

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5122 HSTA SJR 21 - SJR 61

68

SJR

21

P H O N E M E M O	TO	SVK 21		DATE	5/14	TIME	12.20	AM	
	FROM	M	Betty Bengtson	AREA CODE	NUMBER				
	OF				789-5195				
					EXTENSION				
	M E S S A G E								SIGNED
	PHONED <input type="checkbox"/>	CALL BACK <input type="checkbox"/>	RETURNED CALL <input type="checkbox"/>	WANTS TO SEE YOU <input type="checkbox"/>	WILL CALL AGAIN <input type="checkbox"/>	WAS IN <input type="checkbox"/>	URGENT <input type="checkbox"/>		

AICO FORM NO 50-176

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/11/87

FURTHER REFERRALS:

DATE: 5-16-87

The State Affairs Committee has considered SJR 21am

Requesting the President of the United States to propose an international freeze on nuclear weapons, verification safeguards for the freeze, the use of nuclear weapons funds for peaceful nonnuclear uses, and nuclear disarmament by all nations; and requesting the state Congressional delegation to urge the president to make the proposals.

RECOMMENDS:

- replace with HCS CS SJR 21 the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 4-10-87
- zero with analysis

SIGNING DO PASS:

David Duley

John Upman

SIGNING OTHER RECOMMENDATIONS:

Conrad ... **NO REC PENDING FLOOR DEBATE**

John Upman **Do Not Pass**

John Upman
Chairman's signature

Original sponsors: Eliason, Kelly,
Josephson, et al.

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR SENATE JOINT RESOLUTION NO. 21 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Requesting the President of the United
6 States to propose an international
7 freeze on nuclear weapons, verification
8 safeguards for the freeze, the use of
9 nuclear weapons funds for peaceful
10 nonnuclear uses, and nuclear disarmament
11 by all nations; and requesting the state
12 Congressional delegation to urge the
13 president to make the proposals.

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

15 WHEREAS the unleashing of nuclear weapons in warfare would cause
16 untold deaths, suffering, and destruction; and

17 WHEREAS the continued development, testing, and production of nuclear
18 weaponry and related delivery systems increase distrust and apprehension
19 among nations, the likelihood of nuclear accidents, and the potential
20 magnitude of any international conflict; and

21 WHEREAS the burgeoning defense budget required for production and
22 deployment of nuclear weapons increases the United States budget deficit;
23 and

24 WHEREAS governmental funds spent for nuclear weaponry and related
25 delivery systems may be used more wisely for peaceful pursuits;

26 BE IT RESOLVED by the Alaska State Legislature that the President of
27 the United States is respectfully requested to propose to the Soviet Union
28 and other nations

(1) a mutual freeze on the testing, production, and deployment

1 of nuclear weapons and of missiles, watercraft, and aircraft designed
2 primarily to delivery nuclear weapons;

3 (2) verification safeguards for the freeze that are satisfactory
4 to all parties; and

5 (3) eventual nuclear disarmament by all nations, beginning with
6 a verifiable and enforceable treaty between the Soviet Union and the United
7 States that provides for

8 (A) a nuclear-weapon-free Arctic and subarctic encompassing
9 Alaska and Siberia; and

10 (B) eventual expansion into a multilateral treaty involving
11 all nations with territory and claims in the Arctic and subarctic; and
12 be it

13 FURTHER RESOLVED that, if the requested freeze is mutually agreed upon
14 and the Soviet Union conclusively proves that it has frozen all nuclear
15 testing, production, and deployment, the President of the United States is
16 respectfully requested to propose that funds that would have been used for
17 nuclear military purposes be used for peaceful nonnuclear uses; and be it

18 FURTHER RESOLVED that the Alaska delegation in Congress is respectf-
19 ly requested to urge President Reagan to make the proposals requested in
20 this resolution.

21 COPIES of this resolution shall be sent to the Honorable Ronald
22 Reagan, President of the United States; the Honorable George Shultz, U.S.
23 Secretary of State; the Honorable Robert Byrd, Majority Leader of the U.S.
24 Senate; the Honorable Thomas Foley, Majority Leader of the U.S. House of
25 Representatives; and to the Honorable Ted Stevens and the Honorable Frank
26 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative,
27 members of the Alaska delegation in Congress.

1 IN THE SENATE

BY ELIASON, KELLY, JOSEPHSON,
JONES AND FISCHER

2

SENATE JOINT RESOLUTION NO. 21 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

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nonnuclear uses, and nuclear disarmament

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Congressional delegation to urge the

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21 WHEREAS the burgeoning defense budget required for production and
22 deployment of nuclear weapons increases the United States budget deficit;
23 and

24 WHEREAS governmental funds spent for nuclear weaponry and related
25 delivery systems may be used more wisely for peaceful pursuits;

26 BE IT RESOLVED by the Alaska State Legislature that the President of
27 the United States is respectfully requested to propose to the extent
28 consistent with the concept of deterrence, to the Soviet Union and other
29 nations *delete*

1 (1) a mutual freeze on the testing, production, and deployment
2 of nuclear weapons and of missiles, watercraft, and aircraft designed
3 primarily to delivery nuclear weapons;

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19 Representatives; and to the Honorable Ted Stevens and the Honorable Frank
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House Language



BALLOT MEASURE #1: NUCLEAR FREEZE
(Election District Vote Breakdown)

	<u>FOR</u>	<u>AGAINST</u>
Statewide total:	80,325 (58.4%)	57,125 (41.5%)
District 1:	2,609 (56.6%)	2,001 (43.4%)
District 2:	1,748 (63.0%)	1,027 (37.0%)
District 3:	1,583 (62.5%)	947 (37.4%)
District 4:	6,671 (64.3%)	3,697 (35.7%)
District 5:	4,533 (55.6%)	3,616 (44.3%)
District 6:	1,303 (60.4%)	1,134 (39.6%)
District 7:	2,652 (58.4%)	1,887 (41.6%)
District 8:	5,148 (58.4%)	3,667 (41.6%)
District 9:	4,749 (60.7%)	3,073 (39.3%)
District 10:	4,305 (58.3%)	3,072 (41.6%)
District 11:	2,305 (61.2%)	1,776 (38.8%)
District 12:	3,799 (62.7%)	2,258 (37.2%)
District 13:	2,611 (56.1%)	2,045 (43.9%)
District 14:	3,808 (55.7%)	3,030 (44.3%)
District 15:	3,952 (55.1%)	3,215 (44.9%)
District 16:	5,273 (55.7%)	4,185 (44.2%)
District 17:	1,314 (54.0%)	1,540 (45.9%)
District 18:	2,022 (50.7%)	1,966 (49.3%)
District 19:	2,774 (63.5%)	1,595 (36.5%)
District 20:	3,369 (56.9%)	2,930 (43.1%)
District 21:	2,841 (66.7%)	1,420 (33.3%)
District 22:	1,380 (55.3%)	1,115 (44.7%)
District 23:	1,684 (57.2%)	1,261 (42.3%)
District 24:	1,608 (55.4%)	1,294 (44.6%)
District 25:	1,452 (52.2%)	1,327 (47.7%)
District 26:	1,472 (57.7%)	1,079 (42.3%)
District 27:	1,356 (59.5%)	923 (40.5%)

note: percentages have been rounded to the nearest tenth.

BALLOT MEASURE NO. 1
Initiative No. 83-03

NUCLEAR WEAPONS FREEZE

The initiative would officially recognize that the prevention of nuclear war is the greatest challenge facing the Earth and that the nuclear arms race dangerously increases the risk of a war that would destroy humanity. The initiative would promote mutual and verifiable nuclear weapons freeze, to be followed by nuclear weapons reduction. The initiative would direct the governor to conduct the state's affairs in conformity with the initiative's goals.

A vote "FOR" adopts the initiative.

80,326 FOR 58.4%

A vote "AGAINST" rejects the initiative.

57,125 AGAINST 41.5%

NEUTRAL SUMMARY—83-03

Prepared by the Legislative Affairs Agency

This initiative would declare as the policy of the state the promotion of a mutual and verifiable nuclear freeze to be followed by a reduction in nuclear warheads, missiles, and other delivery systems in order to halt the nuclear arms race and to reduce the risk of nuclear war. The initiative bases this policy on its recognition that the greatest challenge facing the earth is the prevention of nuclear war by accident or by design and that the nuclear arms race is dangerously increasing the risk of a holocaust that could be humanity's final war. The governor is directed to conduct the affairs of the state and to carry out state programs in conformity with this policy.

FULL TEXT OF THE PROPOSITION

For An Act Entitled: "An Act relating to the establishment of a nuclear freeze as the policy of the State."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

Section 1. DECLARATION OF POLICY. It is the policy of the State of Alaska: (1) to recognize that the greatest challenge facing the Earth is to prevent the occur-

rence of nuclear war by accident or design;

(2) to recognize that the nuclear arms race is dangerously increasing the risk of a holocaust that would be humanity's final war;

(3) to promote a mutual and verifiable freeze followed by reductions in nuclear warheads, missiles, and other delivery systems in order to halt the nuclear arms race and to reduce the risk of nuclear war.

Section 2. IMPLEMENTATION. (a) The governor shall conduct the affairs of state and carry out state programs in conformity with this policy.

(b) The lieutenant governor shall deliver copies of this Act to Congress and the President of the United States.

Section 3. EFFECTIVE DATE. This initiative shall be effective when enacted according to law.

Dist. by Sen. Eliason

**Statement IN SUPPORT of the
Nuclear Arms Freeze Proposition**

Alaskans have a wonderful opportunity to make a meaningful contribution to world peace when they vote August 26. They can do this by casting their vote in the "For" (meaning "yes") column on the Nuclear Freeze Initiative question they'll find on the ballot.

It is important, however, to realize several things the initiative does **not** do:

The initiative does **not** encourage or obligate the U.S. to any sort of **unilateral** or "go-it-alone" policy regarding a freeze or reduction of nuclear warheads. It calls, instead, for a **mutual** freeze and reduction of such weapons. If other nations—particularly the Soviet Union—will not participate, then there is no obligation for the U.S. to do so.

And, the initiative does not call for any sort of "blind trust" toward the Soviets or any other nation. Instead it specifies that any agreement must be not only mutual but **verifiable** before we agree to participate. In other words we have to have arrangements in place to scientifically verify that no one is cheating, or there's no deal.

Truly, we have nothing to lose by adopting this policy.

But what will we gain?

For starters, just the freezing of production of nuclear weapons, just the limiting of arsenals to their present strength—which is already sufficient to destroy civilization as we know it today, many times over—will be a significant step forward in the

(CONTINUED ON BACK SIDE)

quest for lasting peace. And, over time, as the nations mutually reduce their nuclear armaments (again, in a way that can be scientifically verified by all concerned) the threat of atomic holocaust will significantly diminish.

If the world fails to achieve this kind of nuclear disarmament is there any doubt that sooner or later, either by design or accident, one nation or the other will use its nuclear weapons?

And if that happens it is foregone that other nations will respond without restraint.

The result would have to be near-total destruction of life on earth. (Just recall the panic, loss of human life, damage and contamination of food hundreds of miles away when a single accidental melt-down occurred recently in the Soviet Union.)

But nuclear destruction need not happen. We have the capacity, through verifiable agreements such as the initiative proposes, to make the threat of nuclear war obsolete.

What would be the State of Alaska's role in this? The initiative calls upon the governor to conduct our Alaskan affairs in ways that conform with this policy. It directs the lieutenant governor to deliver copies of the Act to Congress and to the President of the United States. It lets our national leaders and policymakers know that Alaskans stand for common-sense peace.

Similar initiatives have already passed in local Alaska elections. Now Alaska, alone of all the states, has a nuclear freeze initiative on the ballot this fall. This is our chance to speak and act positively on the issue of peace not only statewide but nationally through press attention to our unique ballot question.

Mike M. Miller, Alaska State Representative & prime sponsor.

Statement OPPOSING the Nuclear Arms Freeze Proposition

Your vote on this resolution sends a message—an international message. Unfortunately, this resolution aims the wrong message at the wrong people. It is also a naive, simplistic and cruelly false solution to a complex and deadly problem which it would only aggravate.

Chernobyl and Bhopal show that the ultimate danger to human survival is technology itself, not just the risk of nuclear war. Future energy or biogenetic disasters could terminate life on our planet even more certainly than "nuclear winter", and the Soviet system suppresses genuine environmental activism. A primary source of Arctic air pollution is the USSR. Nuclear weapons ended the "conven-

tional" holocaust of World War II, and Deterrence has been one of the few successes in curbing Soviet militarism and mistakes.

A "freeze" of the research, development and production of nuclear weapons cannot be verified. Our spy satellites may read license plates, but the Soviets have nonetheless succeeded in seriously violating existing nuclear and biological weapons treaties. The Soviets' unrepented murder of Major Arthur Nicolson demonstrates that even their signed guarantees of on-site treaty verification inspections mean nothing.

Our government has heard our concern about the cost and dangers of the arms race. It has tried to negotiate fair, verifiable disarmament treaties which will also continue deterring war. The Soviets refuse these and break others. Genuine Soviet peace activists attempting to petition their government are condemned to KGB psychiatric prisons.

Soviet leaders do not feel threatened by the terror and terrible costs of the arms race. They see Western "peace" activism as only a tool for nuclear terrorism, to demoralize our resistance to their increasingly aggressive militarism. Our FBI verified KGB involvement in the formation of the American Freeze movement.

When unilateral agitation like this resolution undercuts our government's bargaining position and even leads Soviet leaders to think the arms race may be winnable, they have no use for genuine disarmament. While the Kremlin promotes a nuclear arms freeze, even the **Washington Post** has editorially opposed it as bad policy.

This resolution tells the Kremlin that nuclear terrorism works on Alaskans. Such fear and weakness precipitated Hitler's invasion of Poland and the Pearl Harbor attack. Such agitation led to our desertion of the Cambodians and Vietnamese and to the genocide which resulted.

Despite Kremlin propaganda, Soviet military preparations betray a doctrine that nuclear war is "winnable". (Even our Pentagon has renounced that.) Strategic advantage goes to the attacker, and Soviet development and deployment of nuclear weapons and delivery systems surpassed us in the 1970's. Freezing our attempt to restore deterrence encourages Soviet attack.

Judging by their fast reaction to our State Senate's Wrangel Island resolution and Gennady Gerasimov's recent visit here, Soviet leaders realize Alaska's military and geopolitical importance and monitor us closely.

If you want to do something to help deter another world war, to express solidarity with our government's struggle for genuine disarmament and to send the Kremlin a strong and clear message that Alaskans can't be snowed, then please help vote this down.

Lou Coatney, Juneau

All excerpts from Department of State Bulletin: The Official Monthly Record of United States Foreign Policy, (emphasis added throughout)

Excerpts from "Prospects for World Peace" by President Reagan, an address before the 41st session of the UN General Assembly in New York City on Sept. 22, 1986, appearing in Dept. of State Bulletin, November 1986:

"It is for this reason that I wrote last summer to Mr. Gorbachev with the new arms control proposals. Before discussing the proposals, let us be clear about which weapons are the most dangerous and threatening to peace. The threat does not come from defensive systems, which are a shield against attack, but from offensive weapons -- ballistic missiles that hurtle through space and can wreak mass destruction on the surface of the earth, especially the Soviet Union's heavy, accurate intercontinental ballistic missiles (ICBMs), with multiple warheads, which have no counterparts in size or number in any other country.

"That is why the United States has long urged radical, equitable, verifiable reductions in these offensive systems. Note that I said reduction; for this is the real purpose of arms control; not just to codify the levels of today's arsenals, not just to channel their further expansion, but to reduce them in ways that will reduce the danger of war. Indeed, the United States believes the prospect of a future without such weapons of mass destruction must be the ultimate goal of arms control.

"I am pleased to say that the Soviet Union has now embraced our idea of radical reductions in offensive systems. At the Geneva summit last November, we agreed to intensify work in this area. Since then, the Soviets have made detailed proposals which, while not acceptable to us, appear to represent a serious effort. So, we continue to seek a 50% reduction of American and Soviet arsenals -- with the central focus on the reduction of ballistic missile warheads. If the Soviet Union wants only a lesser reduction, however, we are prepared to consider it but as an interim measure. In other provisions, as well, we have sought to take account of Soviet concerns. So, there has been movement.

"Similarly, in the area of intermediate-range nuclear forces, the United States seeks the total elimination of such missiles on a global basis. Again, if the Soviet Union insists on pursuing such a goal in stages, we are prepared to conclude an interim agreement without delay."

"As the United States has repeatedly made clear, we are moving toward a future of greater reliance upon strategic defence. The United States remains prepared to talk about how -- under what ground rules and process -- we and the Soviet Union can do this cooperatively. Such strategic defenses, coupled with radical reductions in offensive forces, would represent a safer balance and would give future statesmen the opportunity to move beyond it to the ultimate elimination of nuclear weapons from the face of the earth."

Nuclear and Space Arms Negotiations
White House Statement excerpt
Aug. 31, 1986
Department of State Bulletin, November 1986

The United States and the Soviet Union will begin a new round of discussions on arms control in Geneva on September 18. An interagency arms control group has been meeting during the past several weeks to prepare for this round of talks. The United States considers this new round to be important in the process of reaching an agreement for meaningful arms control leading to total elimination of nuclear weapons. The September discussions come at a critical juncture in the process.

The recent exchanges between President Reagan and General Secretary Gorbachev have served to underscore the seriousness of the discussions. We are pleased that the Soviet Union has moved from a position of limiting the expansion of the arms race to a discussion of reducing the nuclear arsenals on both sides.

U.S. Policy on Arms Control: Purpose, Prospects, and Process
by Allen Holmes (Ambassador Holmes, Assistant Secretary for Politico-Military Affairs) Excerpt from address delivered before the Council on Foreign Relations in New York City on June 2, 1986, appearing in Dept. of State Bulletin, Sept. 1986:

"The objective of this Administration is to enhance security and reduce the risk of war, to ensure strategic stability at the lowest feasible level, and ultimately -- some day -- to do away with nuclear weapons."

"Our objectives in Geneva remain the same as stated at the summit: to seek common ground in negotiating deep, equitable and verifiable reductions in strategic and intermediate-range offensive nuclear arsenals and to discuss with the Soviet Union how we could enhance deterrence and stability by moving toward a world in which we would no longer rely exclusively on the threat of nuclear retaliation to preserve the peace. We hope the Soviets will negotiate seriously with us toward these important goals."

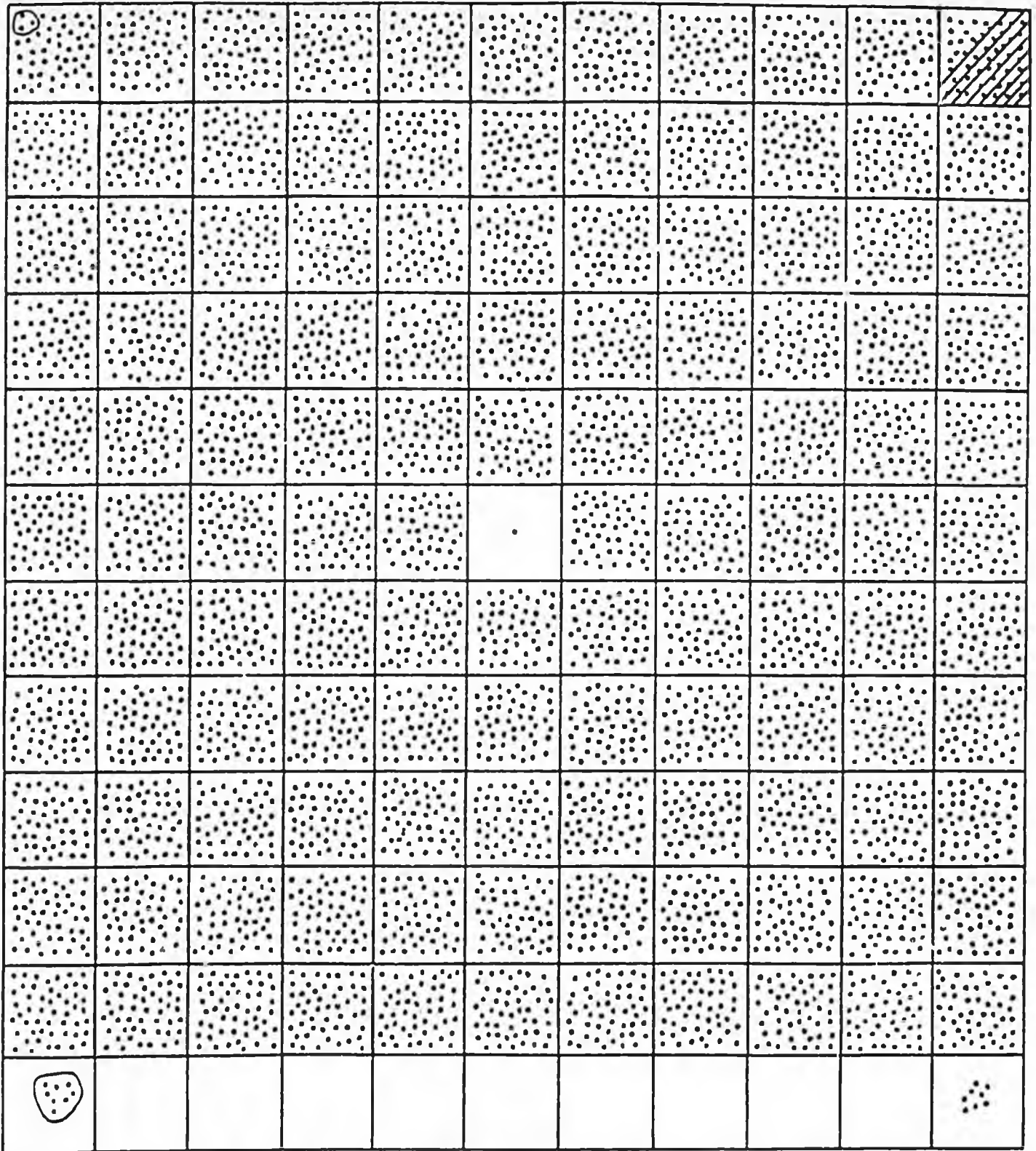
Excerpts from remarks delivered by President Reagan in Glassboro, New Jersey, June 19, 1986, appearing in Dept. of State Bullentin, September 1986:

"When I met Mr. Gorbachev last November in Geneva, he and I agreed to intensify our effort to reduce strategic arms...And we both spoke of the ultimate goal of eliminating all nuclear weapons."

"In this essay on peace, then, we can assert that the time has come to move forward. Let us leave behind efforts to seek only limits to the increase of nuclear arms and seek instead actual arms reductions -- the deep and verifiable reductions that Mr. Gorbachev and I have agreed to negotiate. The goal here is not complicated. I am suggesting that we agree not on how many new, bigger, and more accurate missiles can be built, but on how to reduce and ultimately eliminate all nuclear missiles.

"Let us leave behind, too, the defense policy of mutual assured destruction, or MAD, as it's called, and seek to put in its place a defense that truly defends. You know -- let me interrupt right here and say that possibly you haven't considered much about this system. This MAD policy, as it's called -- and incidentally, MAD stands for mutual assured destruction, but MAD is also a description of what the policy is. It means that if we each keep enough weapons that we can destroy each other, then maybe we'll both have enough sense not to shoot those weapons off. That's not exactly the way for the world to go on, with these massed terribly destructive weapons aimed at each other and the possibility that some day a madman somewhere may push a button and the next day the world starts to explode."

NUCLEAR WEAPONS CHART



The dot in the center represents all the firepower of World War II—three megatons. The other dots represent the world's present nuclear weaponry, which equals 6,000 World War II's (18,000 megatons). The U.S. and the Soviets share this firepower with approximately equal destructive capability.

The top left-hand circle, enclosing nine megatons, represents the weapons on one Poseidon submarine—equal to three World War II's, enough to destroy more than 200 of the largest Soviet cities. The circle in the lower left-hand square (24 megatons, eight World War II's) represents one new Trident sub with the power to destroy every major city in the northern hemisphere.

Just two squares (300 megatons) represent enough firepower to destroy all the large- and medium-sized cities in the world.

The amount in the shaded area—100 megatons, or less than 1% of the U.S. or Soviet arsenal—represents the amount necessary to bring on the "nuclear winter." The dust lofted into the air by the explosion of this small amount would block out sunlight and make temperatures drop so dramatically that our planet would be uninhabitable for plants, animals and humans.

This chart, which has been reviewed for accuracy by U.S. Senate staff members, appears in *The Trinitab Factor: How Business Executives Can Help Solve the Nuclear Weapons Crisis* by Harold Willens.

Original sponsors: Eliason, Kelly,
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28
29

No. 225

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE



REQUEST: _____

Bill Version : SJR 21
Publish Date : 4-10-87

Revision Date: _____
Title: Requesting the President of
the U.S. international freeze
Sponsor: _____
Requestor: _____

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: _____
Division: _____

Phone: _____
Date: _____

Approved by CHAIRMAN Senator Sheldon Alford
Agency: Senate State Affairs

Date: 4/8/87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

SJR

26



INFORMATION

From The UNIVERSITY OF ALASKA-ANCHORAGE

3

November 18, 1986

Announcement was made today of the history-making proposed medical exchange agreement between the University of Alaska, Anchorage (UAA) and the Siberian Branch of the Academy of Medical Sciences of the USSR (SBAMS). It is the first of its kind between medical research institutions in Siberia and any institution or country outside of the Soviet Bloc countries. This agreement is one of two in medicine that was approved by the President's Office on U.S.-Soviet Exchanges as a result of the Reagan-Gorbachev Summit Meetings in Geneva earlier this year.

Dr. Ted Mala, Associate Professor of Health Sciences and Coordinator for the agreement, returned this month from working six weeks in Siberia, visiting and photographing the major medical research institutes there as part of a U.S.-USSR Health Scientist Exchange Program Award under the U.S. Public Health Service.

The five-year agreement signed between UAA and the SBAMS includes initially six areas of involvement; 1) Physiological Aspects of Adaptation to the North; 2) Nutrition and Human Health in the North; 3) Effects of Chronic Stress in Natives and Newcomers to Northern Regions, Utilizing Laboratory Conditions; 4) Mechanisms of Adaptive Reactions of the Immune System in Northern Conditions and Specific Features of Immune Deficiency and the Development of Autoimmune Diseases; 5) Biochemical and Genetic Peculiarities of the Effects of Alcohol on the Metabolic Processes in both Alaskan and Siberian Populations; and 6) Medical Training for Natives and Specialists Working in the North.

The agreement will be reviewed and approved in April 1987, when the U.S.-Soviet Joint Commission on Health meets in Washington, D.C. In the interim, Dr. Mala is currently lecturing at various institutions in the U.S. and Canada on opportunities for involvement in this project as well as explaining the Siberian interests in developing joint research projects with the West. He can be reached at (907) 786-4746 for further information.

*President's United States - Soviet
Exchange Initiative*



Office of the Coordinator

September 26, 1986

Dear Dr. Mala:

On behalf of the President's U.S.-Soviet Exchange Initiative, I would like to thank you and the University of Alaska, Anchorage (UAA), for your participation in the meetings held here in Washington, D.C. with Mr. Ivan Nikitin of the Ministry of Health.

I am pleased that a successful agreement was reached between the UAA and the Soviet Academy of Sciences, Siberia Branch, for a joint health agreement. Your agreement represents the first time that the United States and the Soviet Union will study health problems of the polar region. Hopefully, your program will contribute creative approaches to the health problems the two countries share in common.

Thank you for your efforts to increase contact between the people of the United States and the Soviet Union in the spirit of the President's U.S.-Soviet Exchange Initiative.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen H. Rhinesmith".

Stephen H. Rhinesmith
Coordinator

Dr. Theodore Mala
University of Alaska
3211 Providence Drive
Anchorage, Alaska 99508



СИБИРСКОЕ ОТДЕЛЕНИЕ
АКАДЕМИИ МЕДИЦИНСКИХ НАУК СССР

630099, Новосибирск,
ул. Советская, 18

SIBERIAN BRANCH
OF THE USSR
ACADEMY OF MEDICAL SCIENCES

18, SOWETSKAJA STREET,
630099 Novosibirsk, USSR

ПАМЯТНАЯ ЗАПИСКА

С 8 октября по 7 ноября 1986 года в Сибирском отделении АМН СССР был принят американский специалист профессор Теодор А. Мана. Цель его визита – обсудить перспективы научного сотрудничества по фундаментальным проблемам адаптации к Северу между Университетом Аляски (Анкоридж) и Сибирским отделением АМН СССР.

Обе стороны отметили, что сотрудничество между Университетом Аляски (Анкоридж) и Сибирским отделением АМН СССР представляет большой интерес для ученых обеих стран и направлено на укрепление дружбы и взаимопонимания между нашими народами.

В случае одобрения данного проекта совместной комиссией по советско-американскому сотрудничеству в рамках соглашения между Правительством СССР и Правительством США о сотрудничестве в области медицинской науки и здравоохранения от 23 мая 1972 года, стороны предлагают следующие темы для сотрудничества:

1. Изучить некоторые физиологические аспекты адаптации к условиям Севера в эксперименте.

Координаторы:

от СССР	Институт физиологии СО АМН СССР
от США	Университет Аляски, Анкоридж

2. Питание и здоровье человека на Севере.

Координаторы:

от СССР	Институт терапии СО АМН СССР
от США	Университет Аляски, Анкоридж

3. Изучить особенности хронического стресса у коренных и пришлых жителей северных регионов и в эксперименте.

Координаторы:

от СССР

Институт клинической и
экспериментальной медицины
СО АМН СССР

от США

Университет Аляски, Анкоридж

4. Изучить механизмы адаптивных реакций иммунной системы в условиях севера и особенности развития иммуно-дефицитных и аутоиммунных заболеваний.

Координаторы:

от СССР

Институт клинической
иммунологии СО АМН СССР

от США

Университет Аляски, Анкоридж

5. Некоторые биохимические и генетические особенности влияния алкоголя на обменные процессы в эксперименте и у жителей Аляски и Сибири.

Координаторы:

от СССР

Институт терапии СО АМН СССР

от США

Университет Аляски, Анкоридж

6. Подготовка врачебных кадров из коренных народностей севера.

Координаторы:

от СССР

Медицинский институт, Хабаровск

от США

Университет Аляски, Анкоридж

Указанный выше перечень тем не исключает возможность его дальнейшего изменения и исправления.

По указанным выше проблемам предполагается:

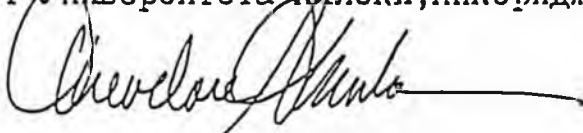
- а). Производить регулярно обмен научной информацией, для чего Университет Аляски, Анкоридж и Сибирское отделение АМН СССР выделяют место для хранения материалов и назначают ответственное лицо.
- б). Составить конкретный план исследований по каждой теме.
- в). Периодически (не реже одного раза в год) проводить рабочие совещания, коллоквиумы, научные конференции, семинары с целью согласовывания программ и методик планируемых исследований, а также для обсуждения их результатов.

- г). Производить ежегодный обмен специалистами в объеме 100 человеко-дней на эквивалентной безвалютной основе.
- д). Для обсуждения конкретных планов работы с непосредственными исполнителями предусмотреть поездку представителей Сибирского отделения АМН СССР в Университет Аляски, Анкоридж в первом полугодии 1987 года (3 человека на 15 дней).

Памятная записка подписана в двух экземплярах на русском и английском языках, оба текста идентичны и имеют одинаковую силу.

Данная договоренность вступит в силу после заседания совместной комиссии по советско-американскому сотрудничеству в области медицинской науки и здравоохранения в 1987 году в случае одобрения ею данного проекта сотрудничества между Сибирским отделением АМН СССР и Университетом Аляски, Анкоридж.

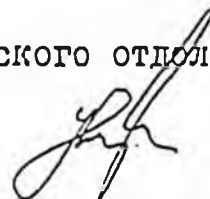
От Университета Аляски, Анкоридж:



профессор Теодор А. Мала

дата: *November 6, 1986*

От Сибирского отделения АМН СССР:



академик АМН СССР Ю.П. Никитин

дата: *04. 11. 86*



СИБИРСКОЕ ОТДЕЛЕНИЕ
АКАДЕМИИ МЕДИЦИНСКИХ НАУК СССР

630099, Новосибирск,
ул. Советская, 18

SIBERIAN BRANCH
OF THE USSR
ACADEMY OF MEDICAL SCIENCES

18. SOWETSKAJA STREET.
630099 Novosibirsk, USSR

MEMORANDUM

The Siberian Branch of the Academy of Medical Sciences of the USSR (Novosibirsk) received the american specialist, Associate Professor of Health Sciences, Theodore A. Mala from October 8, 1986 to November 7, 1986.

The purpose of his visit was to discuss the perspectives for scientific co-operation on the fundamental problems of adaptation to the North between the University of Alaska (Anchorage) and the Siberian Branch of the Academy of Medical Sciences of the USSR (Novosibirsk).

Both sides have agreed that the cooperation between the University of Alaska (Anchorage) and the Siberian Branch of the Medical Academy of the USSR is of great interest for scientists of both countries and should be aimed to strengthening friendship and mutual understanding between soviet and american peoples.

In case if this Memorandum being approved by the joint US - Soviet commission within the framework of the agreement between the governments of the USSR and the USA on the cooperation in medical sciences and public health of May 23, 1972, both sides propose the following general themes for co-operation:

1. To study some physiological aspects of adaptation to the North in experiment.

Co-ordinators:

from the USSR

Institute of Physiology,
Siberian Branch of the USSR
Academy of Medical Sciences

from the USA

University of Alaska, Anchorage

2. Nutrition and human health in the North.

Co-ordinators:

from the USSR	Institute of Internal Medicine, Siberian Branch of the USSR Academy of Medical Sciences
from the USA	University of Alaska, Anchorage

3. To study the effects of chronic stress in Natives and newcomers to northern regions utilizing laboratory conditions.

Co-ordinators:

from the USSR	Institute of Clinical and Experimental Medicine, Siberian Branch of the USSR Academy of Medical Sciences
from the USA	University of Alaska, Anchorage

4. To study mechanisms of adaptive reactions of the immune system in northern conditions and specific features of the immune deficiency and autoimmune diseases development.

Co-ordinators:

from the USSR	Institute of Clinical Immunology, Siberian Branch of the USSR Academy of Medical Sciences
from the USA	University of Alaska, Anchorage

5. To examine experimentally the biochemical and genetic peculiarities of the effects of alcohol on metabolic processes in Alaskan and Siberian populations.

Co-ordinators:

from the USSR	Institute of Internal Medicine, Siberian Branch of the USSR Academy of Medical Sciences
from the USA	University of Alaska, Anchorage

6. Training and preparation of Natives and medical specialists for the North. (To be considered by the Ministry of Health of the USSR)

from the USSR

University of Alaska,
Anchorage

from the USA University of Alaska,
Anchorage.

The above mentioned list of themes does not excludes the possibility of its further changing and correcting.

It is proposed in the framework of the above mentioned problems:

- a). To exchange scientific materials on a regular basis.
Both University of Alaska, Anchorage and Siberian Branch of the USSR Academy of Medical Sciences will designate a specific location for those materials and appoint a responsible member of the staff.
- b). To draw up a detailed plan of investigations on each theme.
- c). Periodically (not less than once a year) to conduct working meetings, colloquia, scientific conferences, seminars with the purpose to co-ordinate programmes and methods of the planned investigations and to discuss the results of the work.
- d). Annually to exchange specialists in the form of scientific visits sponsored both by the University of Alaska, Anchorage and Siberian Branch of the USSR Academy of Medical Sciences (100 person/days).
- e). To discuss the concrete working plans with the direct performers to forsee the visit of siberian scientists to the University of Alaska during the first half-year of 1987 (3 persons for 15 days).

This Memorandum is signed in duplicate in Russian and English languages, both texts being equally authentic. This agreement will come into force after its approval at the meeting of the joint US - Soviet commission on the co-operation in medical sciences and public health in 1987.

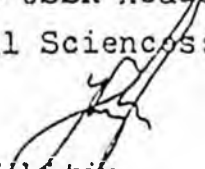
For the University of Alaska,
Anchorage:



T.A. Mala, MD, Associate Professor
of Health Sciences

Date: *November 6, 1986*

For the Siberian Branch
of the USSR Academy of
Medical Sciences:



Yu.P. Nikitin,
Deputy Chairman, Member
of the USSR AMS

Date: *04. 11. 86*

114-11

MOSCOW NEWS weekly No. 52, 1986

Siberia-Alaska— a model of cooperation

Theodore A. MALA, Professor of University of Alaska, Secretary-General of the International Union of Circumpolar Health, is of the opinion that the USSR and the USA have many problems in common, and thinks that the fact that the two countries are not dealing with them jointly defies elementary logic.

He spent one and a half months visiting all of the research institutions of the Siberian Department of the USSR Academy of Sciences in Novosibirsk and Khabarovsk in order to get acquainted with the R and D work done by local scientists involved in the research into problems of human adaptation in conditions of the North. This was the third time the US physician has visited our country. He says:

There are special conditions of the North that bring Alaska and Siberia together and really demand that we work together. Physically Alaska is closer to Siberia than to the rest of the USA. You can see the Soviet Union from our territory. We have much history together and we have many people who are directly related by blood to people in Chukotka.

People of the North always had a special love for each other. But today people in Alaska have no idea of what people of Siberia are like, there are no contacts between us. So we physicians of Siberia and Alaska decided that we would try to rebuild the bridge over the Bering Strait, using medical science as the means to do it. Illnesses have no political boundaries, and so we physicians

have a unique opportunity to bring people together.

"I've been offered the remarkable opportunity to come to the USSR and outline prospects for joint research together with the physicians of Siberia."

It is planned to sign such an agreement, which is a result of the Geneva summit, next April at the session of the Soviet-US Intergovernmental Commission on Health Protection. If it is signed, then, beginning with 1987, the University of Alaska and the Siberian Department of the USSR Academy of Medical Sciences will conduct joint research and conferences on fundamental problems of human adaptation to the conditions of the North.

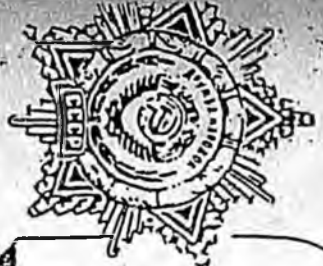
"The USSR is the leader, of course, in North medical studies," says Dr. Mala. "There are many things to learn from our Soviet colleagues."

"Both our countries need more areas where we can work together. And we, physicians of Alaska and Siberia, hope that we can be a model for cooperation between the USSR and the USA in other fields."

Recorded by
Sergei YAKUSHIN

Novosibirsk

the newspaper of the Union of Soviet Societies for Friendship and Cultural Relations with Foreign Countries and Novosti Press Agency First published October 5, 1930



MOSCOW NEWS

No. 52 (3248), January 4-11, 1987
Price 1 dollar

OFFICE OF THE
CHANCELLOR
JAN 5 1987

U.S. and Soviet Plan Exchanges In Many Fields

Students in High Schools Are to Change Places

By IRVIN MOLOTSKY

Special to The New York Times

WASHINGTON, Aug. 5—The United States and the Soviet Union announced agreement today on 13 educational, scientific and cultural exchanges.

The accords were the latest to result from the meeting last November in Geneva between President Reagan and Mikhail S. Gorbachev. The accords bring cultural exchanges to a higher level than in late 1979, when President Carter cut them off to protest the Soviet intervention in Afghanistan.

Previous exchanges this year saw the Kirov Ballet of Leningrad and French Impressionist paintings from Moscow and Leningrad come to the United States, while painting collections from Washington and Los Angeles were sent to the Soviet Union.

Announcement at U.S.I.A.

The latest agreements were announced at the United States Information Agency, with Ambassador Yuri V. Dubinin of the Soviet Union and American officials participating.

Negotiations are continuing, and future exchanges, according to officials, may include the Metropolitan Opera and the Bolshoi Opera.

One of the accords signed today provides for the first exchange of high school students, in which 10 students from the Phillips Academy in Andover, Mass., are to change places next year with 10 Soviet youngsters from a special mathematics and physics school for gifted students in Novosibirsk.

In another program, American teachers of Russian and Soviet teachers of English will switch places for up to 10 months. The American participants are to be selected by the American Council of Teachers of Russian.

Another program calls for lecturers in history, economics and culture to exchange places. The American coordinating agency is the Council for the International Exchange of Scholars.

In medicine, the University of Alaska at Anchorage and the Soviet Ministry of Health will study the health problems of adaptation common to Alaska and Siberia, while the Neurological Institute of New York and the Columbia

Continued on Page 4 Column 1

U.S. and Soviet Plan New Culture Exchanges

Continued From Page 1

Presbyterian Medical Center, and the Burdenko Institute of Neurosurgery in Moscow will also collaborate.

It is in cultural exchange, however, that ordinary people are likely to see most immediately the results of the summit agreement last November.

The Soviet Union has now agreed to send 62 Russian prerevolutionary paintings from the Tretyakov Gallery in Moscow and the Russian Museum in Leningrad. They are to be shown at the Renwick Gallery of the Smithsonian Institution here, at the Smart Gallery of the University of Chicago, and at Fogg Art Museum of Harvard University.

The exhibition will include work by Nikolai Ge, Sergei Ivanov, Ivan Kramskoi, Vladimir Makovsky, Vasily Perov, Valentin Serov, Ilya Repin, Vasily Surikov, Ivan Shishkin and Vasily Vereshchagin.

Repin and Vereshchagin were among the most celebrated Russian historical painters; Serov was an outstanding portraitist, and Shishkin is noted for his almost photographic rendition of forests and trees.

Many of the Russian artists belonged to the Wanderers' school, so called for the traveling exhibitions of their works, which stressed themes of social consciousness. Perov is known for his "Village Procession," a depiction of drunken priests and peasants setting out to celebrate Easter; Ivanov concentrated on the squalor and misery of peasant life, and Makovsky focused on the tribulations of the urban poor and the mores of the upper classes.

In return, the United States will send 63 American paintings from the Smithsonian and other collections, to be ex-

hibited at the Hermitage in Leningrad and the Pushkin Museum in Moscow.

The American artists include Mary Cassatt, who spent most of her life in France; Frederick Church, Thomas Eakins, Childs Hassam, Winslow Homer, George Inness, William Sidney Mount and John Singer Sargent.

Vladimir Grenkov, the Soviet Culture Ministry's chief of foreign relations, who attended today's announcement, sounded hopeful when asked about the likelihood of a Met-Bolshoi opera company exchange. He said he met Monday with Jane Herman, director of presentations at the Met.

"Such an exchange is of great interest," Mr. Grenkov said, "but you understand there are 500 people involved. This requires financial efforts on both sides. I am sure we will be able to resolve this on our side. Whether Miss Herman can resolve this remains to be seen."

Miss Herman later said by telephone that she favored an exchange.

"The two great opera houses would love to find avenues of cooperation," she said. "It was nice to see that someone in the Soviet Government would make such a gesture."

Regarding the financing problem, she said, "Financially, we have not even considered the mode of operation and how much it might cost."

In Andover, Joseph C. Mesias, secretary of the Phillips Academy, said the students to be sent to the Soviet Union had not been selected, but were expected to be chosen from the school's Russian studies program.

"Russian language has been part of our curriculum since 1955," he said.

Other Soviet-American projects announced today were:

• The development of joint textbooks for the study of English and Russian as foreign languages.

• An exchange of delegations to examine computer applications to elementary and secondary education, an area that the Soviet Union is only now beginning to enter.

• The restoration of an exchange of six teachers in high schools and colleges, with the number increasing to 10 annually starting next year.

• An increase from 15 to 25 in an annual exchange of teachers for ad-

vanced language training. • The assignment of a Soviet specialist to the United States to advise on the teaching of Russian.

• Increased consultations in health care and medical science.

• Some projects were expressed in general terms. Part of today's announcement was also concerned with goals instead of agreements, such as the Soviet Union's proposing an exchange of 50 athletic delegations in 1987 and 1988, compared with 21 in 1985 and 45 scheduled for this year.

UAA-Siberian medical exchange**Mala to discuss 6-week Soviet tour**

Dr. Theodore Mala, an associate professor in health science at the University of Alaska-Anchorage, will present a report to the community on the new UAA-Siberian Medical Exchange Program from 9 a.m. to noon Saturday in the UAA Arts Building, Room 150.

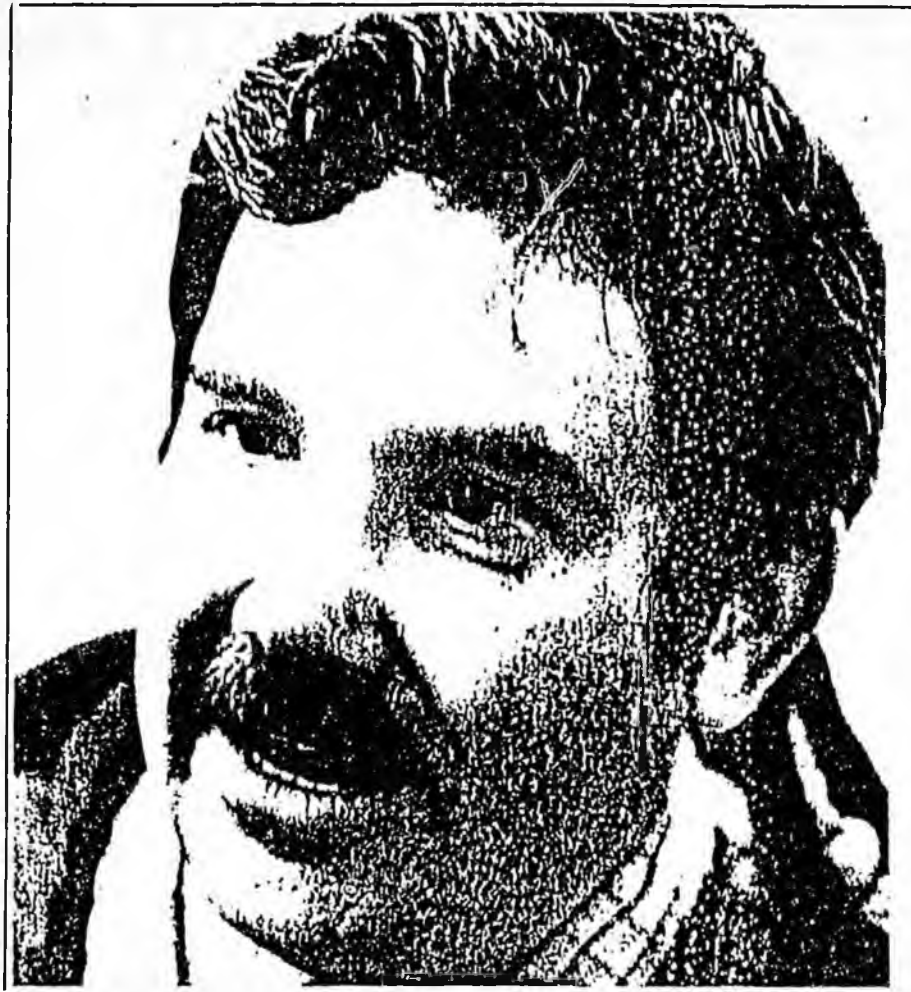
In November, Mala traveled to Siberia for a six-week tour of Soviet research institutes. As a result of U.S.-USSR agreements made at the Geneva Summit last fall and as a result of Mala's research into the medical concerns of the world's Arctic regions, Mala's Siberian trip helped to open an exchange program in the area of Soviet cold-weather medical research.

Mala said he hopes other Western scientists involved in Arctic research will participate in the five-year exchange agreement between UAA and the Siberian Branch of the Soviet Academy of Medical Sciences. The agreement calls for regular exchange of scientific papers, joint research projects and scientific meetings at least once a year.

The university community and the public are invited to attend Mala's slide presentation and lecture on Saturday and to become involved in the Alaska-Siberian exchange program.

Sign-up sheets for those wishing to become involved in the project are available. Those who want more information may call Mala at 786-4746.

The collaborative research agreement between the Soviet Union and the United States will be devoted to specific problems of the far North, with the researchers studying four groups of people: the Native popula-



tion, long-term settlers, new settlers and transients on short-term contracts for oil and gas projects or maintenance work on the second tri-Siberian railway.

Mala's father was Eskimo and his mother was Russian. He has tried for the past five years to get Alaska and Siberia to cooperate.

"Alaska and Siberia are very close to each other, separated by only two miles across the Bering Strait, and we

are 1,000 miles away from Seattle, the closest American city," he said. "Furthermore, Alaska used to belong to Russia."

Mala said that the breakthrough for the project came after he wrote to Soviet leader Mikhail Gorbachov. The Russians selected the project for inclusion in a large Soviet-American exchange program involving health, culture, higher education and sport.

PCE to continue for residents

by Pamela Cravez
for the Tundra Times

Residential consumers will be the last to feel budget cuts to the Power Cost Equalization Program for the Bush, according to Susan White, special assistant to the director of the Alaska Power Authority, which administers the program.

"They're (legislators) not going to turn off the lights and let people freeze in the dark," White said after talking with members of the House Finance Committee recently.

White appeared before the committee to explain the Power Cost Equalization Program, which subsidizes the cost of electricity for the Bush.

She said legislators have a tough task this year in cutting the state's budget.

Gov. Steve Cowper submitted a budget figure for the power program that is nearly \$6 million less than last year's budget figure of \$17 million. It will be up to the Legislature to decide on the final amount.

White said legislators asked her to prepare information for them on the actual residential need in the Bush.

"I feel that they really want to take a fair look at PCE," she said after meeting with legislators. "They didn't tear into the program."

White said the governor is proposing a task force to assess the Bush energy needs.

UAA prof wants to match Soviet work in far north

Public health cooperation set, but Siberian research far ahead of ours

By RICHARD MAUER
Daily News reporter

With the hard work of establishing U.S.-Soviet public health cooperation in the far north behind him, Ted Mala is finding that the really hard work is yet to come: organizing the projects, talent and money to match the ambitious research program long under way in Siberia.

Since the surprise announcement last summer that the University of Alaska-Anchorage and Columbia University in New York would be the only two American universities participating in joint medical research with Soviet institutions, Mala has dedicated his life to the success of the agreement.

On Saturday, Mala, an associate professor of health sciences at UAA, delivered a special lecture on campus on the unprecedented agreement, his recent visits to Siberia and Russia and what he hopes for the future. He also issued a call for volunteers to help in everything from typing and cookie baking to actual research.

Mala, who is also a physician, had spent four years getting nowhere in his attempt to establish some kind of cooperative relationship with public health experts in Siberia. Then came the Reagan-Gorbachev summit in Geneva in 1986, an East-West thaw, and talk of scientific and cultural exchanges.

Mala's groundwork, including trips he had taken to Moscow and Leningrad at his own expense, paid off. The Russians put two joint medical programs on the agenda: one, dealing with neurosurgery, involved Columbia and an institute in Moscow. The other



Daily News photo by Lawrence

Dr. Ted Mala: Much work to do.

dealt with a range of public health issues to be coordinated through Mala's office at the University of Alaska and the Siberian branch of the USSR Academy of Medical Sciences.

"The State Department and the President's office on governmental affairs were shocked that the Soviets put Alaska on the table," Mala said. "You'd expect San Francisco, or New York. But Alaska? That's the funny part. The problem now, or the goal, is

See Page B-3, NORTHERN

NORTHERN HEALTH: Work with Soviets

Continued from Page B-1

to prove we can handle something like that, the challenge of major research."

Mala spent six weeks in the Soviet Union last year. He came away sobered by the size of his task. By comparison with the billions of rubles in cold climate research poured into Siberia since World War II, Alaska is an intellectual backwater. The U.S. government's main arctic research center, a naval facility in Barrow, was closed some years ago.

"When I first started out, I was looking for some mechanism to work with the Soviet people on medical research. It turned out to be not a very simple agreement," he said. "The Soviets are really specialists in the North, with thousands and thousands of scientists, when we have only a handful of non-coordinated projects. The fact is, there is not that much hard research being done in Alaska."

Some 35 million to 40 million people live in Siberia, compared to a half million in Alaska. The Siberian capital, Novosibirsk, on the edge of the West Siberian Lowland at the latitude of Ketchikan, is a major industrial city of 1½ million, compared to some

225,000 in Anchorage. Its 20-year-old physiology institute alone could contain a large portion of the UAA campus.

And until the doors opened last year, Siberian medical research had been off-limits to westerners, Mala said.

"The United States has ignored the North, because only a little part of the U.S. is in the North. All the Soviet Union is in the North, all of Canada is in the North. How are we going to understand the Soviet Union if we don't understand the North?"

For starters, Mala and his American and Soviet colleagues have targeted six areas for research:

- Physiological adaptation to the North. Scientists wish to learn what happens to the human body when people from southern climates move north. Why do some people lose their ability to resist illnesses, while others thrive? Will scientists in Alaska confirm Soviet research that it takes an average of seven years to fully adapt, and will our findings duplicate Siberian studies that show newly arrived women suffered high rates of complications during pregnancy? And what are the human effects of the aurora borealis and the electro-magnetic storms that play out

overhead? Mala said the Siberians have found that on certain days, accidents rates soar in their region, and he wants to compare statistics for Anchorage to see if the dates coincide.

- Nutrition and human health. How does diet effect life in the North, and how should food intake be changed to improve the health of the newly arrived? And what is happening to Natives as their diet is westernized? Can anything be learned about the link of diet to cancer?

- Effects of chronic stress. How do newcomers and Natives cope with chronic stress, cabin fever, and the changing cultural fabric of the North? Can some of these conditions be tested in laboratory animals?

- Immunology and autoimmune diseases, like arthritis and rheumatism. How does the body's immune system change with adaption to a cold climate?

- Genetics and alcoholism. Is there a genetic reason for the prevalence of alcoholism? Scientists are fascinated by the discovery that some people of Asian origin, presumably including Eskimos and Indians, lack an enzyme that is be-

lieved to metabolize alcohol

- Northern medical training. How can physicians and other medical specialists encouraged to reside for long periods of time in rural areas of the North? How can more Natives be educated in health specialties, and will they return to their villages when they are?

To set up these joint research programs, Mala said, he plans to reject advice that only Alaskans be invited to participate.

"We're going to have to talk about how to attract big names in research up here," he said. The millions of dollars he expects the National Institutes of Health to invest in studies through the joint research program will require participation by major American universities, he said.

"We've got to get rid of the idea that we don't care how they do it Outside," he said. While there are many Alaskans conducting original research, many are not involved in what will become national priorities. "And we don't have all the genetic specialists we need."

The result, however, could be the creation of a much stronger scientific base in Alaska, he said.

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/13/87

FURTHER REFERRALS:

DATE: 5-16-87

The State Affairs Committee has considered SJR 26
Relating to Siberian medical research.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 3-31-87
- zero with analysis

SIGNING TO PASS:

Ed. C. Bond

Carl M. ...

Jim ...

David ...

Terry ...

SIGNING OTHER RECOMMENDATIONS:

[Signature]

 Chairman's signature

Soviet medical exchange...

Continued from preceding page about the project and solicit assistance and funding from individuals, institutions, and foundations.

DR. MALA'S medical exchange project is one of a few private medical research projects that will be on the discussion table during the meeting of the U.S.-U.S.S.R. Joint Health Committee, said Jack Schmidt, PhD, acting director of the John E. Fogarty International Center for Advanced Study in the Health Sciences, part of the National Institutes of Health.

At least three other private medical research projects — involving the Neurological Institute of New York at the Columbia-Presbyterian Medical Center, the Henry Winston Foundation of New York and the Burdenko Neurosurgical Institute in Moscow; the U. of Alabama at Birmingham and the Institute of Pharmacology in Moscow; and Baylor U. and the Institute of Rheumatology in Moscow — will be considered, Dr. Schmidt said.

WHEN THE Joint Health Committee meets on April 13-18, a list of "broad biomedical" programs will be discussed, including research in cardiovascular diseases, biomedical communications, cancer, infectious diseases, arthritis, and environmental health. In an official governmental exchange program, Dr. Schmidt added.

"New areas also will be discussed, such as primatology for biomedical research, sports medicine, and eye diseases," he said.

The reinvigoration of the joint health committee meetings is a result of President Reagan's and Soviet General Secretary Gorbachev's Geneva summit meeting in November, 1985, at which the two superpower leaders agreed to embark once again on new cultural and medical exchange programs.

In preparation for the April meeting, delegations of U.S. health officials have visited Moscow, and Soviet health officials have visited Washington, D.C., for preliminary talks.

Formal government approval by the United States for all projects, including private ones, is necessary to meet Soviet requirements, Dr. Mala said.

"There is no private-sector counterpart in the Soviet Union," he said.

WHILE THESE high-level preparations are under way, Dr. Mala explained the origin of his ground-breaking agreement, which happened rather serendipitously.

On a 1982 trip to Leningrad, his mother's birthplace, he was able to tour an alcoholism treatment center and to meet with members of the Soviet Medical Workers Union, a group 8 million strong that works with the Soviet government to set health policy. Dr. Mala's affiliation with the American Public Health Assn., his work as secretary-general of the International Union for Circumpolar Health, which includes the Soviet, and his Russian heritage helped open some Soviet doors for him, he said.

"I share their heritage," Dr. Mala said. "Alaskans are very, very interested in Siberia, and have been for years. We are closer to Siberia than Seattle."

For example, Kotzebue, where Dr. Mala grew up, is situated above the Arctic Circle only three miles across the Bering Strait from Siberia.

FOLLOWING HIS initial visit, Dr. Mala was able to arrange further visits for himself and other Alaskan officials to Siberia, which is virtually closed to foreigners.

The Soviets acknowledged and acted on a letter from Dr. Mala to Gorbachev after the '85 summit, he said.

"I was the first Westerner allowed to visit Siberian medical facilities since the creation of the Iron Curtain," he said of his recent six-week sweep of Siberian medical facilities.

"Actually, American and other Western

medical communities stand to learn a lot from the Siberian research, since they use Western research standards and World Health Organization standards.

"The payoff [of the agreement] for the Soviets is that they have literally been cut off from the rest of the world, and this exposure will give them an opportunity to connect with colleagues and to have their work duplicated and verified for the credit that they deserve," Dr. Mala said.

Although Dr. Mala locally has received a tremendous amount of credit and attention for the program, he shyly accepts the limelight.

"I'm looking at this as a rebuilding of the Siberia-Alaska land bridge. Through health, a greater understanding into peace will hopefully follow," he said.

—Linda Bosy



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In this issue:



- Soviet medical students
- MD pulls together Soviet medical exchange.—page 49
- Med student sets human-powered flight record.—page 3

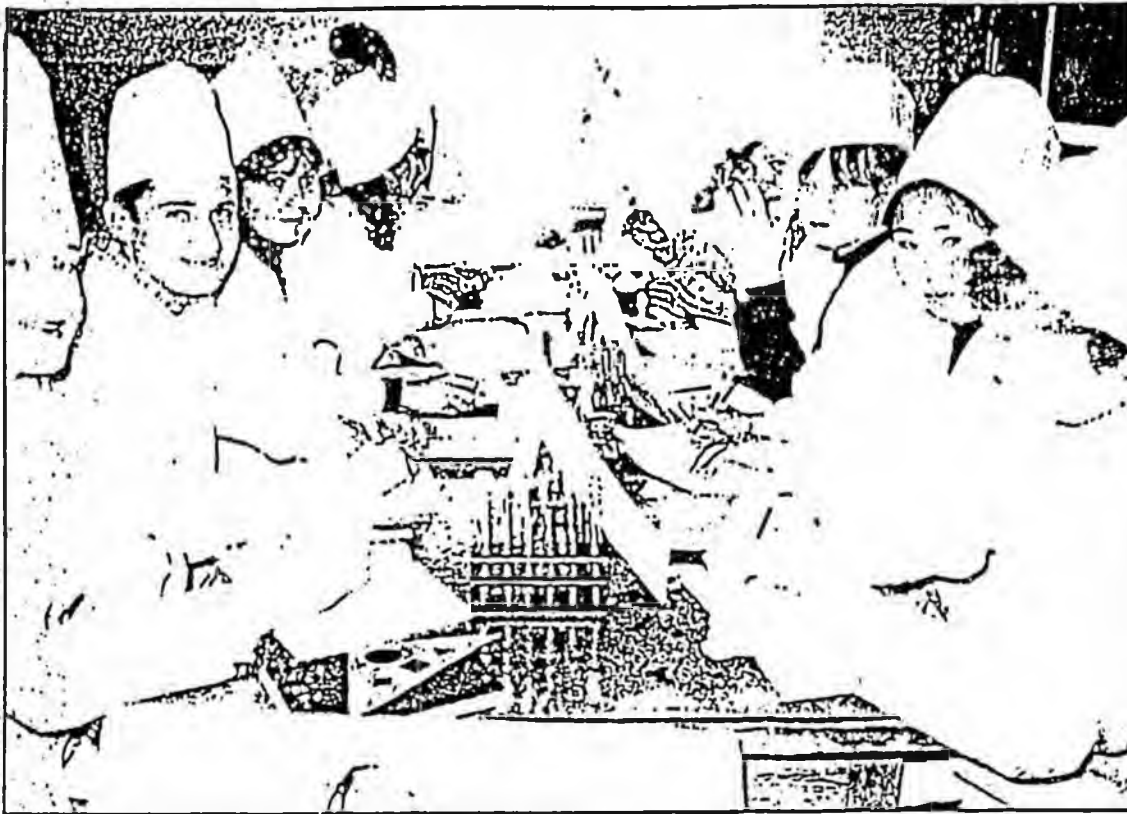
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Siberian medical students participate in a biochemistry lab experiment. Ted Mala, MD, U.S. coordinator of the Soviet medical exchange, says: "I'm looking at this as a rebuilding of the Siberia-Alaska land bridge. Through health, a greater understanding into peace will hopefully follow."

SUBMITTED BY SENATE FINANCE

Plucky MD pulls together Soviet medical exchange

Ted Mala, MD, Alaskan public health physician, is not sitting around waiting for mid-April, when a delegation of Soviet dignitaries will meet with U.S. officials in Washington, D.C., to discuss and act on cultural and medical exchange programs.

The April meeting is significant for the two nations because President Carter in 1978 severed such exchanges with the Soviets to protest their human rights policies. But it means much more than history to the 40-year-old Alaskan native. It means his U.S.-Siberian medical exchange project, a first for the two nations, will become a reality.

Dr. Mala, born to Eskimo and Russian parents, is already laying the foundation for the first medical exchange between Siberian and Alaskan and other U.S. health officials in the areas of:

- Psychological aspects of adaptation to the north.
- Nutrition and human health in the north.
- Effects of chronic stress in natives and newcomers to northern regions.
- Mechanisms of adaptive reactions of the immune system in northern conditions, and specific features of the immune deficiency and autoimmune diseases development.
- Biochemical and genetic peculiarities of the effects of alcohol in metabolic

Dr. Mala recruits participants for exchange project

To carry out the intent and design of the five-year exchange agreement between the U. of Alaska and Soviet Academy of Sciences, Siberia Branch, lots of help—in a variety of areas—is needed, said Ted Mala, MD, coordinator of the privately funded project.

This month, Dr. Mala, associate professor of health sciences at the U. of Alaska at Anchorage, will leave his teaching duties to traverse Canada and the lower 48 states to find "signers-up."

"This project is so new that no formula on how to arrange it has been developed," Dr. Mala said. "First I need to identify qualified scientists in one of the six defined research areas in name section chairpersons to help coordinate the work."

THOSE AREAS are in physiological adaptation to the north, nutrition, chronic stress, immune system functions in northern climates, biochemical and genetic as-

pects to alcohol metabolism in natives, and training natives to provide health care. Studies will involve natives, long-time settlers, new settlers, and transient workers.

He is seeking institutional or individual help on various projects that will require either on-site work, or research to be conducted at universities across the country.

"We'll need people to put up the Siberians in their homes when they come to Anchorage, and we'll also need Americans with expertise in laboratory technology, or standardizing data, or even translating," said Dr. Mala, who spearheaded the historic agreement. "We'll even take people willing to bake chocolate chip cookies for us," he joked.

Already several Canadian universities, including the U. of Alberta at Edmonton, have expressed interest in the medical research project, as have the U. of Minnesota and Harvard U.

Since the private agreement means raising funds, Dr. Mala said he was looking for people to approach foundations for grant money as well.

"I'm providing a base for this project. I have no specific numbers of people or institutions in mind at this time. Eventually, I would like to form a national advisory board with top experts to help guide us in international relations with representatives from the National Institutes of Health, the National Science Foundation, the U.S. Arctic Commission, the National Academy of Sciences, and the Institute of Medicine."

FOR NOW, however, Dr. Mala is asking that interested people, or institutions, write to him describing their interest and background, and what phase of the program they would like to work on.

His address is U. of Alaska, 3211 Providence Drive, ADM 289, Anchorage, Alaska, 99508, (907) 786-4746.

processes in Alaskan and Siberian populations.

- Training and preparation of natives

and medical specialists for the north.

To prepare for the ambitious five-year, non-government-funded project, Dr.

Mala will travel extensively throughout Canada and the "Lower 48" to speak

Continued on next page



Ted Mala, MD (in gray coat), with the medical directors' staff (left) of Kharbarovsk Specialty Hospital in the U.S.S.R. In the photo above, Dr. Mala works out details of the exchange agreement with two Soviet medical officials.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**



REQUEST: _____

Bill Version : SJR 26
Publish Date : 3/25/87-3-31

Revision Date: SJR 26
Title : Siberian Medical Research

Agency Affected: University of Alaska
BRU: none

Sponsor: S Finance
Requestor: S State Affairs

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact

Prepared by: Brian Rogers, Director of Budget Development Phone: 474-6490
Division: University of Alaska Date: March 25, 1987

Approved by Director Brian Rogers Date: March 25, 1987
Agency: University of Alaska

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

SJR

440

QUALITY SERVICES

Date MAY 13 1987

Anchorage Daily News

Client No. 615

Beware of wolves

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: GUY STENBERG
TITLE:
ADDRESS: SR BOX 5222
CITY: WASILLA
PHONE: 376-4308

ZIP: 99687

BILL NO:

SUBJECT: FUNDING? 40-30-30?

MESSAGE: I CAN ONLY THINK OF ONE REASON WHY THE SENATE IS AGAINST AN INCOME TAX
--THEY MUST BE SO RICH, THEY CAN NOT BE UNBIASED REGARDING THIS MATTER.

ANY
GOVERNMENT

PCNID: 14084451
DATE: 05/12/87
TIME: 08:44:51
LIONAME: MAT-SU LIO

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SMULTZ	SP. INGER	STURGULEWSKI
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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: GUY STENBERG
TITLE:
ADDRESS: SR BOX 5222
CITY: WASSILLA
PHONE: 376-4308

ZIP: 99607

BILL NO:

SUBJECT: FUNDING? 40-30-30?

MESSAGE: I CAN ONLY THINK OF ONE REASON WHY THE SENATE IS AGAINST AN INCOME T,
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FORMID: 14084451
DATE: 05/12/87
TIME: 08:44:51
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POURCHOT	RIEGER	RODEY
SCHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMSKI
TAYLOR	WALLIS	VENLING
ZAWACKI		ZHAROFF

40130/3
5240

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: SIDYH R. REID

TITLE:

ADDRESS: 3100 SEA WIND DRIVE

CITY: ANCHORAGE

ZIP: 99516

PHONE: 345-7351

BILL NO: SJR 40

SUBJECT: BUDGET LIMIT/PERM. FUND/BUDGET RESERVE FD

MESSAGE: I WANT YOU TO THINK ABOUT THIS RESOLUTION. I DO NOT BELIEVE ANY MONEY FROM THE PERMANENT FUND EARNINGS SHOULD BE USED UNTIL THE STATE GOVERNMENT IS CUT BACK IN SIZE AND THE STATE SPENDING LESS THAN THE STATE INCOME.

POHID: 03081137

DATE: 04/28/87

TIME: 08:11:37

LIGNAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMIER	SZYMANSKI
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QUALITY SERVICES

Date MAY 13 1987

Anchorage Daily News

Client No. 615

Beware of wolves in sheep's clothing

Senate leaders say they've developed a plan to drive the wolf from the door of Alaska's treasury. It's called 40-30-30 because it would allocate 40 percent of the Alaska Permanent Fund Earnings to dividends, 30 percent to inflation proofing the permanent fund and 30 percent to a budget reserve fund.

No new taxes. No damage to the permanent fund, just inscribe 40-30-30 on the constitution — voter approval is required — and watch budget problems disappear.

This plan sends the wolf packing, all right, but he will still get fed — by families and people with low incomes. Under 40-30-30:

- A couple making \$10,000 a year would lose about \$400 in dividends next year. If enacted, Gov. Cowper's personal income tax would cost them less than \$200.

- A family of four making \$25,000 a year would lose roughly \$800 a year in lower dividends; Gov. Cowper's income tax plan would cost them only \$400.

- Meanwhile, a single person making \$50,000 a year would lose \$200 in lower dividends — and escape paying \$2,000 in taxes proposed by Gov. Cowper.

Sen. Jan Faiks must not have been kidding when she said, "The rich need representation, too," because this piece of legislation offered by the Senate leadership is classic protection for the wealthy. It balances the books on the backs of individuals and families with low and moderate incomes — particularly rural Alaskans — and permits Alaskans with higher incomes to make minimal sacrifices.

Instead of an income tax geared to what people can afford to pay, Alaskans get a head tax. Hundreds of Alaskans already are in such economic trouble they're selling their permanent fund checks for less than half the value.

The Senate plan is a short-sighted fix for Alaska's long-term problems. It belongs in the waste basket — not the Constitution.

Senate plan would 'tax' fund dividends

By JOHN LINDBACK
Daily News reporter

JUNEAU — Although the state Senate ran newspaper ads Monday claiming that it can balance the budget without new taxes, senators who support the plan concede it would effectively tax Alaskans by cutting their Alaska

Permanent fund dividends.

With just one week left in the legislative session, the Senate's so-called 40-30-30 plan faces an uncertain future because it is competing with a House plan that skips an income tax and leaves dividends untouched. But the House plan leaves practically

nothing in state reserves for budget emergencies, an omission that Gov. Steve Cowper warns is unacceptable.

The Senate plan's name stems from its allocation of investment earnings of the permanent fund. Under it, 40 percent of the annual earnings would go to the dividend

program, 30 percent to protect the fund's principal from inflation and 30 percent to a budget reserve fund.

If it becomes law, Alaskans will get about \$200 less in their dividend checks than they would have next year.

The plan also would base the annual dividends on the

fund's earnings for only the prior year, not the preceding five years as is now the case. Financial consultants to the fund have said such a change would make the earnings subject to wide swings from one year to the next.

It wouldn't matter to most members of the public, sena-

tors claimed, that trimming the dividends and using the money to pay for state government is the same as a head tax. The Senate plan would reduce the dividends of all Alaskans by the same amount — next year's check would

See Back Page, BUDGET

BUDGET: Senate plan effectively would 'tax' dividends

Continued from Page A-1

drop from \$796 to about \$589, according to Alaska Permanent Fund Corporation projections — whether they are rich or poor, child or senior citizen, employed or unemployed.

State Sen. Tim Kelly, R-Anchorage, said he trusts a recent Senate poll that shows Alaskans would rather get a smaller dividend than pay an income tax. Most people, he asserted, won't bother to calculate whether paying a 3 percent income tax, as Cowper has proposed, would take more or less money out of their pockets than cutting the dividend.

The public will tolerate a whittling down of the annual dividend because it is "money they haven't earned themselves. That's the bottom line," Kelly said.

The plan, senators said, is politically more palatable for legislators than reimposing an income tax because it takes money away from Alaskans before they ever get it in their hands. And, they said, it guarantees Cowper a budget reserve fund next year of almost \$250 million.

"It's clear that the public will be more accepting of slower growth in their divi-

dends than an income tax that reaches directly into their pockets," said Sen. Joe Josephson, D-Anchorage.

Senate leaders, using \$7,000 in public funds, ran ads Monday in newspapers across the state that heralded the 40-30-30 plan as an "alternative to new taxes."

The Senate proposes to put the 40-30-30 allocation on the 1988 ballot as an amendment to the state constitution. But until then Senate leaders want to put the plan into effect for next year's budget.

The plan's most ardent backers, such as Sen. Rick Halford of Chugiak, contend that it is the best alternative for protecting the permanent fund earnings and dividend program from future raids by politicians, even though it reduces the size of the annual dividend.

It shields at least 70 percent of the earnings from appropriation, he said. And it makes the dividend program part of the state constitution where politicians can't touch it, he said.

Because the Senate won't pass new taxes, according to senators, other plans would force even bigger expenditures of permanent fund earnings for operating state government than the 40-30-30 plan. Any other plan would,

in effect, also reduce the size of future dividends because fewer investment earnings would be channeled into the principal of the permanent fund to boost its earning power, they argue.

But officials at the Alaska Permanent Fund Corporation are worried about another part of the Senate plan.

They fear a shortage of money to inflation-proof the fund. Next year, for example, the corporation would run \$82 million short of what it needs to protect it from a projected 4 percent inflation rate, according to permanent fund spokesman Jim Kelly.

The 40-30-30 plan for fiscal year 1988 would provide \$318 million for the dividend program, \$239 for inflation-proofing and \$239 million for the state's budget reserve fund, Kelly said.

Legislators are assembling a state budget for next year of \$1.9 billion to \$2 billion. State revenue forecasters say Alaska will take in about \$1.5 billion in revenues.

The House Finance Committee on Sunday approved a bill that would make all of the state's permanent fund earnings that remain after paying dividends and inflation-proofing available for balancing the state budget. For next year, according to

Kelly, about \$516 million would be available.

But because of the anticipated difference between next year's other income and next year's budget, the House plan leaves reserves of only about \$18 million. Cowper has warned legislators that he demands a \$250 million budget reserve fund to deal with emergencies.

Cowper has suggested that if legislators don't leave that reserve fund, he could use his line-item veto power on the state budget to make sure enough reserves are available.

Cowper has proposed using both permanent fund earnings and new taxes to balance the state budget. But new revenue raising measures, including the postponement of an tax-cut next year for the oil industry, have been rejected all session by the Senate.

The permanent fund is a savings account created by voter approval of a constitutional amendment in 1976. It automatically receives about 10 cents for every oil dollar the state gets. Its constitutionally protected principal, currently \$7.6 billion, is invested. The earnings from those investments are available for appropriation, although politically sensitive legislators have left them alone until this year.

Date MAY 13 1987

Peninsula Clarion

Client No. 615

Opinion

Yesterday this space was devoted to criticizing the Alaska Senate's purpose in running an advertisement at the taxpayers' expense. Today this space is devoted to promoting the idea the Senate proposes, if not its advertising.

The so-called 40-30-30 plan is not perfect, but it is promising. It does include a new tax, as some have pointed out (and as the senators have tried to pretend is untrue), and its provision for Permanent Fund inflation proofing may be inadequate, yet it's as good of an idea as any presented this year. It offers the combination of a palatable tax bite, the naming of a budget reserve — if in name only — and the forestalling of a state income tax.

Let's
try
it out

If the Senate leadership says the plan means no new taxes, why does it say otherwise here? Because the "40" in 40-30-30 means that Permanent Fund dividends would be drawn in the future from 40% of the fund's annual earnings, rather than 50% as at present. In other words,

the size of an individual Alaskan's annual dividend check would decrease under the plan. That is a form of taxation, because it withholds money that Alaskans otherwise would receive.

That is, however, a very sufferable form of taxation. At 10% or so, it is likely to be preferred by most people to having to pay the government money from earned income.

The other catch in the Senate plan regarding dividends is that the proposal would switch the dividend pool from being based on five-year earning averages to being based only on the annual take. This could mean a bonanza in dividends one year and a drought the next. If the stock market is headed for a 4000 Dow Jones Average, as some analysts predict, then the dividend checks would probably remain handsome; if the stock market dipped, the checks likely would dip. It should be noted that the Permanent Fund trustees and staff have a remarkably strong record at managing the fund's principal for a maximum return.

Another concern is what is called inflation proofing. The 40-30-30 plan would nearly double the amount of earnings being added annually to the fund principal from what has been required in recent years of low inflation. But even at 30% of annual earnings, the growth of the fund could lag, if inflation returns to the high levels of the '70s.

The best feature of the Senate plan may be that it offers a test period. If the Senate and House agree to it this year as statutory law, and also agree to put it to a vote of the people in 1988, then the system would have undergone a test period through the next fiscal year to use as a basis for deciding in 1988 whether to make it a permanent deal for the Permanent Fund.

Given that possibility, given the state's immediate budget difficulties, and given the fact that the Permanent Fund's earnings are legally available for appropriation anyway, it is difficult to see why some so adamantly oppose the Senate's proposal. It seems to be worth a try.

Date APR 30 1987

Peninsula Clarion

Client No. 615

Opinion

Alaska's legislators are making a lot of fuss over a bill that is big on dollars but small on change, acting for all the world as though they were rummaging through the drawers in someone else's bedroom and were afraid they might get caught.

The room belongs to the citizens of Alaska and the drawers contain the Permanent Fund dividend and inflation-proofing programs. The idea before the Legislature is to split up the substantial annual earnings of the \$8 billion-plus Permanent Fund so that 40% a year goes to the dividend program, 30% to keeping the fund's principal in step with inflation's effects and 30% for the state (also known as "the Legislature") to spend.

This
looks
easy

Legislators are nervous about the proposal, because they don't want to get caught in the appearance of having manipulated the people's funds to their own advantage. Yet a close look at the proposal shows that it doesn't do much. First, the amount already set in law for the dividends is 50%. Second, the law already provides for inflation proofing, which has been running about 15%. Third, the Legislature already has the right, if not the courage, to use the remainder of the fund's annual earnings.

In other words, this new idea is only an adjustment: Take 10% off the dividends program (next year's dividend checks would still be larger than this year's), increase "inflation proofing" to 30% (the signs indicate a new cycle of inflation is just around the corner) and let the Legislature spend the rest on the budget.

The legislative debate seems like much ado about nothing. The Senate proposes putting the idea before the voters in 1988 as a constitutional amendment, while the House prefers the possibility of writing it only into state statutes where the Legislature would be free to amend it were that found to be necessary.

But the senators and representatives do not have to decide this year whether to put it on the 1988 ballot, so they can postpone that discussion and not worry about it today.

If the 40-30-30 split is a good idea, the Legislature ought to just adopt it and move on. It's not easy to see what the fuss is about.

Footnote: An idea offered by Sen. Jim Duncan of Juneau is a pointless distraction. He proposes that the voters amend the plan into the constitution, but with a proviso that if in any year state revenues fall to less than 80% of the previous year's state spending, then the amendment would be repealed.

One might be tempted to ask if he's serious. He wants the people to vote in an amendment that would give the legislators power they already have without also preventing them from exercising any power, because any time revenues dropped as they have this year, all bets would be off anyway.

Date MAY 04 1987

Anchorage Daily News

Client No. ~~██████████~~

A plan with holes like Swiss cheese

The Senate's plan for carving up Alaska Permanent Fund earnings is a Trojan Horse.

It's being sold as a way to take most of the fund's earnings off the table, slap on a spending limit, and tuck away money for a budget reserve fund. In reality, the plan opens the floodgates for spending permanent fund earnings, reduces the size of dividends, and weakens inflation-proofing. And worst of all, the measure passed by the Senate this week would lock this whole mess into the Alaska Constitution for seven years.

The Senate's blueprint is known as the "40-30-30" plan. Forty percent of fund earnings would go to dividends, 30 percent would be reinvested to help offset inflation, and 30 percent would go to a budget reserve fund.

Many lawmakers hailed the measure because it takes 70 percent of the fund's earnings off the spending table. It does that all right, but it also does a whole lot more.

The 40-30-30 plan leaves the fund itself vulnerable to inflation. There's no guarantee 30 percent of earnings will be enough to offset the value lost to inflation.

The plan sets a new constitutional spending limit that's a limit in name only. Each year, spending may go up by 5 percent plus adjustments for inflation and population growth. Several big-ticket items, such as reimbursement for school bond debts, don't count against the limit.

And the plan's budget reserve fund doesn't promise to reserve much for very long. The problem is not that there won't be enough money. Since it will get 30 percent of the fund's earnings each year and half of any windfalls that exceed the spending limit, the reserve will have plenty of cash. The problem is that lawmakers can tap it too easily. Any time income falls short of the liberal spending limit, lawmakers can dig into the reserve for extra spending money.

Because the measure is a constitutional amendment, it does let people vote on how permanent fund earnings will be used. But the way it's written now, voters will be asked to make an all-or-nothing choice. Even if people like the 40-30-30 split, they're also stuck with the generous spending limit and bogus budget reserve.

Alaskans don't need a constitutional amendment to keep permanent fund earnings from being spent on boondoggles. They just need to elect legislators who will make inflation-proofing a priority, who will support the permanent fund dividend, and who will tap any leftover earnings only as a last resort.

Senate passes bill to split up fund

by JOHN LINDBACK
Daily News reporter

JUNEAU — The state Senate Tuesday passed the only major revenue bill its leaders support: a constitutional amendment that allows the legislature to spend at least 30 percent of permanent fund earnings and whittles down the size of its dividends.

The bill, which would put the proposed constitutional amendment before voters in November 1988, won't get a warm welcome in the state House.

Members of the House majority argue that it is unwise

to restrict the budget options of Alaska politicians by locking fiscal policy, including the annual distribution of dividend checks, into the state constitution.

Gov. Steve Cowper also opposes the Senate bill for the same reasons. He failed in a last-minute effort to convince senators to kill it.

So far this session the Senate's pro-oil Republican leadership has denounced two major revenue raisers supported by Cowper — reimposition of the state income tax and suspension of a tax break for the oil industry.

All session, senators have looked only to the investment earnings of the permanent fund, Alaska's \$7.8 billion savings account, to bail the state out.

The bill approved 15-4 Tuesday — sponsored by Senate President Jan Faiks and three other senators — represents the Senate's long-term prescription for improving Alaska's fiscal health with permanent fund earnings. But, senators said, they also want to put its provisions into effect for next year while they wait for the 1988 vote that would make it part of

the constitution.
The Senate's plan would
• Reduce the amount of permanent fund earnings available for the dividend program and change the formula for determining the size of the dividend. If the plan, which would set 40 percent of the earnings aside each year for dividends, went into effect next year, each Alaskan's dividend check would be reduced from \$806 to \$603, according to projections. In 1989 the check would be \$597 instead of \$871.

See Page B-3, SENATE

SENATE: Gov. Cowper tries to kill bill

Continued from Page B-1

- Guarantee that 30 percent of the annual investment earnings are set aside in a state budget reserve fund, a pot of money the legislature could dip into each year to balance the state budget. In 1988 it would provide for a budget reserve fund of about \$225 million.

- Guarantee that 30 percent of each year's investment earnings are put into the principal of the fund to shield it's buying power from erosion by inflation. Current law provides for inflation-proofing the fund. But it does not include a guarantee that a set amount of earnings would be put aside each year for that purpose.

- Establish a new state spending limit. It would limit budget increases to no more than 5 percent of the previous year's appropriation with additional increases allowed for inflation and a rise in population.

Should voters approve the amendment, its provisions would "sunset" on July 1, 1995. Another vote would be required to keep them in the constitution.

Some defenders of the permanent fund, such as Majority Leader Rick Halford, argue

that the bill is good because it guarantees that 70 percent of the permanent fund earnings each year will be protected from legislative spending.

Also, according to Halford and other advocates, it guarantees an income stream for a budget reserve fund and it protects the dividend program from legislative raids.

Republican senators such as Rick Uehling of Anchorage said the bill's components represent a strong compromise for the competing interests that often battle over permanent fund legislation. During floor debate he pointed out that former Gov. Jay Hammond, a staunch defender of the permanent fund, supported the Senate proposal in his newspaper column.

But others, such as Sen. Tim Kelly, R-Anchorage, agree with Cowper that it's unwise in volatile financial times to cut off legislative budget options.

If the dividend program is locked into the state constitution, legislators could be forced to look for another way to raise revenue — such as the income tax.

"Pretty soon, we could get into a situation where we're locked into taxes because the dividends are cemented in concrete," he said.

Such a move would be unpopular, Kelly said, pointing to a recent poll commissioned by the Senate that suggests most Alaskans would prefer a reduction in their dividend to reimposition of the income tax.

Cowper, meanwhile, launched a last-minute effort to kill the Senate bill. He encouraged several Democrats in the Senate to try to stop it. But he got only a floor amendment that says a two-thirds vote of the legislature could suspend the constitutional provisions if the state faced a financial crisis.

According to the amendment, the legislature by a two-thirds vote could suspend the constitutional provisions if the state's total revenues, including the amount set aside in the budget reserve fund, were less than 80 percent of the money appropriated for that fiscal year.

Cowper wasn't satisfied with the amendment. His office released a written statement Tuesday afternoon that said he would be willing to draft a proposal for a new state spending limit.

Both Cowper and the House also want to use permanent fund earnings to help balance this year's and next year's budget.

Senate debates dividing fund earnings

Constitutional amendment would split earnings among dividends, reserve, principal

By SUE CROSS
The Associated Press

JUNEAU — A plan to divide Alaska Permanent Fund earnings by constitutional amendment sparked a three-hour debate in the Senate on Monday, only to be held for further argument.

The so-called "40-30-30" plan would put a proposed constitutional amendment on the 1988 general election ballot.

If passed by public vote,

the amendment would dedicate 40 percent of permanent fund earnings to dividends, 30 percent to a budget reserve account, and roll another 30 percent back into the permanent fund's interest-earning principal.

It also would limit increases in state spending to no more than 5 percent of the previous year's appropriations.

The split would take effect in July 1989, and last six years. The amendment would

expire in 1995, returning the constitution to its current form.

It would free more permanent fund earnings for spending in case of another oil downturn, while decreasing dividends and the inflation-proofing amount that's rolled back into the fund.

Dividends, expected to be \$723 this year, would be \$895 per person in 1990 under current law. The proposed amendment would reduce dividends to \$683 in 1990, accord-

ing to the Permanent Fund Corp.

The 40-30-30 split seems to prompt more interest in the Capitol than any other long-range proposal for dealing with reduced oil revenues.

The hitch in its passage is disagreement about whether the idea should be put in the constitution.

Most of the Senate favors that approach.

But the House Democratic majority — and Gov. Steve Cowper — say the constitu-

tion is no place for a budget issue.

In an unusual course of action Monday, the Senate spent hours trying to strike a balance, then put the issue on hold overnight in a bid to find a compromise.

Senate backers want the split set in the constitution so it cannot be changed no matter what happens to state revenues.

"If we can't guarantee that, I'm not interested," said Sen. Dick Ellason, R-Sitka.

Fourteen senators co-sponsored the resolution (SJR40). It was drafted by Senate President Jan Falks, R-Anchorage, and Sen. Rick Halford, R-Chugiak.

Any loss of those 14 votes could scuttle the resolution, which requires a two-thirds vote to pass.

A minority of the Senate members say they'll back the constitutional approach, but

See Page B-3, FUND

FUND: Senate considers dividing permanent fund earnings

Continued from Page B-1

only with a safety valve built into it.

They want to add a clause saying the governor, with the approval of the legislature,

could get the 40-30-30 amendment repealed before 1995 if revenues fell dramatically.

The clause proposed Monday would allow repeal if revenues fell to less than 80 percent of the previous year's

spending level.

"If that should happen, we need some way out. We need a safety valve," said Sen. Jim Duncan, D-Juneau.

Without that escape option, future lawmakers might be forced to raise taxes, cut education and basic service, or take other painful steps to balance the budget while dividends continued to flow, Duncan said.

Duncan and Sens. Joe Josephson, D-Anchorage, and Fred Zharoff, D-Kodiak, sponsored the safety valve clause, setting off the debate.

One senator, Anchorage Republican Rick Uehling, said he might support the clause if the trigger was reduced, perhaps to 80 percent.

And Sen. Jay Kerttula, D-

Palmer, came up with another idea to increase the number of votes needed for a repeal.

At that point, Falks took the resolution off the floor so sponsors could work on compromise options.

Duncan later said he was not concerned with passing a measure that would draw favor in the House, but lawmakers at that end of the Capitol were watching closely.

House Speaker Ben Grusendorf, D-Sitka, said the House majority caucus would withhold its judgment on the proposal until it saw what version passed the Senate.

In general, caucus members like the idea, but don't want it in the constitution, Grusendorf said.

Budget decisions stymie legislature

By James D. Wasserman
Times Juneau Bureau

JUNEAU — Debate on the state's immediate budget problems — and a long-term solution to them — resumed here today after neither the House nor Senate could agree on them Monday.

The House's 24-member Democratic majority met in closed caucus to grapple with choices that range between spending earnings from the Alaska Permanent Fund to making deeper cuts in the state operating budget.

The Senate, meanwhile, was set to resume debate on its pro-

posal to restructure the use of permanent fund earnings by channeling less money into dividends and more into a budget reserve fund for state government.

Debate on both proposals stalled Monday.

The Senate opted not to vote on its so-called "40-30-30" long-term budget plan after debating an amendment to the plan for more than two hours.

The Senate's budget plan, proposed by Senate President Jan Falks, R-Anchorage, would funnel 40 percent of annual permanent fund earnings into dividends, 30 percent to a budget re-

serve fund and 30 percent back to the permanent fund principal.

About 44 percent now goes to dividends, with a calculated amount plowed back into the fund to offset inflation. The rest stays in the state's general fund, where the legislature can either spend it for state operations or put it back in the fund. Until now, it has always put the money back into the fund.

If approved by a two-thirds vote in the House and Senate, the Senate plan will go to Alaska voters at the November 1988 election.

The proposal also sets a

spending limit to keep the budget from going up more than 5 percent a year.

Debate stalled on it, though, when three senators — two of them finance committee members — offered an amendment to keep the state's options open in case of a dramatic new fall in oil prices.

Sen. Jim Duncan, D-Juneau, suggested if revenue fell by more than 20 percent in one year, the governor should be able, with a three-fourths vote of the legislature, to funnel more than 30 percent of the fund's earnings to

See Budget, page A-10

Budget: No decision

Continued from page A-1

state government. Signing onto the change were Democratic Sens. Joe Josephson of Anchorage and Fred Zharoff of Kodiak.

"If there is a real crisis here with \$7 oil . . . I would very much want to have latitude," Josephson argued. "I'd hate to have been put in a box by the legislature that was here in 1987."

Meanwhile, the House, which opened its morning caucus Monday to talk about funding levels for debt reimbursement, municipal assistance and revenue sharing, closed it later to talk about

budget strategy.

Rep. Dave Donley, D-Anchorage, said later that several Democrats don't support using hundreds of millions of dollars in permanent fund earnings to balance the budget.

House members are talking about a \$2 billion to \$2.1 billion budget, while revenue is projected between \$1.5 billion and \$1.7 billion.

He said much of the discussion revolved around budget philosophy — whether to build a budget more geared to available revenue or one which finds the revenue to meet the desires.

Alaska State Legislature



PRESIDENT
907-465-3755

JAN FAIKS
POST OFFICE BOX V
JUNEAU, ALASKA 99811

Senate

April 30, 1987

MEMORANDUM

TO: Representative Fran Ulmer, Chairman
House State Affairs Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: Senate Joint Resolution 40
Proposing amendments to the Constitution of the State of Alaska amending provisions relating to the Alaska Permanent Fund; establishing temporary provisions relating to dedicated funds, the Alaska Permanent Fund, the appropriation limit, and the Budget Reserve Fund; and suspending the operation of provisions relating to dedicated funds, the Alaska Permanent Fund, and the appropriation limit

CS Senate Joint Resolution 40 (Finance) am has been referred to your committee for consideration. I am taking the liberty of providing the committee with the following information about the resolution.

The resolution places three main issues before the voters in the 1988 general election:

1. Distribution of the earnings of the Permanent Fund;
2. A new appropriation limit; and
3. Creation of the Budget Reserve Fund in the Constitution.

Should the voters approve the constitutional amendment, its provisions would sunset on July 1, 1995. As a result, the resolution is written so that these new sections, where

OUT OF SESSION

6060 YUKON DRIVE ANCHORAGE, ALASKA 99516 907-274-6611

applicable, replace current sections of the Constitution by suspending them from July 1, 1989 to June 30, 1995.

The following is a sectional analysis of SJR 40.

Section 1.

Amends the Alaska Permanent Fund section of the Constitution by adding:

"The fund is established as a trust on behalf of all the residents of the State and its principal shall be invested in accordance with the prudent investor rule"

This is the current philosophy of the Fund's investments as established in statute. By amending the Constitution, it ensures that the Fund's investment policies will always be guided by this more conservative approach.

Section 2.

Amends the Constitution by adding the following new sections:

Section 29. DEDICATED FUNDS.

(b) Allows dedication of funds to the Permanent Fund, dedication of its earnings, and dedication to the Budget Reserve Fund.

Section 30. ALASKA PERMANENT FUND.

(b) This section is the same as the current constitutional provision regarding 25% of royalties going into the Permanent Fund except that it deletes the following sentence: "All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law". It also adds the new language regarding prudent investor rule as specified in Section 1.

(c) Provides that at the end of each fiscal year, an amount equal to the capital gains that exceed capital losses from the sale of Permanent Fund investments shall be added back into the principal.

Also provides that the income from the Permanent Fund shall be distributed as follows:

(1) 40% to be used for dividends;

(2) 30% to be added back into the principal for inflation-proofing;

(3) 30% to the Budget Reserve Fund.

Section 31. APPROPRIATION LIMIT.

(b) Establishes a new appropriation limit which says that appropriations shall not exceed the appropriations made the preceding fiscal year by more than 5% plus the change in population and inflation. Excluded from calculating the limit are appropriations to the Permanent Fund or for dividends, appropriations to the Budget Reserve Fund, appropriations of revenue bond proceeds, appropriations for debt obligations.

The limit can be exceeded if an appropriation bill is placed before and approved by the voters. If such a bill is for capital projects, it shall be confined to similar projects and voters shall be informed of the cost of operations and maintenance of the projects.

(c) For revenues which exceed the appropriation limit, 50% shall be deposited in the Budget Reserve Fund and 50% into the Permanent Fund.

Section 32. BUDGET RESERVE FUND.

(b) Provides for deposit of Permanent Fund earnings into the Budget Reserve Fund. In addition, 50% of the money received by the state which exceeds the amount which can be spent under the Appropriation Limit shall be deposited in the Budget Reserve Fund. Additional appropriations may also be made to the Budget Reserve Fund.

(c) The Fund shall be invested and its earnings retained.

(d) If the state does not receive sufficient revenues to meet the Appropriation Limit, funds may be appropriated from the Budget Reserve Fund to the General Fund.

(e) Additional funds can be appropriated to meet a state disaster declared by the Governor. Such an appropriation is not subject to the Appropriation Limit.

Section 33. SUSPENSION.

Provides that if by January 1st, the Governor finds that anticipated revenues for the current fiscal year plus the balance in the budget reserve fund are less than 80% of the money appropriated for the current fiscal year, the Governor shall notify the Legislature that the state is in a fiscal

crisis. Upon adoption of a resolution by 2/3 of the members of each house, the operation of Section 29 (Dedicated Funds), Section 30 (Alaska Permanent Fund) and Section 32 (Budget Reserve Fund) can be suspended.

Section 34. REPEAL.

Repeals all but Section 1 on July 1, 1995.

Section 3.

Provides that these amendments shall be placed before the voters at the next general election.

Attached is the following additional information:

Attachment I: How the appropriation limit would work if it was in place for FY 89 starting with a \$2 billion base.

Attachment II: The distribution of Permanent Fund earnings under current law.

Attachment III: The distribution of Permanent Fund earnings under SJR 40.

Attachment IV: A background memorandum prepared for the Senate Finance Committee discussing how the Appropriation Limit would work.

I would appreciate the committee's scheduling of the bill at your earliest convenience. Should you or your staff have any questions or need additional information, please let me know.

Thank you.

Spending Limit
(\$ Million)

FY	Base (1)	Base + 5% (2)	Pop'n Growth (3)	Inflation (4)	Spending Limit (5)	Except Approp (6)	Total Approp (7)	GF REVENUES (8)	Surplus/ Deficit (9)	Budget Reserve Fund		Net From BRF (10)	Surplus/ Deficit (11)
										BRF Income (9)	Income From PF (9)		
89	2,000	2100	1.93%	4.90%	2,243	217	2461	1913	-548	22	236	258	-290
90	2,243	2356	2.37%	5.90%	2,650	200	2750	2026	-724	22	240	270	-454
91	2,550	2578	2.79%	5.90%	2,911	172	3083	1957	-1,126	23	261	284	-841
Return		9.00%											

- 1) FY 90 and FY 91 numbers are from prior year's spending limit
- 2) Base plus 5%
- 3) From Alaska Department of Labor
- 4) From Anchorage CPI-U
- 5) Column 2 X (Column 3 + Column 4); Additive
- 6) Appropriations not subject to spending limit e.g. Debt Services, PF deposits, school debt
- 7) Column 5 + Column 6
- 8) Unrestricted GF Revenues, from Revenue Sources, March 87
- 9) Allocate 30% of Permanent Fund to Budget Reserve Fund
- 10) Allocate full amount of Budget Reserve Fund to General Fund

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4/22/1987

Attachment I



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of March 20, 1987

PRINCIPAL

INCOME

FY	PRINCIPAL					INCOME					Reserves		
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance
78			54		54		2				1		
79	54		84		139		8				7		
80	139		344		483		32	12			12		
81	483	900	385		1,769		150	28			28	59	59
82	1,769	800	401		2,969		368	71	\$1,000.00		71	185	244
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	110	354
84	4,021	300	356	151	4,838		530	175	\$331.29	151		204	557
85	4,838	300	368	235	5,741		658	217	\$404.00	235		206	763
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,254
87	6,281	1,264	150	148	7,843		1,047	389	\$723.21	148		510	510
88	7,843		165	320	8,329		795	423	\$789.05	320		51	561
89	8,329		187	511	9,026		847	457	\$848.03	511		(121)	440
90	9,026		206	554	9,787		902	483	\$892.96	554		(135)	305
91	9,787		194	599	10,580		960	477	\$878.35	599		(116)	190
92	10,580		211	647	11,438		1,025	476	\$870.63	647		(98)	92
93	11,438		225	682	12,345	18	1,097	507	\$925.18	682		(92)	
94	12,345		230	633	13,208	122	1,174	542	\$984.27	633			
95	13,208		230	677	14,114	130	1,256	579	\$1,047.94	677			
96	14,114		229	722	15,065	138	1,341	619	\$1,116.03	722			
97	15,065		231	769	16,066	149	1,431	661	\$1,183.59	769			
98	16,066		231	819	17,115	159	1,525	706	\$1,264.46	819			
99	17,115		228	870	18,213	170	1,624	753	\$1,343.66	870			
0	18,213		223	924	19,360	182	1,727	803	\$1,426.43	924			
1	19,360		217	980	20,557	195	1,835	855	\$1,512.75	980			
2	20,557		215	1,038	21,811	208	1,947	909	\$1,602.37	1,038			
3	21,811		210	1,100	23,120	222	2,065	966	\$1,695.65	1,100			
4	23,120		208	1,164	24,491	236	2,189	1,025	\$1,792.68	1,164			
5	24,491		205	1,231	25,927	251	2,318	1,087	\$1,893.77	1,231			

Cumulative Totals:	3,964	6,742	15,220	25,927	2,160		30,343	13,631	\$25,474.11	15,220	229	1,264	

ASSUMPTIONS: 1.92% Inflation Rate FY 87
13.94% Rate of Return FY 87

4.00% Inflation Rate FY 88
9.00% Rate of Return FY 88

* SOURCE: Alaska Department of Revenue
30% Case Forecast - March 1987

6.00% Inflation Rate FY 89-95
9.00% Rate of Return FY 89-95

** SOURCE: Population Projections From
DGR Revenue Source Book - Page 44

STATUS QUO



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS
(in millions)

as of March 20, 1987

PRINCIPAL

INCOME

FY	FY Begin Balance	Appro- priations	Dedicated			FY End Balance	Inflation		Distributions				Reserves		
			State Revenues*	Inflation Proofing	Capital Gains		Proofing Shortfall	Net Income	Capital Gains	Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance
78			54			54			2					1	
79	54		84			139			8					7	
80	139		344			483			32		12			12	
81	483	900	385			1,769			150		28			28	59
82	1,769	800	401			2,969			368		71	\$1,000.00		71	185
83	2,969	400	421	231		4,021			471		108	\$386.15	231	110	110
84	4,021	300	366	151		4,838			530		175	\$331.29	151		204
85	4,838	300	368	235		5,741			658		217	\$404.00	235		206
86	5,741		323	216		6,281			1,021		303	\$556.26	216		501
87	6,281	1,264	150	214	335	8,244			1,047	335	285	\$524.98	214	214	
88	8,244		165	235		8,645	101		785		314	\$580.99	235	235	
89	8,645		187	247		9,078	283		824		329	\$607.14	247	247	
90	9,078		206	260		9,544	298		865		346	\$635.35	260	260	
91	9,544		194	273		10,011	312		909		363	\$664.44	273	273	
92	10,011		211	286		10,508	327		953		381	\$694.61	286	286	
93	10,508		225	300		11,034	344		1,001		400	\$726.21	300	300	
94	11,034		230	315		11,579	361		1,051		420	\$759.19	315	315	
95	11,579		230	331		12,139	378		1,102		441	\$792.91	331	331	
96	12,139		229	346		12,715	396		1,155		462	\$827.43	346	346	
97	12,715		231	363		13,308	414		1,209		484	\$862.67	363	363	
98	13,308		231	380		13,919	433		1,265		506	\$898.79	380	380	
99	13,919		228	397		14,543	452		1,323		529	\$935.63	397	397	
0	14,543		223	414		15,180	472		1,381		552	\$972.80	414	414	
1	15,180		217	432		15,829	492		1,441		576	\$1,010.46	432	432	
2	15,829		215	451		16,495	512		1,502		601	\$1,048.78	451	451	
3	16,495		210	469		17,174	533		1,564		626	\$1,087.62	469	469	
4	17,174		208	489		17,871	554		1,628		651	\$1,126.91	489	489	
5	17,871		205	508		18,584	576		1,694		678	\$1,167.16	508	508	
Cumulative Total		3,964	6,742	7,543		18,584	7,236		25,938	335	9,859	\$18,601.79	7,543	6,938	1,255

ASSUMPTIONS: 1.92% Inflation Rate FY 87
13.94% Rate of Return FY 87

4.00% Inflation Rate FY 88
9.00% Rate of Return FY 88

SOURCE: Alaska Department of Revenue
30% Case Forecast - March 1987

AFTER FY 86, CAPITAL GAINS TO PRINCIPAL,
REMAINING INCOME DISTRIBUTED 40/30/30

6.00% Inflation Rate FY 89-95
9.00% Rate of Return FY 89-95

** SOURCE: Population Projections From
DOR Revenue Source Book - Page 44



Alaska State Legislature

SENATE
Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811

Attachment IV

April 21, 1987

MEMORANDUM

TO: Senator John Binkley, Co-Chairman
Senate Finance Committee

FROM: Senator Jan Faiks *JF*
President of the Senate

SUBJECT: Proposed Finance Committee Substitute to
SJR 40

Attached is a proposed Finance Committee Substitute for the committee's review. The only change proposed is to tighten the title. Otherwise, all other provisions are the same as that proposed in the original legislation.

If the Appropriation Limit were to be approved by voters in 1988 and therefore take effect for FY 89, the limit would be calculated as follows. For discussion purposes, I have used a base of 2000.0 (for the operating, capital and loans budgets):

For FY 89, the base of 2000.0 for FY 88 is increased by 5% which equals 2100.8. Added to the 2100.0 is any increase in population (based on Department of Labor estimates and inflation (based on the Anchorage CPI-U from the Department of Labor)). This equals:

$$2100.0 \times (1 + \overset{\text{population}}{.0193} + \overset{\text{inflation}}{.0490}) \text{ or}$$

$$2100.0 \times (1 + .0683) \text{ or}$$

$$2100.0 \times 1.0683 = 2243.4$$

Therefore the Appropriation Limit for appropriations subject to the Limit in FY 89 is 2243.4.

MISSOURI STATE GOVERNMENT

The Appropriation Limit can be exceeded for appropriations for G. O. bond debt service, Permanent Fund deposits and school debt retirement. For FY 89, this is estimated to be 217.0.

Therefore,

2243.4	Amount subject to Limit
+ 217.0	Appropriations not subject to Limit
<hr/>	
2460.4	The amount which be appropriated for FY 89

The revenues estimated for FY 89 are 1913.0 which gives us a shortfall of - 547.4 (1913.0 less 2460.4) when compared to the amount which can be appropriated under the Appropriation Limit. This means we can then go into the Budget Reserve Fund to help with the shortfall.

By FY 89, 258.0 is estimated to be in the Budget Reserve Fund. This reflects the deposit of 30% of the earnings, or 236.0, from the Permanent Fund into the Budget Reserve Fund. Added to this is the 22.0 in interest income (estimated 9% rate of return) generated by the Budget Reserve Fund's balance during FY 88. Under this proposal, all of the 258.0 could be available to supplant the shortfall from the Limit. If the full amount was taken from the Budget Reserve Fund, we could expect a shortfall of - 289.4 from the maximum amount of appropriations permitted under the spending limit.

Distribution of Permanent Fund Earnings

SJR 40 also provides that the Permanent Fund interest earnings be distributed as follows:

- 40% for payment of dividends
- 30% back into the Fund's principle
- 30% to the Budget Reserve Fund

For the period in which SJR 40 would be in effect, the following distribution of earnings would be:

	<u>Dividend</u>	<u>Inflation</u> <u>Proofing</u>	<u>BRF</u>
FY 89 Per Capita:	314.4 \$597.90	235.8	235.8
FY 90 Per Capita:	330.8 626.40	248.1	248.1
FY 91 Per Capita:	347.7 655.70	655.7	260..8
FY 92 Per Capita:	365.2 686.00	273.9	273.9
FY 93 Per Capita:	383.8 718.00	287.9	287.9
FY 94 Per Capita:	403.3 751.40	302.5	302.5

Also attached is a more clear and readable copy of the estimated distribution of Permanent Fund earnings prepared by Legislative Finance Division. One chart reflects distribution under current law and the second reflects distribution under SJR 40. I think you'll find these copies more easy to read than those included in my original background memorandum.

SJR 40: the light at the end of the fiscal tunnel

The most popular issue on the November 1986 state general election ballot was the constitutional spending limit ratification. Alaska's voters, by an almost 2-to-1 majority, overwhelmingly approved maintaining a constitutional spending limit. Gov. Steve Cowper's dismissal of spending reform as a "minority issue" does not square with the facts.

Unfortunately, the constitutional language must still be modified in order to make it a truly effective limit on state spending. A recent bill introduced in the state Senate, SJR 40, proposes to not only correct the deficiencies in the spending limit language, but even more importantly to establish a comprehensive fiscal policy framework for the state.

The governor apparently believes that fiscal discipline should be imposed by punishing the citizens of Alaska with an income tax. The sponsors of SJR 40, on the other hand, believe that the necessary fiscal discipline should be imposed by strengthening the Constitution.

SJR 40 has three major



millett keller

pillars that will provide the backbone for our elected officials in dealing with state fiscal policy. These three pillars involve (1) a policy on using Alaska Permanent Fund earnings; (2) a meaningful and realistic spending limit; (3) the creation of a constitutionally controlled Budget Reserve Fund.

When the citizens of Alaska approved the permanent fund in 1976, the price of oil was about \$12 per barrel. It was never anticipated that the permanent fund would grow to the extent that it has grown. Therefore, it is not surprising that the original constitutional language left the legislature with complete

discretion on how to spend the earnings. SJR 40 would correct that oversight by mandating that 40 percent of the earnings be used for dividends, 30 percent be plowed back into the permanent fund and the final 30 percent directed to the new Budget Reserve Fund.

The second pillar of SJR 40 would create a limit that would effectively control the size of increases in state spending. The current spending limit will never become effective unless the price of oil climbs back to the \$40 per barrel range and spending skyrockets to match revenues. The proposed changes would tie the spending limit to a more realistic baseline. Furthermore, voter approval would be required before the spending limit could be exceeded.

Finally, the third pillar of SJR 40 is the establishment of a Budget Reserve Fund in the Constitution that would act as the surge tank for 40 percent of the permanent fund earnings and all windfalls that the state may receive in the future. The Budget Reserve Fund would retain reve-

nues that exceed the spending limit thus keeping them out of reach of the spending zealots that gather around our elected officials at budget time.

SJR 40 is the long sought light at the end of the fiscal policy tunnel. Since constitutional resolutions must be approved by a two-thirds vote of each house of the legislature, the prospects for the public getting a chance to vote on SJR 40 are problematic at best. Currently, however, there are 14 Senate sponsors on SJR 40, which is more than the two-thirds necessary for approval by the Senate. In order to pass the House, 27 "yes" votes will be necessary. Hopefully, the House leadership will recognize the need for correcting the fiscal policy defects in our state Constitution. Their actions could result in a ballot issue that will give the public a meaningful way to express its desire regarding the taxation, dividend and spending issues.

□ Millett Keller is an Anchorage business and public affairs consultant.

Senate proposal less dangerous than other plans

LAKE CLARK — In the wake of my expressed opposition to legislative invasion of Alaska Permanent Fund earnings absent public approval, someone resurrected past comments indicating that from the start I intended that most earnings be spent at will. Close, but no cigar.

I quote one such exhumed comment from the cover letter accompanying my May 4, 1977, submission of legislation creating a dividend program: *Let me emphasize that (dividends) involve only a small portion of total oil income, the remainder of which will be available for general government appropriation.* That "remainder," of course, included all income from oil wealth not going into the fund. Since only about 10 percent is deposited, my reference related primarily to the 90 percent which is not.

Though in another comment I acknowledged that earnings of the fund not required for dividends could be spent at legislative discretion, that's a far cry from saying they should be.

A 1977 Juneau Empire editorial throws additional light on my then prevailing attitude: *(By) returning about 1/10th of (oil income) to Alaskans... (Hammond) hopes these dividend checks will more than offset tax hikes needed to keep the state in the black.*

Now that I've raised a defense against charges that I'm on record supporting legislative expenditure of fund earnings (above those required for dividends), let me pull it back



Jay Hammond bushrat'lings

down by admitting that I fully expected and had no objection to using such recurrent income to offset recurrent expenses under the circumstances confronting us at that time.

Now, however, we are looking at entirely different circumstances.

There is no income tax; the price of oil has plummeted; prospective oil taxes have been further reduced by hundreds of millions through elimination of separate accounting and introduction of ELF — and instead of about 1/10th of our oil wealth earnings being distributed as I proposed, only about 1/24th goes out in dividends. Today's circumstances therefore greatly increase pressure to spend fund earnings compared to 10 years ago.

So, where do we go from here? The Senate leadership is to be commended for drafting a road map that warrants serious consideration. Though it does not follow the course I'd prefer, it may well wind up at the same destination — or at least a lot closer to it than

otherwise might be the case.

In avoiding dangerous potholes and skirting the sea of red ink, it is a far less hazardous detour than many seemed destined to take. Moreover, it charts a course that, most legislators can better read and be inclined to set foot on than the one I proposed that could deny them a chance of spending any fund earnings at all without public approval.

Their proposal is to permit the public to vote on a constitutional amendment allocating 40 percent of fund earnings for dividends, 30 percent for inflation proofing, and 30 percent for a budget reserve account for conditional appropriation. Since about 60 percent of those earnings could be spent unconditionally now, this obviously would provide far greater protection than now prevails. Moreover, those 40 percent dividend checks would still wing your way unless you, the public, decide to shoot them down by your vote. Certainly I would prefer that "bird" reside in the hands of the public than in the sparse brush of statute in which it now perches. A simple act of the legislature could blow it to bits.

At present little more than 40 percent of fund earnings go not only to dividends, but also, I am told, for salaries of some 7½ state employees and other operational costs. Should the Senate proposal be adapted, these costs should come from the 30 percent assigned to funding state programs not from the people's pocket.

Some maintain the Senate proposal permits

the public to determine how fund earnings are spent. Well, yes and no. Actually it permits but two choices from a list of several: 1. Vote for the proposal, and 70 percent of the fund's earnings are removed from the legislative smorgasbord. 2. Vote against it and most of those funds remain on the table, well within grasp of salivating solons.

So what to do? While I'd prefer the public to have a third choice requiring legislators to seek the public's permission before they could spend even 1 percent of the fund's earnings. That's so elusive a target it's doubtful most legislators would bother raising their sights to that level.

However, to their great credit they've perched along side of their 40-30-30 proposal a new species of spending limit which certainly could go a long way to prevent the otherwise almost certain premature consumption of fund earnings. By doing so, some object that they intend to fly up a brace of mismatched birds and would obligate us to bag both with one shot.

Were one a turkey and the other an eagle I'd counsel against pulling the trigger. However, I believe both provide far better fare than we'll find likely served us should this proposal not pass and we then be denied the chance to select from even that short two-course menu. Therefore, I have to say: "Go for it!"

□ Jay Hammond was governor of Alaska from 1978 to 1982.

No. 290

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CS SJR 40 (FIN)
Publish Date: _____

REQUEST: _____

Revision Date: _____

Title: Propose amendments to AK

Constitution re state money

Sponsor: _____

Requestor: _____

Agency Affected: All

BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

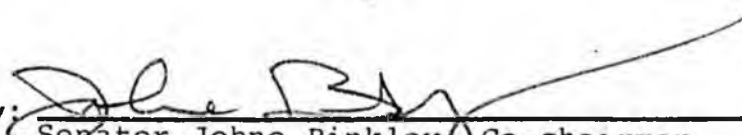
FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS

Prepared by: 
Division: Senator John Binkley, Co-chairman
Senate Finance Committee

Phone: 465-4985

Date: 4/16/87

Approved by Commissioner: _____

Date: _____

Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

No. 290

STATE OF ALASKA 1987 LEGISLATIVE SESSION
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Agency Affected: All
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--


FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS

Prepared by: 
Division: Senator John Binkley, Co-chairman
Senate Finance Committee

Phone: 465-4985
Date: 4/16/87

Approved by Commissioner: _____
Agency: _____

Date: _____

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

SJR 40

FILE CONTENTS

1. CS SJR 40 (FIN) AM: PROPOSING AMENDMENTS TO THE CONSTITUTION OF THE STATE OF ALASKA AMENDING PROVISIONS RELATING TO THE ALASKA PERMANENT FUND; ESTABLISHING TEMPORARY PROVISIONS RELATING TO DEDICATED FUNDS, THE ALASKA PERMANENT FUND, THE APPROPRIATION LIMIT, AND THE BUDGET RESERVE FUND; AND SUSPENDING THE OPERATION OF PROVISIONS RELATING TO DEDICATED FUNDS, THE ALASKA PERMANENT FUND, AND THE APPROPRIATION LIMIT
2. PUBLIC OPINION
3. MEMORANDUM FROM SENATOR FAIKS TO REPRESENTATIVE ULNER, DATED APRIL 30, 1987
4. NEWS CLIPPINGS

FISCAL NOTE

- A. ALL AGENCIES: -0-

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CLEMENS & PATRICIA RAWERT
TITLE:
ADDRESS: BOX 222
CITY: FAIRBANKS ZIP: 99707
PHONE: 456-6314
BILL NO: SJR 40
SUBJECT: BUDGET LIMIT/PERM. FUND/BUDGET RESERVE FD
MESSAGE: PLEASE KEEP PERMANENT FUND EARNINGS INTACT FOR 5 MORE YEARS TO ALLOW
ITSELF PERPETUATION. ALLOW THOSE WHO WISH TO CREDIT DIVIDEND CHECKS TOWARD
PAYMENT OF INCOME TAX IF NECESSARY. THANK YOU.

POHID: 07094539
DATE: 05/05/87
TIME: 09:45:39
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES RPRESENTATIVES

BOUCHER	DAVIDSON
DONLEY	HOFFMAN
MARTIN	MENARD
ADAMS	BOYER
BROWN	DAVIS
FRANK	GOLL
LARSON	POURCHOT
RIEGER	SWACKHAMMER
HALLIS	BARNES
COTTEN	GRUENBERG
NAVARRE	SUND
TAYLOR	BARNES

J.C. [unclear]

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: SHIRLEY WEIDNER
TITLE:
ADDRESS: 5479 C.H.S.R.
CITY: FAIRBANKS ZIP: 99712
PHONE: 488-6366
BILL NO: SJR 40
SUBJECT: BUDGET LIMIT/PERM. FUND/BUDGET RESERVE FD
MESSAGE: I OPPOSE SJR 40 AND URGE DEFEAT OF THIS RESOLUTION. THE BILL I
SUPPORT IS THE ONE THAT USES 50% OF THE PERMANENT FUND EARNINGS FOR INFLATION
PROOFING, AND 50% FOR PAYING DIVIDENDS.

EOM-FZ

POIID: 07115629
DATE: 04/29/87
TIME: 11:56:29
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES

BOUCHER
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MARIE MASSEY
TITLE:
ADDRESS: 1015 SHIRLEY TURNAROUND
CITY: NORTH POLE ZIP: 99705
PHONE: 488-3334
BILL NO: SJR 40
SUBJECT: BUDGET LIMIT/PERM. FUND/BUDGET RESERVE FD
MESSAGE: I OPPOSE SJR 40, AND URGE DEFEAT OF THIS RESOLUTION. I WANT YOU TO
MAKE STATE AND SCHOOL EMPLOYEES WAGES COMPATIBLE TO THE PRIVATE SECTOR. I DO
NOT WANT YOU TO TOUCH THE PERMANENT FUND TO PAY FOR YOUR HIGH WAGES.

EOM-FZ

POIID: 07100657
DATE: 04/29/87
TIME: 10:06:57
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES

BOUCHER
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

*54 for
SAC's files*



SJR

48

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: RULES

BILL: SJR 48

CURRENT VERSION: CS SJR 48 (SA)

SCHEDULED: MARCH 7, 1988

SPONSOR: HENSLEY

PHONE NO: 3862

CONTACT FILE: _____

BILL SUBJECT: RELATING TO THE PROMOTION OF ALASKAN AND SOVIET EXCHANGES

SPONSOR BACKUP: LETTERS OF ENDORSEMENT

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
N/A		

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>

ACTION

<u>DATE</u>	<u>COMMENT</u>
3/7/88	PASSED FROM STATE AFFAIRS

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House State Affrs:

103/07/88

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/15/88

FURTHER REFERRALS:

DATE: 3-7-88

The State Affairs Committee has considered CSSJR 48(SA)
Relating to the promotion of Alaskan and Soviet exchanges.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 1-12-88
- zero with analysis

SIGNING DO PASS:

Larry Martin

Cliff Rainey

Donohue

John W. ...

James ...

Chas ...

SIGNING OTHER RECOMMENDATIONS:

[Signature]

[Signature]
Chairman's signature

Alaska State Senate

P.O. Box V
Juneau, AK 99811
Phone: (907) 465-2444
465-3862/465-4923



Senate Finance Committee
State Affairs Committee
Vice-Chair, Rules Committee
Chair, Administrative Regulation Review

P.O. Box 1069
Kotzebue, Alaska 99752
(907) 442-2494

William L. Hensley

MEMORANDUM

TO: Representative Fran Ulmer, Chair
House State Affairs Committee

FROM: Senator Willie Hensley *WHL*

SUBJ: Request for scheduling of two resolutions

DATE: February 17, 1988

I would appreciate it if you would schedule two resolutions relating to Alaska and Siberia for hearing before the State Affairs Committee as soon as may be convenient to the Committee.

The two resolutions, which were adopted by the Senate on February 12, are:

- SCR 34: Asks the Governor to appoint a 9-member commission to identify mutually beneficial areas of interaction between the Soviet Union and Alaska;
- SJR 48: Asks the President to give his continued support to opening of the Alaska-Siberia border to air travel, trade, and various exchanges in his 1988 meeting with Secretary General Gorgachev.

One reason I make this request for early scheduling is that a delegation of health officials from the Soviet Union will be in Juneau on February 28 and it would be fitting if final action on the resolutions could be taken by then.

For your information and that of your committee members I am attaching letters of support for the resolutions. There was neither written nor oral opposition in the Senate.

Thank you.

WLH/BA/mjt

Attachments

STATE OF ALASKA

STEVE COWPER, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF INTERNATIONAL TRADE

7TH FLOOR FRONTIER BUILDING
3601 C STREET, SUITE 798
ANCHORAGE, ALASKA 99503-5934
PHONE: (907) 561-5585

February 4, 1988

Senator Willie Hensley
Senate Finance Committee
P.O. Box V
Juneau, AK 99811

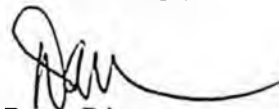
Dear Senator Hensley:

I wanted to take this opportunity to express my support for SCR 34 relating to the establishment of a commission on Alaska-Soviet relations. I specifically wanted to applaud the statesman like approach that you have taken toward our great neighbor. To have the wisdom to see a diplomatic window opening and the courage to pursue endeavors through such a window is a very positive event.

I support the clear intent of the resolution which is to push for increased trade and cultural relations with the Soviet Far East. If you successfully proceed with this resolution I trust that as many interested parties as possible will have the opportunity to participate in the formulation of our state's goals and objectives regarding Alaska and Soviet relations.

If I can be of any assistance to you in any capacity please do not hesitate to contact me.

Sincerely,



Dan Dixon
Director

January 16, 1988

Senator Willy Hensley
Alaska State Legislature
Juneau, Alaska

СИБИРСКИЙ
УНИВЕРСИТЕТ
УЧЕБНО-НАУЧНО-МЕДИЦИНСКИЙ
ЦЕНТР
УЧЕБНО-НАУЧНО-МЕДИЦИНСКИЙ
ЦЕНТР

Dear Senator Hensley:

I am writing this letter in support of Senate Concurrent Resolution No. 34 entitled "Relating to the establishment of a commission on Alaska-Soviet relations" and for Senate Joint Resolution No. 48 "Relating to the promotion of Alaskan and Soviet Exchanges".

There is no doubt in my mind of the importance of these resolutions which address our Siberian neighbors to encourage closer cooperation and relationships with them. These are times of historic importance to both the United States and the USSR and it is only appropriate that Alaska be highly profiled in future agreements and bi-lateral relationships affecting our lives and that of our children.

THEODORE N. MALA
MD, MPH
PROGRAM DIRECTOR
1984-1988
DEPARTMENT HEAD
SIBIRIAN MEDICAL RESEARCH
PROGRAM

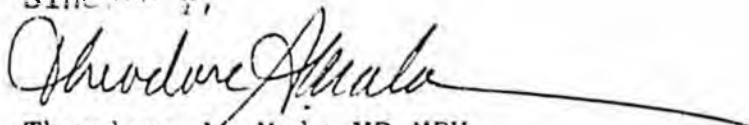
History has created a unique role for Alaska to be not only actively involved in the future destiny of the arctic but also to be a world class model of how well our countries can work together.

The USSR has some interaction with all of the countries on its borders except for Alaska. It is unconscionable that our small population of under one half million people has no positive relationship with the thirty five million people that are our immediate neighbors just across the Bering Strait.

These resolutions are positive first steps towards correcting that situation and I salute you and your Senate colleagues, Senators Josephson, Sturgulewski, Binkley, Duncan and Zharoff for your insight and global perspectives in sponsoring them.

I look forward to working with you and your colleagues in the future on improving our relationships with our Siberian neighbors.

Sincerely,


Theodore N. Mala, MD, MPH
Dir

STEVE COWPER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

*GOLDBELT PLACE
801 WEST 10th STREET
POUCH F
JUNEAU, ALASKA 99811*

February 1, 1988

The Honorable William L. Hensley
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Hensley:

This letter is in support of Senate Joint Resolution No. 48 which relates to the promotion of Alaskan and Soviet exchanges that you and Senators Josephson, Sturgulewski, Binkley, Duncan, and Zharoff are sponsoring.

Opening the border between Alaska and Siberia to air travel, trade, cultural and scientific exchanges will send a powerful signal to the rest of the world that the present leaders of both nations, the United States and the Soviet Union, are sensitive to the needs of their citizens and indeed willing to work together to address common issues that both countries face.

Certainly, the establishment of exchanges between the two countries will enhance our knowledge of the educational system in the Soviet north especially as it relates to the indigenous minority peoples of which there are more than twenty nationalities.

Canada and the Soviet Union have enjoyed educational exchanges for the past several years. In fact, the teacher education program for the Canadian Inuit of northern Quebec is modeled after a teacher education program developed in the Soviet Union. The teacher training program promotes the use of a Native language as the instructional language. We can learn much from each other in the area of educating minority students whose culture is different from the cultural base of the schools that they attend.

An informal group of circumpolar northern educators organized as the Steering Committee for the International Cross-Cultural Education Seminar Series in the Circumpolar North has organized seminars in Alaska, Greenland, Norway, and Canada for the last twenty years. In fact, I believe you and Bob Arnold were participants at the initial meeting which formed the group in Montreal, Quebec in the late 1960s. The seminars have provided a means for learning how indigenous minorities from different countries have perceived and approached common problems in educational and related social matters. Finland, Sweden, Norway, Greenland, Canada, and Alaska participated in the last seminar series

that were held in Iqaluit, Baffin Island, Northwest Territories, Canada. Participants from the Soviet Union are invited to each seminar series, but so far we have not had the pleasure and benefit of their participation.

As a direct result of the meeting at Iqaluit, Northwest Territories, I was selected as chairperson for organizing a meeting of Ministers of Education in Juneau, Alaska. Plans for that meeting are in their final stages, and the University of Alaska Southeast will be the site for the meetings. The meeting dates are May 16-18, 1988. The focus will be on rural education and educational technology. There is a possibility that we may have Soviet participation. Recent developments which have occurred in the last few days indicate progress in securing Soviet participation.

Last December we became aware of a private initiative spearheaded by Jim Stimple, a Nome realtor, to establish friendship and trade ties between Nome, Alaska and Provideniya, U.S.S.R. Mr. Stimple informed the Department of Education that the Nome P.T.A. had endorsed the idea of teacher and student exchanges between Nome and Provideniya. The mayor of Provideniya wrote a warm letter to the people of Nome saying, "We have common interests: the preservation of clean water and shores of Chukotka and Alaska: the preservation of flora and fauna of the North and natural riches. We can and must collaborate in the development of economy, in the region of science, culture, and sports. We must learn more about one another and meet more often: become more friendly and develop commercial ties."

There is certainly ample interest and willingness from both sides of the Bering Sea to initiate exchanges which can be of mutual benefit to both the United States and the Soviet Union.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "William G. Demmert", with a large, sweeping flourish extending to the right.

William G. Demmert
Commissioner

JOHN C. STENNIS, MISSISSIPPI, CHAIRMAN

ROBERT C. BYRD, WEST VIRGINIA
WILLIAM PROXMIRE, WISCONSIN
DANIEL K. INOUE, HAWAII
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PETE V. DOMENICI, NEW MEXICO
CHARLES E. GRASSLEY, IOWA
DON NICKLES, OKLAHOMA

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

January 22, 1988

FRANCIS J. SULLIVAN, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

The Honorable William L. Hensley
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Willie:

Thanks for writing and having your assistant, Bob Arnold, call my office in Juneau to let me know of your interest in increasing mutually beneficial interactions between Alaska and the Soviet Union.

This is something I've been working toward from several different angles. For instance, I've taken steps to express my support for the proposal to build an electrical transmission line that would link the U.S. and the Soviet Union via Alaska and Siberia.

I brought this proposal to Howard Baker's attention shortly before the Summit last month. Although the main focus of Reagan and Gorbachev's Summit was the nuclear arms treaty on Intermediate Nuclear Forces (INF), I asked that the proposal put forward by Global Energy Network International (GENI) be given attention and I expect they will consider it as part of the commitment to work toward more cooperation in the Arctic.


I support your efforts to send a clear message from the Alaska State Senate and Legislature that Alaskans want to reap the full advantages of our proximity to the Soviet Union and that we see great potential in the future enhancement of travel, trade, and scientific and cultural exchanges.

In establishing a 9 member commission on Alaskan-Soviet relations, however, the State will necessarily have to work closely with foreign policy-makers at the Federal level as the States are prohibited from developing their own foreign policy. As Alaska's senior representative in the Federal government, I offer my assistance in promoting these interactions and I will continue my efforts to develop Alaska's ties with our Soviet neighbors.

Thanks again for bringing your resolutions to my attention. I look forward to working closely with you and the State on this.

With best wishes,

Cordially,



TED STEVENS



UNIVERSITY OF ALASKA, FAIRBANKS
Box 900111 Fairbanks, Alaska 99775-0120

FEB 3 1988 February 1, 1988

Senator William L. Hensley
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Hensley,

Thank you for sending copies of Senate Joint Resolution No.48 urging President Reagan to give continued support to Alaska-Soviet relations, including opening the Alaska-Siberia border, and Senate concurrent Resolution No.34 urging Governor Cowper to establish a commission to identify the objectives of these relations.

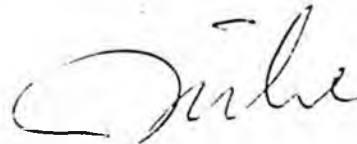
I am pleased indeed to see this initiative, and would be happy to help in whatever way I might to support their adoption by the Legislature and their implementation.

Let me explain why I consider these resolutions so appropriate, timely, and important to Alaska. On any globe Alaska is still obviously the part of the New World that links with the Old. Indeed for Alaska Natives, even all Native Americans (whose ancestors all were once Alaska Natives also) Alaska was the crossroads of the hemispheres. Since 1948, however, the world at our latitudes has become again as though flat, with Alaska at the edge, beyond which it is impossible to go, a dead end. This Cold War closure of the border distorts our perspective of our place in the world, in a way that severely limits our potential. The effect is even more detrimental for one group of Alaskans, the Eskimos of the Bering Strait region and St. Lawrence Island particularly, who are cut off from their kinsmen on the Soviet side, by a barrier like a Berlin Wall without gates.

Because of my concern for the survival of Alaska Native languages, I have been personally involved since 1971 in efforts to allow the resumption of the traditional visits by Alaskan and Siberian Eskimos to each other, and for that purpose have tried to learn as much as I could about the situation of Eskimos on the Soviet side. Only now, with the efforts of so many culminating in the Reagan-Gorbachev summit agreement on the general principles of US-Soviet Arctic

relations, am I optimistic that these visits may soon be possible again. It remains for me a high priority to pursue this goal, and I would personally hope to be of some service as a source of information especially in this connection, and also in the larger perspective, which I recognize, of cultural, economic, and scientific exchange and travel as stated so well in the resolutions you are submitting. I certainly hope these gain a favorable response in our legislature, in the interest of Alaskans quite generally, as well as the Eskimo people in particular.

Sincerely,



Michael E. Krauss
Professor
Director, Alaska Native Language Center
University of Alaska Fairbanks
College of Liberal Arts



Nome Chamber of Commerce

Post Office Box 251, Nome, Alaska 99762

January 18, 1988

Alaska State Senate
William L. Hensley
P.O. Box V
Juneau, Alaska
99811

1988

Dear Willie;

Thank you for introducing Senate Joint Resolution No. 48, Relating to the promotion of Alaskan and Soviet exchanges, and Senate Concurrent Resolution No. 34, Relating to the establishment of a commission on Alaskan-Soviet relations.

As Chairman of the Committee for Cooperation, Commerce, and Peace, the Nome Chamber of Commerce, I support these resolutions and endorse your effort and the members of the Senate who have sponsored these Resolutions, Sen. Josephson, Sturgulewski, Binkley, Duncan, and Zharoff.

Enclosed is a letter my wife, Bernadette Alvanna-Stimpfle just received from Gluhih Margarita Sergeevna, an Eskimo woman living in Siberia, just across from us in the Bering Strait, this letter says to all Alaskans the true meaning of restoring the open border between Alaska and the Soviet Far East.

We in Nome will be organizing our cultural flights from Nome to Provideniya in small groups with the local air carriers. We will submit our first groups on February 15, 1988 to the required State Dept. and Soviet officials. Enclosed are the Aircraft Entry Requirements of the Soviet Union. We invite all Alaskans to participate in up coming friendship and goodwill visits.

Copies of these Resolutions No. 48 & 34 have been sent to officials in Provideniya, and I am awaiting the names of officials in Magadan Oblast. We have heard that the Nome to Provideniya exchanges have been discussed in Khabarevsk.

Sincerely-

Jim Stimpfle

Jim Stimpfle

Chairman, Committee for Cooperation, Commerce, and Peace

SJR

61

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: RESOURCES

BILL: SJR 61

CURRENT VERSION:

SCHEDULED: MARCH 7, 1988

SPONSOR: FISCHER

PHONE NO: 3791

CONTACT FILE: _____

BILL SUBJECT: REQUESTING U.S. TO REASSERT JURISDICTION OVER WRANGEL, HERALD, HENRIETTA, ETC. ISLANDS

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
N/A		

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
N/A		2/19/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>
3/7/88	PASSED FROM STATE AFFAIRS

Alaska State Legislature

Senator Paul Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



State Senate

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3791

MEMORANDUM

TO: Representative Fran Ulmer, Chair
House State Affairs Committee

FROM: Senator Paul Fischer *PF*

SUBJECT: Senate Joint Resolution 61
(reasserting U.S. sovereignty over Wrangel Island)

DATE: March 4, 1988

I appreciate your scheduling the above referenced resolution before the House State Affairs Committee on Monday, March 7.

As you may be aware, I co-sponsored this identical resolution in 1986. It passed the Senate on a vote of 16 Yeas and 4 Nays but time ran out for it to be addressed in the House at the end of the Fourteenth Legislature.

Basically what this resolution does is to request that the government of the United States reassert jurisdiction over Wrangel, Herald, Henrietta, Jeannette, and Bennett Islands; together with the surrounding outer Continental Shelf within the American Waters of the Chukchi and East Siberian Seas and to pay the State of Alaska compensation for damages from their loss.

The legal basis and historical grounds supporting the validity of our claim to these islands is set forth throughout the whereas clauses of the resolution.

I've attached a packet of materials for the committee's information (accumulated in 1986 as well as copies of the new materials received this year). Further background information is available upon request from my office.

PAF/sgn

Attachment

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House State Affrs.

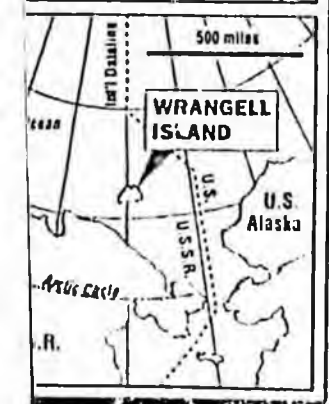
3/7/88

Washington Times

, JANUARY 1, 1988

WASHINGTON, D.C.

Islands Route Soviets



ALASKA

From page A1

ture Department employee, has spent more than a decade battling to reassert what he claims is U.S. sovereignty over Wrangell Island, a patch of frozen tundra in the Arctic Ocean that has been suggested to be the site of a Soviet concentration camp.

Also in dispute are four smaller islands off the same Soviet coastline — Herald, Bennett, Henrietta and Jeannette.

Carl Olson, chairman of State Department Watch, a group which has also fought for U.S. rights to the islands, said in a telephone interview from Los Angeles that he is "equally optimistic the United States will retain the islands."

"The important thing is to get the State Department on our side, but so far they have shown zero initiative," Mr. Olson said.

"We have not been able to get anything out of State," he said. "They

refuse to talk about it — point blank. And they've stonewalled the House Foreign Affairs Committee and the Senate Foreign Relations Committee."

A House bill introduced last Jan. 6 by Rep. William E. Dannemeyer, California Republican, would require that Congress approve any treaty for "transfer of territory or setting of a boundary line" between the United States and any foreign country. The bill has at least 30 co-sponsors.

On the Senate side, Sen. Jesse Helms, North Carolina Republican, has introduced similar legislation, complaining that surrendering the five islands would amount to handing over half of the entire outer continental shelf, which Mr. Olson said contains "vast oil-rich seabeds."

The State Department official said the United States "obviously hasn't sent any drilling ships to the area."

But he added: "The Department of Interior and other geologists haven't found any indication of any

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**STATE DEPARTMENT
WATCH**

NATIONAL HEADQUARTERS
Post Office Box 65398
Washington, D.C. 20035
703-379-1070

[oil] up there."

"And as far as our maritime boundary agreement negotiations go, we are actively looking for natural resources — oil, fisheries, what have you — that might benefit us."

The official said that, contrary to complaints from both lawmakers and other individual parties, the State Department has and will continue to brief Congress and state officials in Alaska of its ongoing boundary negotiations with the Soviets.

The California state legislature passed a joint resolution in September that said the State Department should go a step further, and include Alaska in future U.S.-Soviet negotiations.

Mr. Seidenberg, charging harassment, said two FBI agents stopped by his Arlington apartment one night three weeks ago to ask why he was so obsessed for the past 14 years with seeing the island chain become U.S. territory.

"The FBI picked me up because the State Department asked them to," Mr. Seidenberg said in an inter-

view yesterday.

"The agents told me to keep silent, that anything I say can be used against me," he said. "It was an upsetting experience."

The agents, who carried no arrest warrant, asked Mr. Seidenberg to accompany them to their waiting car, where he was interrogated for an hour and a half.

"They wouldn't even let me call my attorney," he said. "They went so far as to tell the receptionist in my apartment building not to call my attorney when I asked her to. They told her, 'You don't want to do that,' and then proceeded to escort me out of my building."

Some officials conclude that Wrangell Island has been under Russian control since 1924, when the last 14 Americans occupying it — reindeer meat shippers — were captured and shipped to Siberia.

As far as U.S. officials know, little else other than snow has fallen on Wrangell since, although author Abraham Shifrin suggests in his book, "The Concentration Camps of the Soviet Union," that a Soviet

prison camp might be on the island.

The other four islands are believed uninhabited, and are ice-covered most of the time.

Perhaps this is why the State Department is so willing, as some critics have charged, to "give away" the five islands, which dot the ocean 300 to 900 miles off Alaska's northwest coast.

"Somehow the idea has crept out that we're going to give these islands away," said the State Department official.

"Wrangell Island was discovered in the 19th century, and there was some U.S. involvement in the discovery," the official said. "But lawyers from our government have searched out and tried to find what belonged to Alaska, but the U.S. never made a claim to the islands. The Russians, on the other hand, have claimed sovereignty to them."

Mr. Seidenberg, who is by no means alone in his endeavor to keep the island chain out of Soviet hands, is not so convinced.

His interest in Wrangell Island,

which began as a high school student in 1963, became greater when Ralph Loman, a U.S. businessman who claimed to have bought the island in the early 1920s, asked Mr. Seidenberg to continue working to get it returned to the proper owner. Mr. Loman made the request 14 years ago when he was on his death bed.

If the islands were not returned to him, the dying man at least wanted them returned to the United States, of which he was a citizen. Mr. Loman tried to sue the Russian government before his death over his rights to the land, but to no avail.

"I will not let this [or] the FBI's visit to my apartment stand in the way," said Mr. Seidenberg, who has pressured not only the State Department, but Moscow. "I will do everything I can to keep the islands in Alaska and in the United States."

In 1986, the Alaska Senate voted 16-4 on its own resolution that restated Alaska's sovereignty over the five islands, and the assembly is scheduled to take up the issue again when it convenes later this month.