.</li> <li>-Prepare for oil production downturn.</li> <li>-Create future economic tax base.</li> </ul> | <ul style="list-style-type: none"> <li>-Greater government intervention in the Alaska economy.</li> <li>-Lower return, higher risk.</li> <li>-Possible stimulus for immigration.</li> <li>-High potential for government inability to achieve objectives.</li> <li>-Environmental degradation.</li> <li>-Government growth through increased demand for facilities and services.</li> <li>-Less equal distribution of benefits.</li> </ul> |
| Investment in high-yield, low-risk securities either inside or outside the state.                            | <ul style="list-style-type: none"> <li>-Provide earnings higher than available from subsidized loans.</li> <li>-Maintain flexibility and security of the fund during economic fluctuations.</li> </ul>                                            | <ul style="list-style-type: none"> <li>-State economic development will follow normal national and international trends.</li> <li>-Less economic diversification.</li> <li>-Less economic activity.</li> </ul>                                                                                                                                                                                                                             |
| Loans to or loan guarantees for small business and for purchase of homes.                                    | <ul style="list-style-type: none"> <li>-Encourage small business and home ownership.</li> <li>-Expand availability of consumer loans to distribute benefits of resource wealth.</li> <li>-Stimulate the economy.</li> </ul>                       | <ul style="list-style-type: none"> <li>-Fund used more for consumption, less for investment.</li> <li>-More equal distribution of benefits.</li> <li>-Lower earnings than highest possible.</li> </ul>                                                                                                                                                                                                                                     |

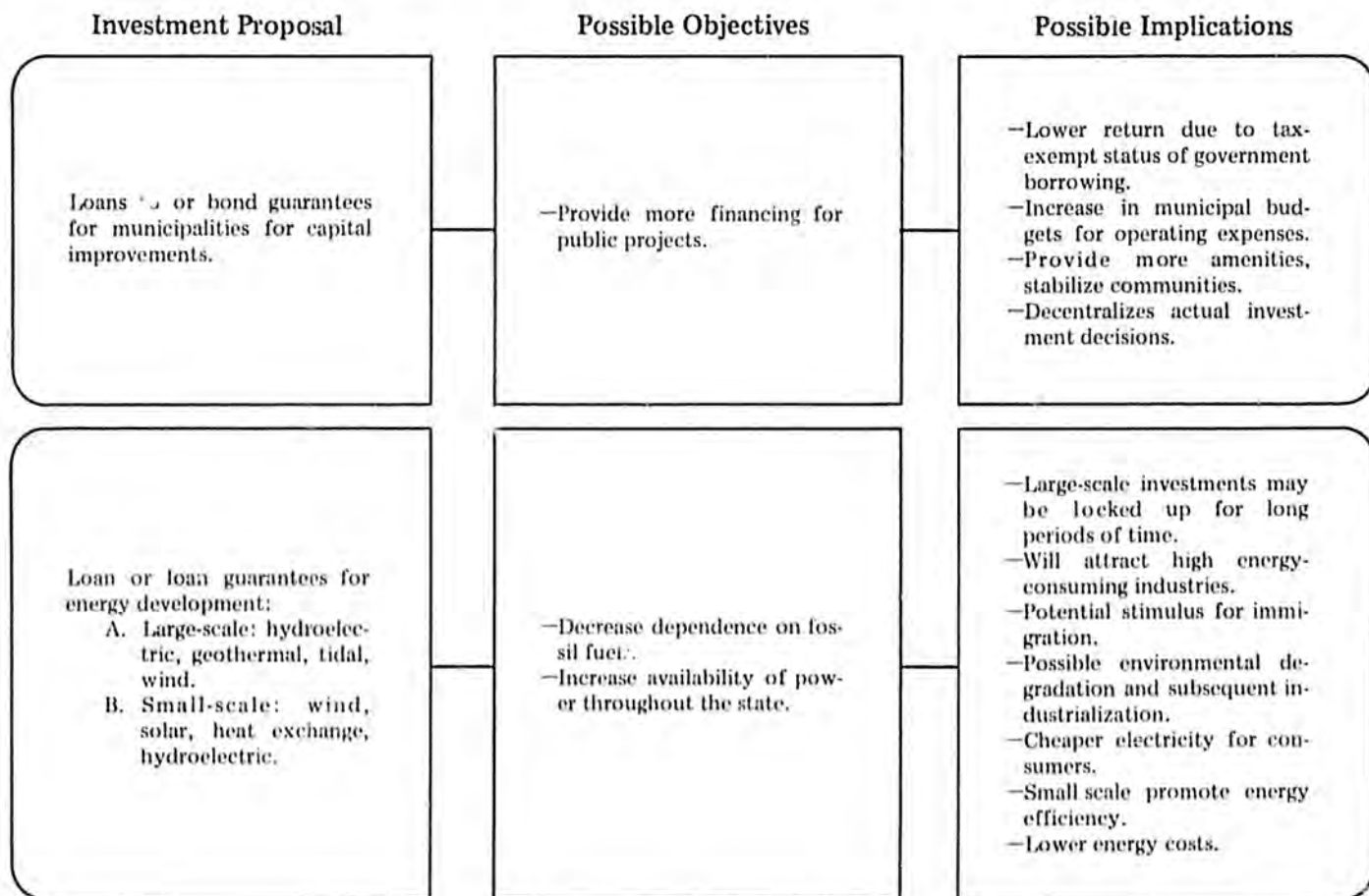
obtain from private lenders. The fund would earn a lower return than the market rate unless the General Fund makes up the difference (which has been proposed).

Subsidies may only make sense if the loan or guarantee launches an in-state enterprise that not only repays the loan but also creates new individual tax sources to cover the original subsidy as well as the cost of additional state and local government services and environmental and social costs generated. If no in-state opportunities exist, the Permanent Fund cannot create them. All investments must be thoroughly evaluated to separate the winners from the losers.

Another point to ponder is that objectives may often conflict. Although different strategies

may be used to pursue the same objectives, each proposal lends itself to the achievement of some objectives more than others and even some to the exclusion of others. For example, a strategy which seeks to distribute fund benefits directly to individuals, such as consumer loans, will provide public facilities, such as through loans to municipalities. Likewise, strategies which seek to guide the State's economy through economic diversification, for example, probably will not maximize investment income.

Trade-offs are inevitable. As you identify the proposals that might best achieve your objectives, think about the likely trade-offs involved. Figure 3 shows sample investment proposals, their objectives, and a brief outline of the implications.



## V Use of Fund Income

The income derived from investment of the Permanent Fund can be used for any purpose designated by the legislature. Before we present some of the most-often discussed proposals for use of the earnings from the Permanent Fund, we invite you to invent your own and include it as part of your response to this booklet.

The people who attended Alaska Public Forum meetings throughout the state last year and those who mailed in forum questionnaires expressed three main preferences for use of permanent fund income:

- (1) Reduce taxes for Alaska residents.
- (2) Loan it to Alaskans for renewable resource development.
- (3) Return it to the Permanent Fund for reinvestment.

The governor has proposed that a portion of the income be distributed directly to Alaska residents. This plan, which he calls "Alaska, Inc.," would issue "shares" to each Alaskan based on residency. Each shareholder would receive a percentage of the fund income as a dividend, a process which the governor feels would draw public attention to the operation and effectiveness of permanent fund investments.

Each of these options for use of the fund income involves trade-offs, as discussed in the previous section. The objectives for investment of the principal, and you should consider them as you decide how you would like the income used. Since the investment policy of the fund will determine the amount of earnings and the potential impact permanent fund investment will have on the Alaska economy, the committee feels that the use-of-income question should not overshadow thorough analysis of permanent fund investment goals.

Yvonne Mozée



## **VI Objectives for Control and Management of the Permanent Fund**

A common concern of many Alaskans after realizing the potential dollar magnitude of their Permanent Fund is who will control this wealth. The only other fund of similar or larger size in state government is the General Fund. As discussed earlier, the constitution requires that all appropriations from the General Fund be made by the legislature and be subject to gubernatorial veto. After appropriation by the legislature, some agency of the executive branch usually administers general fund money.

The state constitution requires that the legislature determine what kind of investments are eligible for permanent fund money. However, the day-to-day management of the money may be delegated to an agency in the executive branch (as it is presently) or to an organization or organizations outside the legislative and executive branches.

The two critical management questions are: How much control over policy should be delegated by the legislature to another agency or agencies? To what extent will the managers in those agencies be accountable to the people of Alaska, either directly or through their elected officials?

If the legislature simply directs the managing agency to diversify the Alaska economy by making sound investments in Alaska's renewable and nonrenewable resources (one of the investment guidelines in H.B. 298), a great deal of discretion is left to the managing agency as to what is a sound investment, what resources to invest in, and which individuals or corporations will receive financing. For example, fund managers may decide to invest in a multimillion-dollar hydroelectric project, or they could use the same money for home loans to individual Alaskans.

Permanent fund managers must be account-

able to elected officials and the public, but at the same time, they should not be vulnerable to political and special interest pressures in the loan-making process. "Politics" will not necessarily be kept out of loan decisions by placing experts on a board which is not accountable to the executive or the legislature. Clear, widespread notice to the public about the types of loans that qualify, how loans are applied for and granted, disclosure requirements for decision makers, publishing lists of loans or guarantees made, and regular auditing by the executive and legislative branches of government might provide at least a partial remedy to the control and accountability problems.

Current proposals call for appointment of managers by the governor (one adds confirmation by the legislature) with removal only for cause. The State Investment Advisory Committee discussed the possibility of elected members, but a brief look at Alaska's highly centralized government (with only the governor, legislators, and lieutenant governor being elected) indicates why this probably would not have been consistent with the state constitution.

An alternative to the highly centralized and rather independent management structure proposed in H.B. 298 would be for the legislature to provide for the administration of the Permanent Fund under the existing constitutional power of appropriation. The legislature, with approval of the governor, would designate eligible investments by law. The legislature annually would pass an investment bill for the Permanent Fund, much like the budget bill for the General Fund. The permanent fund investment bill would apportion available permanent fund money among the eligible investments.

Funds deposited in the Permanent Fund would temporarily be invested in liquid and secure money-market instruments pending each year's investment bill, as is now being done with permanent fund receipts. The legislature might choose to create new types of financial intermediaries and designate them as eligible for loans or loan guarantees in order to meet Alaska's changing capital needs. For example, the development bank corporation proposed in H.B. 298 could be one of the new financial intermediaries designated as an appropriate recipient of fund money. At the very least, legislative authorization could be required before loans exceeded a specific dollar amount.

The organization of the fund may profoundly affect how the fund performs, but the organization should reflect—not determine—the goals of the fund. Goals established today may not be those held by tomorrow's Alaskans. There must be built into any permanent fund structure both ability to protect the principal of the fund and responsiveness to meet changing goals.

*National Park Service*



## VII Permanent Fund Questionnaire

The Permanent Fund belongs to you. What are your suggestions for use of the money? Would you please

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Place  
Stamp  
Here

Special Committee on the Alaska Permanent Fund  
528 West Fifth Avenue, Suite 270  
Anchorage, Alaska, 99501

## VII Permanent Fund Questionnaire

The Permanent Fund belongs to you. What are your suggestions for use of the money? Would you please take the time to share your ideas with us by indicating your preferences for permanent fund investment proposals. For each proposal, please answer the following questions. Feel free to suggest as many proposals as you think we should consider.

1. What investment proposal do you suggest and how is it income-producing for the Permanent Fund?  
[Example — invest in blue chip, preferred stocks]

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2. What objectives are achieved by your proposal?

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3. What objectives are avoided by this proposal? [Example — no diversification of Alaska economy, does not affect unemployment, does not affect consumer loans]

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4. What may limit the effectiveness of this proposal?

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5. Which groups would benefit from this proposal? [Example — financiers, brokers]

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6. What groups are likely to oppose this proposal?

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7. What are your suggestions for management of the Permanent Fund?

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☐ Note: If you would like to receive further information on the progress of this committee, please check here and correct the address if necessary.

Cut this questionnaire along dotted line, fold so that our address is on the outside, and mail it to us.

THE ROLE OF THE PERMANENT FUND IN ALASKA'S FUTURE  
A PRELIMINARY ANALYSIS

Purpose:

- I. A report on the issues to be resolved by the legislature and a solicitation of comments on the issues from the committee members and a list of interested Alaskans.
- II. A preliminary statement of background and questions to be used in the committee's presentation at the Alaska Public Forum and in the media.

[Draft to committee on July 15, 1977. Publication finished and printed by August 1, 1977.]

I. Introduction by committee chairman [Statement of committee task]  
[Clark will draft by June 25]

- II. Historical perspective - constitutional and legislative
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- III. Summary of Work to date
- State Investment Advisory Committee proposal - Price, Waterhouse; White, Weld; etc.
  - House & Senate Permanent Fund Committee session work
  - Alaska, Inc. proposal

IV. Statement of issues to be resolved

Terry A. Alternative objectives for the Permanent Fund

Dick B. Level of funding

- 1. relation to objectives and other funds
- 2. revenue projections

Doug C. Investment guidelines

- 1. constitutional and legal limitations
- 2. possible statutory requirements

Bruce D. Use of Permanent Fund income

- 1. return to permanent fund
- 2. Alaska, Inc.
- 3. deposit in general fund

E. Management structure

- 1. Accountability to legislature, governor and public
- 2. Evaluation and audit of permanent fund performance
- 3. Executive and legislative involvement

V. Solicitation of responses

- A. What other issues should be considered
- B. What alternative uses are there
- C. How should the permanent fund relate to other state funds
- D. Tie in to Public Forum

# THE ROLE OF THE PERMANENT FUND IN ALASKA'S FUTURE

## A Preliminary Report

Alaskan voters last November 2, 1976 by a substantial majority vote amended the Alaska State Constitution to provide for a Permanent Fund. The constitutional amendment required that twenty-five percent of all the State's non-renewable resource revenues be placed in the "Alaska Permanent Fund" where this revenue would be maintained (the concept of permanent<sup>ce</sup>) through those "income-producing investments" the legislature designates as eligible for permanent fund money. The constitution also provides that income from the investments will go into the State's general fund (where all other non-permanent fund revenues and taxes are deposited) unless the legislature decides to dedicate that income for other purposes.

The Tenth Alaska Legislature will be considering during the next session beginning in January of 1978, a number of different proposals (many of which have already been introduced as bills) to establish management and organization of the fund and to designate certain uses of the fund's earnings.. The task of the House Special Committee on the Permanent Fund is to assist the legislature by finding out what Alaskans think the goal or goals of their Permanent Fund should be and recommending Permanent Fund legislation to the next session of the legislature.

The Committee produced this report to provide Alaskans with information on how the Alaska Permanent Fund is being managed presently, what the possible roles of the Permanent Fund could be, and how the principal and earnings of the fund could be invested and managed.

Committee members wished to state early in the committee's  
deli<sup>b</sup>verations what they felt were the main issues to be resolved  
by the legislature in giving the Permanent Fund the statutory  
direction required by the constitution. It <sup>is</sup> the hope of the  
committee that you, ~~the reader of this report~~, will take the time  
to <sup>read</sup> ~~respond~~ to the committee's statement of the issues and give  
us your views or comments in the self-addressed and postage paid  
questionnaire in the back.

If you desire further information or wish to discuss any aspect  
of this report or the Permanent Fund in further detail, please  
do not hesitate to write or call the committee.

Above all, please take the time to read this report and watch for  
and participate in the public meetings and forums <sup>on the Permanent Fund</sup> to be held ~~on~~  
~~the Permanent Fund~~ throughout the State beginning <sup>in</sup> ~~this~~ September  
1977.

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# C. INVESTMENT GUIDELINES

The Alaska Constitution is the fundamental limitation of power of the State legislature. Article V.II (Natural Resources) of our Constitution <sup>allows for</sup> envisioned evolving principles of management of all resources of Alaska under State jurisdiction. For example, it directs that fish, wildlife, <sup>and</sup> ~~air and~~ water, in their natural state, are reserved to the people for their common use. <sup>The</sup> "Common use" ~~is a~~ principle ~~that~~ <sup>has</sup> evolved <sup>over</sup> for thousands of years since it was first introduced into script in Roman Law.

The Alaska Constitution declares that lands, and resource interests in them, wherever under State jurisdiction, are "public lands." The framers originally intended to add that those public lands would be held in trust. However, they finally withdrew that specific language and provided for certain fundamental constitutional limitations and obligations in natural resource management and gave broad powers to the legislature to "provide for the utilization, development and conservation of the public domain." The framers intended the limitations and obligations of the State in managing our resources to evolve through legislative policy-making and judicial interpretation.

<sup>because members recognized</sup> Recognizing that changing needs in developing non-renewable resources of the State since the 1957 Convention dictated a more specific mandate of trust obligations, <sup>A E</sup> the legislature presented the Permanent Fund to the voters. In essence, the legislature asked the voters, "pursuant to our broad obligation to manage the resources in the capacity of trustee, do you want us to create a permanent trust fund of part of the non-recurring

resource wealth?" The imperative language of the amendment created the trust fund.

This is an important perspective while analyzing the constitutional limitations of Permanent Fund investments. The one obligation the Permanent Fund <sup>amendment</sup> burdened the State with was that investments be income<sup>"</sup> producing. <sup>"The definition of this obligation"</sup> ~~"Income producing"~~ will undoubtedly evolve as other fundamental constitutional concepts, but this much is fairly clear: when possible, the Permanent Fund must be used to foster diversification of the Alaska economy and ensure that future generations receive benefits from non-renewable resource development today. House Journal, March 24, 1976.

Beyond those fundamental objects of the trust fund, investment parameters are unclear. The most troublesome question presently on the surface is whether the Fund must be managed to keep abreast with inflation. If protection of the Fund principal was foremost in the minds of the amendment's creators, as is suggested by the dominance of the word "permanent" in the amendment, then the obligation of the State might well include keeping abreast of inflation. The legislature may adopt that as a policy in the enabling act. Whichever direction the policy evolves, we know this much: If the Fund keeps abreast with inflation, investment policies will likely be different than if it doesn't. It may be necessary for the Fund to secure its money in a balance of high return - low risk investments in order to keep up with inflation, and such investments might preclude many Alaskans from participation. This policy consideration needs much input from all sectors of Alaska life.

Beyond the specific constitutional obligations, the legislature is left with broad enabling powers of the Natural Resources article to mandate other obligations of the Fund. Trust law places many obligations on fund

managers that are not specifically referred to in our Constitution. The legislature may adopt certain policies as obligations of the Fund. They may range as widely as guaranteeing that a certain percentage of investments in commercial projects in Alaska will flow to "small businesses," to mandating a cost-benefit analysis in renewable resource projects.

Another issue of public policy that will affect investments is whether the Fund should be effectively decentralized through the use of regional funding mechanisms. To do so would necessitate the creation of those funding mechanisms. Development banks, community development corporations, land and water conservation funds, the Renewable Resource Development Fund, cooperatives banks and credit unions have all been mentioned. No doubt decentralization into any such mechanisms will have to be viewed on an ad hoc basis.

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# I Introduction

An overwhelming majority of Alaska voters approved an amendment to the state constitution in November 1976 which provides that at least 25 percent of certain state nonrenewable resource revenues be placed in a permanent fund. The amendment requires that the fund's "principal shall be used only for those income-producing investments" the legislature designates as eligible for permanent fund money. The amendment also provides that income from the investments will go into the State's General Fund (where all other revenues and taxes are deposited) unless the legislature designates that income for other purposes.

In 1978 the Tenth Alaska Legislature will consider several different proposals for management and organization of the fund and use of the fund's earnings. Three bills introduced in the 1977 session were referred to the House Special Committee on the Alaska Permanent Fund. Our task is to find out what Alaskans want the fund to achieve and to recommend legislation for a permanent fund that will best attain those goals.

The intent of this report is to inform Alaskans about the Alaska Permanent Fund—how it will be presently managed, possible future roles, and investment and management options for

its principal and earnings. This report also allows committee members to state what they feel are the issues to be resolved in the permanent fund enabling legislation.

We hope that you will take the time to study this booklet, jot down your comments and questions as you read, and send us your views by filling out and mailing the ~~postage-paid~~ questionnaire on the last page. You may obtain further information about the Alaska Permanent Fund by calling or writing:

House Special Committee  
on the Alaska Permanent Fund  
528 West 5th Avenue, Suite 270  
Anchorage, Alaska 99501 Phone: (907) 276-3433

Above all, please watch for and participate in the public meetings and forums on the Permanent Fund to be held throughout the state beginning in September. If we have your comments by then, we can incorporate your ideas in the Public Forum program. Legislators will attend each forum to discuss the Permanent Fund, answer your questions, and find out what you want your Permanent Fund to be.

## The Evolution of the Permanent Fund

The permanent fund idea in Alaska gained popularity only after the \$900 million North Slope lease sale in 1969. Following this sale, the Brookings Institute conducted a series of seminars concerning "The Future of Alaska." More than 100 Alaskans were invited to attend, to explore some of the major emerging policy issues, and to set forth a plan for Alaska's future. The participants agreed that the "Alaska way of life" should be preserved. They defined this life-style as one which combines the conveniences of technological innovation with the opportunity and values of living as close to nature as possible.

After the Brookings seminars, several bills were introduced in the 1970 legislative session to establish some sort of "permanent fund" with the \$900 million. However, other more immediate uses for the money were judged to be more important, and no permanent fund was established.

The 1974 legislature passed a bill creating the Alaska Renewable Resources Development Fund. This legislation provides that not less than five percent of nonrenewable resources income will be deposited in a separate fund beginning July 1, 1978. Monies can be appropriated from the fund only for capital and operating expenditures for the rehabilitation, enhancement, and development of renewable resources programs.

Another bill, which would have created a permanent fund by statute, passed the legislature in 1975. However, because of a disagreement with the legislature over constitutionality, the governor vetoed it. The 1976 legislature passed House Joint

Resolution 39, calling for a constitutional amendment to establish the Alaska Permanent Fund. The voters approved that amendment in November 1976 by a margin of nearly nine to one.

The amendment lifted the prohibition against special dedicated funds to allow a minimum of 25 percent of all mineral lease rentals royalties, royalty sale proceeds, federal mineral revenue-sharing payments, and bonuses to accumulate in a special fund separate from the General Fund. The only restriction on the use of the principal of the fund is that it must be for "income-producing investments" and, therefore, not for the general operating costs of government. The income from these investments will be deposited in the State's General Fund unless otherwise provided for by law.

The Joint House Finance and Judiciary Committee Chairmen's Report, detailing legislative intent for HJR 39, stated that sufficient revenue would be accumulated in the Alaska Permanent Fund to allow diversification of Alaska's economy and to insure that future generations receive benefits from development of the State's nonrenewable resources. The report noted that the fund would be restricted to income-producing investments "which the legislature would establish and change from time to time to meet the needs of the state." Use of the fund's earnings was left open to the legislature "to give future legislatures the maximum flexibility in using fund earnings—ranging from adding to fund principal to paying out a dividend to resident Alaskans."

The principal represents Alaska's mineral wealth transformed into dollars through the sale of natural resources to private developers. The legislature must decide what forms of wealth-preserving and income-producing assets this money should take. Our mineral sale revenues have recently been financing about 60 percent of state expenditures. When revenue from mineral sources begins to decline, part of the future role of the Permanent Fund may be to supplement the General Fund with earnings from fund investments or to help create a tax base to provide new state revenue sources.

The governor anticipated voter approval of the permanent fund amendment. In August 1976 he temporarily expanded the membership and duties of the State Investment Advisory Committee, which is charged by statute to advise the commissioner of revenue on investment policy for the State. He directed the advisory committee to study and report on the estimated size, investment goals, management, organization, and public interest in the Permanent Fund.

Presently, the income earned by permanent fund investments can be channeled into any use the legislature designates. The House Committee on the Permanent Fund, therefore, must also recommend where and how to use the fund's earnings which, unlike use of the principal, need not produce income.

The State Investment Advisory Committee conducted its deliberations with energy and diligence. Members conferred with consultants to produce draft legislation for a permanent fund structure. To arrive at its findings, the State Investment Advisory Committee examined consultants' reports on many of the resource-based monetary funds and developed banks throughout the world.

In March 1977, two bills were introduced in the State House to begin debate on the structure of the Permanent Fund. Both bills would structure the Permanent Fund essentially as a development bank. Both measures propose a two-board management system, a policy board with overall policy-

making power, and a committee under the policy board to approve investment proposals. Both bills also give the president of the Permanent Fund corporation strong executive power and sole responsibility for presenting investment proposals to the investment committee. Both proposals require that at least 40 percent of the fund must be placed in high-grade securities, but allow up to 30 percent of the assets to be invested in Alaska development loans and another 30 percent in community projects and private dwellings. Except for the appointment of the policy board members (who are subject to legislative confirmation under only one of two bills), both proposals would allow the fund to operate rather independently from the executive and legislative branches.

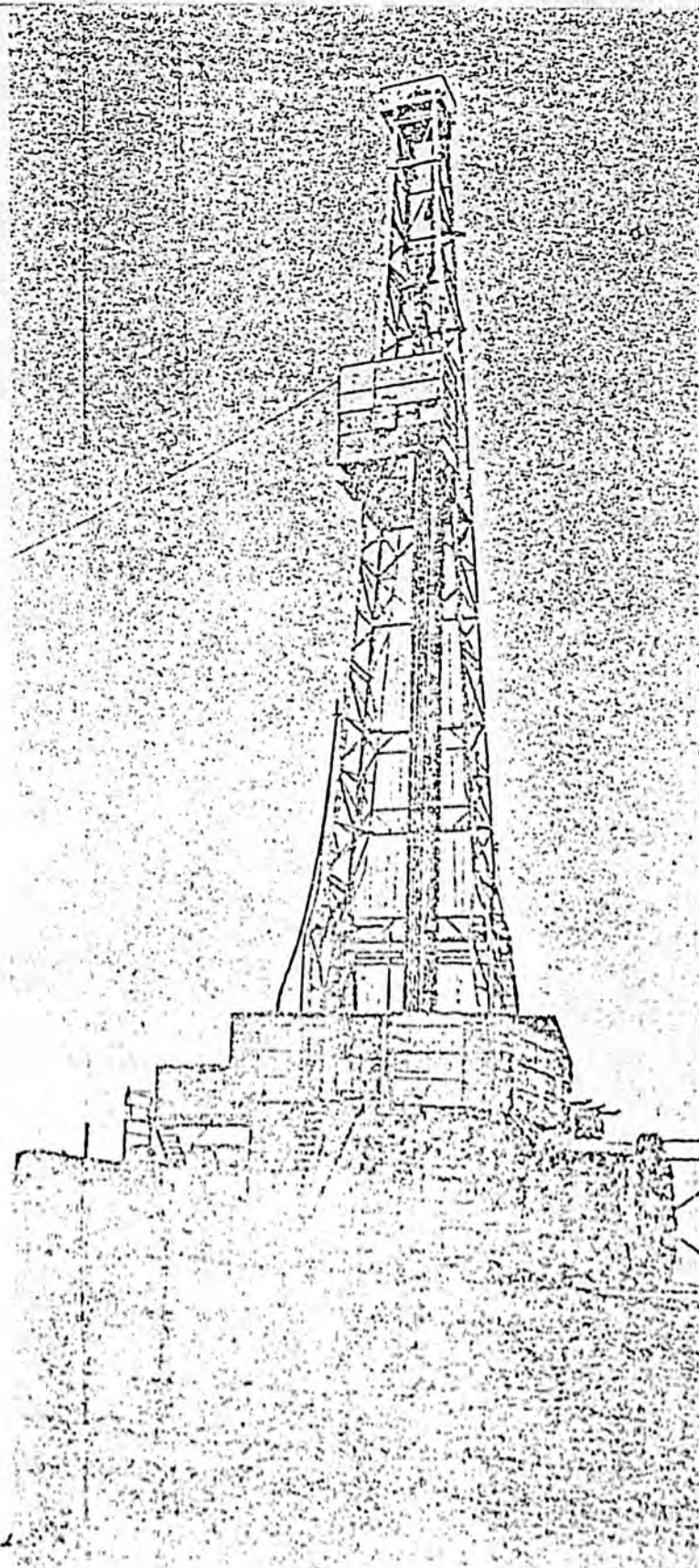
In 1977 the legislature passed an interim permanent fund management bill that will stay in effect until specific investment objectives and management structure have been thoroughly examined and agreed upon. It directs the commissioner of revenue to invest permanent fund money into various "money-market instruments," such as U. S. Treasury notes, certificates of deposit, and high-grade securities (not stock), all of which are relatively liquid and secure. As of July 15, 1977 four million dollars had accrued to the Permanent Fund and had all been invested in a savings account in the Bank of America and in U. S. Treasury notes. Almost \$45,000 in interest has been <sup>earned</sup> in the first five months of its existence.

The House Special Committee on the Alaska Permanent Fund met on July 15 and 16, 1977 and heard testimony from a number of expert witnesses; two of whom presented papers on the establishment of the fund ("Economic Considerations in Establishment of Alaska's Permanent Fund" by Arlon Tussing, Institute of Social and Economic Research, University of Alaska and "Thinking About the Alaska Permanent Fund: A Cautious Approach for Alaskan Policymakers" by Beldon Daniels, Department of City and Regional Planning, Harvard University). Copies of both papers are available upon request from the Committee.

One of the major thrusts of Dr. Tussing's testimony was that there is no need or useful function for permanent fund investment in major industrial or commercial enterprise in Alaska, unless special reasons existed to subsidize them. Mr. Tussing's report infers that, at least initially, it makes more sense to invest the major portion of the fund outside the state.

Dr. Daniels emphasized that no development bank can create economic activity not already in existence; if there is no market or if costs are too high, "artificial" investment from the Permanent Fund will not help. Dr. Daniels suggested that the fund could provide needed commercial credit and financing of small- and medium-scale enterprises in Alaska but that fund managers should, in most cases, insist on market return for fund investments. A possible exception is economically feasible joint ventures with regional development corporations outside the major population centers. Daniels emphasized the importance of planning fund activity generally as well as coordination between the Permanent Fund and the General Fund.

During the 1977 legislative session, the Speaker of the House and the President of the Senate appointed special committees to consider alternative proposals for the Permanent Fund during the legislative interim. The committees will gather and distribute information, listen to public opinion, seek expert advice, consider how the fund should be administered, establish major goals for the fund, and present their recommendations to the full legislature in January 1978. The committees will make major efforts in the areas of public education and participation to learn what Alaskans want their permanent fund to be. This booklet marks the beginning of this phase.



### III The Fund's Relationship to the Constitution and Other State Funds

Oil and minerals are a removable portion of Alaska's statehood entitlement to its citizens—past, present, and future. This nonrenewable wealth is now being extracted and transformed into another form of wealth—money. Dedication of that wealth to the Permanent Fund should provide an opportunity to make this wealth a renewable resource for many generations.

Although the form of the wealth is changing, the State still stands in the role of trustee, holding this resource wealth in trust for the benefit of the people of Alaska. Any objectives established for the Permanent Fund must be consistent with the same legislative obligations required for resource management. The legislature must decide into what income-producing assets permanent fund money should be placed. It is important to clearly define the obligations of the State before setting fund objectives.

The income earned from fund investments provides another source of wealth. Presently, a significant portion of state expenditures relies on oil wealth. The legislature has already stated that one objective of the fund is to diversify the state economy. As oil wealth declines, the Permanent Fund may bear the responsibility of supplementing the General Fund through income from fund investment, creation of an expanded tax base, or some combination of the two.

The Permanent Fund is one of several tools policy makers can use to achieve public objectives. Each year the legislature appropriates money from

the General Fund to finance state activities. As required by the constitution, the General Fund is the sole repository (with the exceptions of the Alaska Permanent Fund and the Renewable Resources Development Fund) of all state revenues from all sources. The legislature is the or' body empowered by the constitution to appropriate money from the General Fund.

The objectives of some of the general fund expenditures may be similar to those of certain investments of the Permanent Fund. For example, the State currently maintains loan programs to promote a variety of interests, ranging from business to home loans and senior citizen housing. Careful coordination with existing loan activities will help avoid duplication and conflict of programs.

The State also possesses extensive bonding powers and can pursue major projects by issuing general obligation or revenue bonds. Special purpose agencies, such as the Alaska Power Authority, can (with legislative approval) provide for the financing of specific facilities. The State additionally has mechanisms, such as the Municipal Bond Bank, to assist local governments borrowing money to achieve their objectives.

These various tools should be considered as we ponder alternative fund uses to that we can best match tools with objectives. Further, provisions for coordinating permanent fund and other government activities will be a crucial element in developing the enabling legislation.

Figure 1

# Revenue Projections through 1985

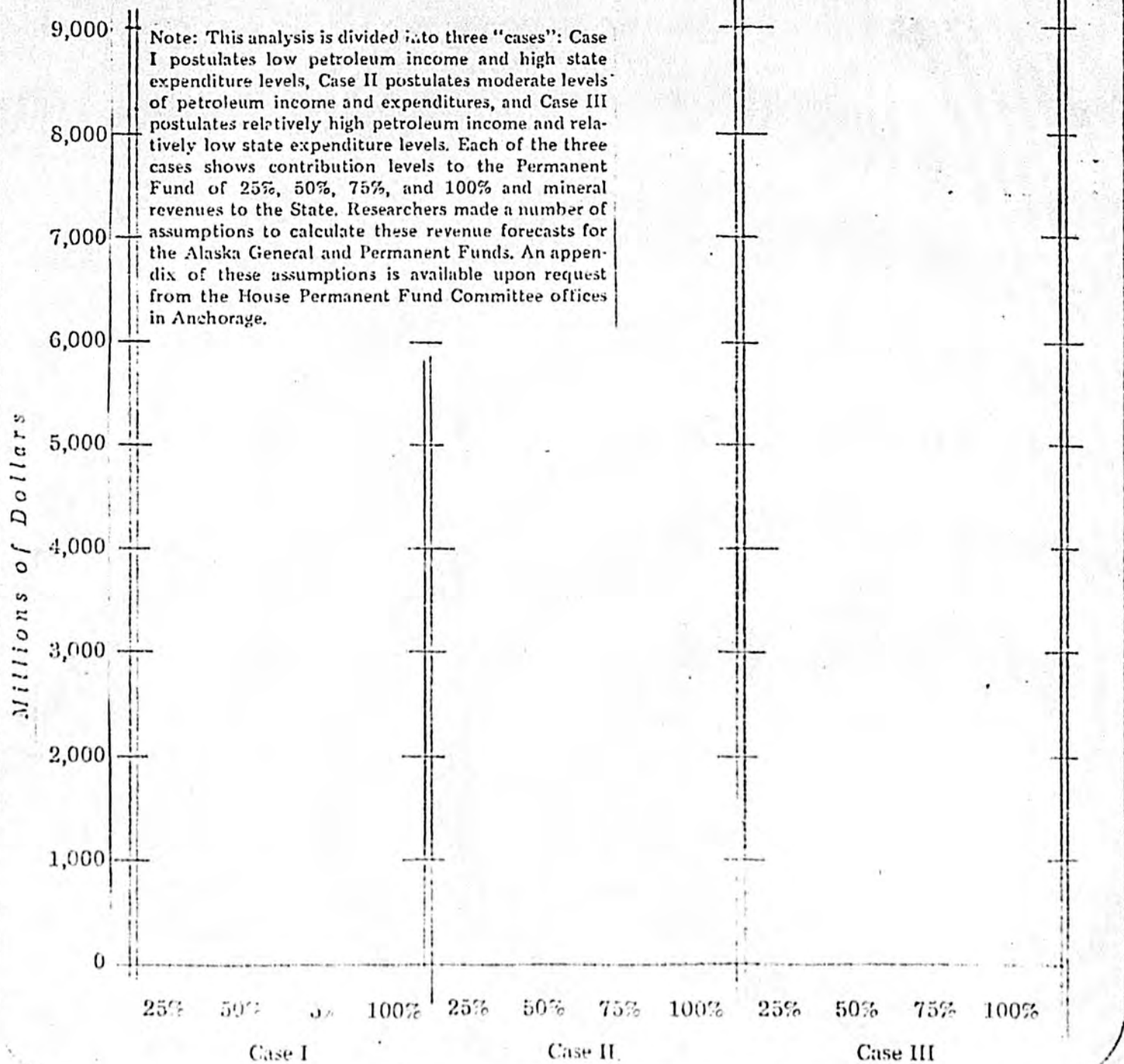


Figure 2  
Loan Fund Activity, F.Y. 1976

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The following programs and activities are potentially eligible for permanent fund investment (i.e., they are "income producing," although the rate of return will vary):

(1) The Scholarship Loan Program provides loans to Alaska residents for postsecondary vocational and academic training with a forgiveness incentive for remaining in Alaska after completing school.

(2) The Fisheries Enhancement Revolving Loan Fund supports loans to nonprofit organizations or individuals for the development of hatcheries.

(3) The Municipal Bond Bank Authority is an independent public corporation to help Alaska communities develop needed public facilities by marketing general obligation bonds. The bond bank will purchase these bonds, offering its own revenue bonds to the public bond market.

(4) The Division of Business Loans administers five revolving loan funds and two public corpora-

tions—the Small Business Revolving Loan Fund, the Tourism Revolving Loan Fund, the Commercial Fishing Revolving Loan Fund, the Child Care Facilities Revolving Loan Fund, the Water Resources Revolving Loan Fund, the Alaska State Development Corporation, and the Small Business Development Corporation. These five loan funds enable qualified businesses and public utilities to obtain long-term financing for developing, expanding, or modernizing their operations.

(5) The Veterans Affairs Revolving Loan Fund makes loans to qualified Alaska national guardsmen and veterans in Alaska. These loans may be used to purchase, refinance, build and remodel homes, farms, businesses, and multiple dwellings. In addition, a qualified veteran may receive a loan for education, fishing, mining, or personal use.

(6) The Agricultural Revolving Loan Fund provides long-term, low-interest loans to promote rapid development of agriculture as an industry throughout the state.

(7) The Senior Citizen Housing Development Program provides loans and grants to municipalities, housing authorities, and other nonprofit local sponsors to stimulate new housing construction and for rehabilitation of existing units for senior citizens.

(8) The Alaska State Housing Authority (ASHA) and the Alaska Housing Finance Corporation (AHFC) are operated by the State for public and low-cost housing programs and state-supported financing for low- and moderate-cost private sector housing development. Currently, ASHA receives almost all of its funding from the U. S. Department of Housing and Urban Development and manages housing units throughout the state. AHFC makes or buys mortgages on low- or moderate-income housing, insures mortgages, and makes home improvement loans and loans for other associated costs of home ownership, including down payments, to qualified persons or developers. In addition, the State has established 13 regional Native housing authorities with powers essentially similar to those of ASHA. The federal government provides virtually all of the funds for these activities, so State participation is minimal and limited to insured short-term loans.

(9) The Alaska Power Authority is designed to promote the development of hydroelectric and fossil fuel power sources for domestic Alaska usage. The authority is generally empowered to issue bonds and notes to finance power development activities in the State, with the debt being secured by the projects themselves or by the earnings of these projects. This program is still in the formative stages and has yet to issue bonds.