

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990

8672

6715 SENATE STATE AFFAIRS

11/19

**H J R**

**16**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER MJR 16

SPONSOR Foster

BILL TITLE Medical benefits for veterans

DATE REFERRED 4-29-89

HEARING SCHEDULED

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

Jeff Morrison - Dept of Mil/Vet. Affairs 4600

OTHER

# Alaska State Legislature

REPRESENTATIVE  
**RICHARD FOSTER**  
BOX 1028  
NOME, ALASKA 99762  
PO BOX V  
JUNEAU, AK 99811  
(907) 465-3789



STAFF  
DR LARRY LABOLLE  
JOHN WALSH, CPA  
LIZ WALTERS

## House of Representatives

February 5, 1990

Senator Pat Pourchot  
Chair, State Affairs  
Room 504 Capitol Bldg.  
Juneau, AK. 99811

RE: HJR 16 - Relating to medical benefits for veterans

Greetings Senator Pourchot:

Please consider this request to calendar HJR 16 in your committee.

I have attached a copy of the proposed resolution for your convenience. If you have any questions, please call the office - 3789.

Thank you.

  
Richard Foster

Encl: 1

BY FOSTER, GRUENBERG, NAVARRE,  
GRUSSENDORF, SHARP, ZAWACKI, GOLL,  
MENARD, SHULTZ, M.DAVIS, C.DAVIS,  
COLLINS, HUDSON, BOUCHER, CATO,  
ULMER, BARNES AND KOPONEN

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 16

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to medical benefits for veter-

6

ans.

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

8

WHEREAS comprehensive health care is a benefit that veterans have  
9 earned through their service to our country; and

10

WHEREAS comprehensive health care benefits for veterans have histor-  
11 ically included coverage for the costs of heart transplants when medically  
12 necessary or desirable; and

13

WHEREAS the federal Veterans Administration is currently reviewing its  
14 policy of covering heart transplants for veterans under their health bene-  
15 fits, and this coverage may be restricted or eliminated; and

16

WHEREAS restricting or denying heart transplant coverage to veterans  
17 would unfairly deny to them their right to comprehensive health care;

18

BE IT RESOLVED by the Alaska State Legislature that heart transplant  
19 coverage should remain part of the comprehensive health care package that  
20 is available to veterans.

21

COPIES of this resolution shall be sent to the Honorable Dan Quayle,  
22 Vice-President of the United States and President of the United States  
23 Senate; the Honorable Jim Wright, Speaker of the United States House of  
24 Representatives; Edward J. Derwinski, Administrator of Veterans Affairs;  
25 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.  
26 Senators, and the Honorable Don Young, U.S. Representative, members of the  
27 Alaska delegation in Congress.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Medical Benefits for veterans  
Sponsor: Foster et.al.  
Requestor: House HESS

Agency Affected: \_\_\_\_\_  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

\_\_\_\_\_

Prepared by: Jim Nordlund, Professional Assistant  
Division: House HESS Committee

Phone: 465-3759  
Date: 4-13-89

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

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

*Still in S.A*

1 IN THE SENATE

BY ADAMS

2 SENATE JOINT RESOLUTION NO. 17

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Relating to medical benefits for veter-  
6 ans.

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

8 WHEREAS comprehensive health care is a benefit that veterans have  
9 earned through their service to our country; and

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23 Senate; the Honorable Jim Wright, Speaker of the United States House of  
24 Representatives; Edward J. Derwinski, Administrator of Veterans Affairs;  
25 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.  
26 Senators, and the Honorable Don Young, U.S. Representative, members of the  
27 Alaska delegation in Congress.

## HJR 16 Veterans' Medical Benefits

Sponsor: Foster, Gruenberg, Navarre + 15 others

HJR 16 urges Congress to maintain Heart Transplant Coverage for Veterans in their comprehensive health care package.

Vet's Admin is currently reviewing heart trans policy and considering restricting or eliminating.

ASK SANDRA: Fos

History ~~Status~~ of Bill in House: Vote

Contact: Foster

Div. of Vet. Affairs - State

Vet. Group?



Official Business

# Alaska State Legislature

## House

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

### MEMORANDUM

TO: Senator Pat Pourchot, Chairman  
Senate State Affairs Committee

FROM: Rep. Richard Foster *RF*

DATE: April 29, 1989

RE: HJR 16

I respectfully request that HJR 16 be considered for placement on the calendar for hearings before the Senate State Affairs Committee.

Thank you for considering this matter.

**H J R**

**19**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HJR 19

SPONSOR Martin

BILL TITLE Amend U.S. Constitution RE compensation  
of members of U.S. Congress

DATE REFERRED 5-1-89

HEARING SCHEDULED 5-3-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED

John Manley  
3783

INTERESTED PARTIES CONTACTED

OTHER

HJR 19      RATIFY CONSTITUTIONAL AMENDMENT CONCERNING  
CONGRESSIONAL PAY

TO TESTIFY

REP. MARTIN, SPONSOR    (JOHN MANLEY)

↳ still on floor so Sen Coghill will be here.  
I need to call his office when it  
comes up.

F.Y.I.

ACCORDING TO MARTIN, THIS WAS ONE OF 14 AMENDMENTS INTRODUCED IN  
THE FIRST CONGRESS. TEN WERE ACCEPTED (YOU KNOW THAT), TWO  
REJECTED, AND HJR 19 IS ONE OF TWO ON WHICH NO TIME LIMIT WAS  
PLACED ON ACCEPTANCE BY VOTE OF CONGRESS OF BY 2/3 OF THE STATES.

SO FAR 25 OF THE NECESSARY 38 STATES HAVE RATIFIED (18 SINCE  
1978) -- LIST IN PACKET.

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling



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

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee  
FROM: Senator Pat Pourchot, Chairman  
RE: May 3 Committee Hearing  
DATE: May 2, 1989

On Wednesday, May 3 at 1:30 p.m. in the Beltz Room the following bills will be back before the Senate State Affairs Committee:

#### SB 154, An Act relating to equipment lease-financing and authorizing a master equipment lease-financing project

SB 154 would authorize the Alaska State Building Authority to finance and acquire equipment for lease to the state. Individual lease-purchases from all state agencies would be consolidated into one or more "master leases". The advantage would be a reduction in interest cost.

At our earlier hearing on SB 154, there was concern that savings realized by state agencies through a master lease not be spent on other agency budget items, but used to reduce agency budgets. Attached is an amendment that would require the Department of Administration to annually report lease savings to the legislature on an agency-by-agency basis, thus allowing the legislature the opportunity to reduce agency budgets accordingly.

#### SB 157, An Act relating to imposition of a civil fine for violation of a statute, regulation, or ordinance related to alcoholic beverages

SB 157 would authorize the Alcohol Beverage Control Board to assess civil fines against liquor licensees who violate liquor laws. As introduced, the bill did not specify the amount of the fines, leaving fine setting to the sole discretion of the board.

Attached is an amendment which would require the ABC Board to establish a schedule of fines in regulation, and would limit any fine to the greater of \$100,000 or an amount which is three times the pecuniary gain realized by the licensee as a result of the violation. This is patterned after the existing provision in Alaska's criminal code regarding fines.

REP. TERRY MARTIN

ELECTIVE DISTRICT 13  
MOUNTAIN VIEW  
RUSSIAN JACK SPRINGS  
NUNAKA VALLEY  
ELMENDORF A.F.B.  
CREEKSIDE  
EAST ANCHORAGE



HOME  
3960 REKA DRIVE - 86  
ANCHORAGE, AK 99508  
PHONE 333-6990

DURING SESSION  
P. O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3783

Alaska House of Representatives

May 1, 1989

MEMORANDUM

To: Senator Pat Pourchot, Chairman  
Senate Committee on State Affairs

From: Representative Terry Martin *T.M.*

Subject: HJR 19 - Congressional Pay Raise Amendment

---

HJR 19 passed the House on Saturday, and was referred this morning to your committee. I hope you will be able to schedule it expeditiously for a hearing, so that it can pass the Senate before we adjourn next week.

This resolution would ratify an amendment to the United States Constitution that would disallow any increases in compensation for members of Congress from going into effect until after an intervening election had taken place. The amendment was first proposed by James Madison 200 years ago along with those amendments that became the Bill of Rights. There has been increasing interest in the amendment in recent years, prompted in large part by wide public outcry at attempts by the Congress to raise salaries. Nineteen of the 26 states that have ratified the amendment to date have done so just since 1978.

I hope the background information attached will be sufficient for your committee's consideration of the resolution, and that you will be able to take it up this session. If you need any further information, please contact me or my staff. Thank you.



# **CORRECTION**

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

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling



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

907-465-3712

## Senate State Affairs Committee

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FROM: Senator Pat Pourchot, Chairman  
RE: May 3 Committee Hearing  
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At our earlier hearing on SB 154, there was concern that savings realized by state agencies through a master lease not be spent on other agency budget items, but used to reduce agency budgets. Attached is an amendment that would require the Department of Administration to annually report lease savings to the legislature on an agency-by-agency basis, thus allowing the legislature the opportunity to reduce agency budgets accordingly.

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In addition, the following bills will be heard:

HJR 19am, Ratifying an amendment to the Constitution of the United States concerning the compensation of members of the United States Congress

HJR 19 would ratify an amendment to the U.S. Constitution that would disallow any increases in pay for members of Congress from going into effect until after an intervening election had taken place. The amendment was proposed in 1789 and to date has been ratified by 26 states. To become effective, it must be approved by 38 states.

CSHB 83(Fin), An Act relating to legal holidays; and establishing Martin Luther King, Jr., Day as a legal holiday

HB 83 would establish the third Monday of January, known as Martin Luther King, Jr.'s Birthday, as a legal holiday. Lincoln's and Washington's birthdays would be combined on the third Monday in February as President's Day. This would result in an observance for Dr. King without the addition of another paid day of leave.

The bill also provides that King's birthday would be a legal holiday for state employees only if provided for in their collective bargaining agreements.

Martin Luther King Day was statutorially established as a day of commemoration in 1982. Governor Cowper issued a proclamation in January 1989 designating it a legal holiday for this year.

CSHB 87(Fin)am, An Act relating to the state budget and to long-term financial plans for the state

HB 87 would require that the Governor annually submit to the legislature a long-term financial plan. The plan must include projections of expenditures for the next six fiscal years and projections of revenues for the next ten fiscal years. The legislature would be required to adopt or revise the plan.

In addition, HB 87 would require that the Governor's annual capital improvements proposal include the estimated annual maintenance and operation costs for the useful life of each project.

REP. TERRY MARTIN

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DURING SESSION  
P. O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3783

Alaska House of Representatives

May 1, 1989

MEMORANDUM

To: Senator Pat Pourchot, Chairman  
Senate Committee on State Affairs

From: Representative Terry Martin *T.M.*

Subject: HJR 19 - Congressional Pay Raise Amendment

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HJR 19 passed the House on Saturday, and was referred this morning to your committee. I hope you will be able to schedule it expeditiously for a hearing, so that it can pass the Senate before we adjourn next week.

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I hope the background information attached will be sufficient for your committee's consideration of the resolution, and that you will be able to take it up this session. If you need any further information, please contact me or my staff. Thank you.



SENATE COMMITTEE REPORT

FURTHER

5/1/89

DATE TURNED INTO OFFICE

5-4-89

Mr. President:

STATE AFFAIRS

Committee considered

HJR 19 am

ratifying an amendment to the Constitution of the United States concerning the compensation of members of the United States Congress

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and \_\_\_\_\_ )  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS /SIGNING/ DO PASS

OTHER RECOMMENDATIONS

*Janis Hieb*  
*Tim Kell*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Pat [Signature]*  
 Chair signature and recommendation

Committee Backup attached

**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

BILL VERSION: HJR 19  
PUBLISH DATE: HOUSE 4/11/89

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
 Title: Compensation for Members  
of US Congress BRU: \_\_\_\_\_  
 Sponsor: Martin Gruenberg Components: \_\_\_\_\_  
 Requester: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs Committee Phone: 465-4963  
 Division: \_\_\_\_\_ Date: April 7, 1989  
 Approved by Commissioner: Rep. H.A. "Red" Eoucher Date: April 7, 1989  
 Agency: \_\_\_\_\_

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requester
- Office of Management and Budget
- Impacted Agency(ies)

## REP. TERRY MARTIN

ELECTIVE DISTRICT 13  
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### Alaska House of Representatives

#### HJR 19 - Congressional Pay Raises

The history of the making of America is a magnificent story of the faith, hopes and dreams of her colonists and the fulfillment of those ideologies that made America stand out as a symbol to all other nations, societies and their people to emulate.

Some of the suggestions for a more perfect union were based on a pragmatic knowledge and experience in dealing with human nature - its strength and weaknesses. Thus it was compelled upon the first Congress to reinstate the intentions of the Declaration of Independence, written thirteen years earlier, as amendments to acceptance of the new constitution of the United States.

Originally, there were fourteen amendments introduced. Two were readily rejected by the new Congress, and ten were just as readily adopted. We know these as the Bill of Rights. Of the two remaining amendments, there was no time limit placed on their acceptance by vote of Congress or by 2/3 of the states comprising the Union.

Although our founding fathers were extremely farsighted thinkers - and doers - none conceived the extension of America to embrace land as far west and north as this place called Alaska. Nor did they perceive it would take two hundred years for the approval and implementation of this original eleventh amendment.

Be that as it may, we now have an historic opportunity to fulfill the perceptions of the founding fathers and joining them in completing one more link in making our country and its democratic-republican form of government a more perfect union.

Yes, the gate is open for Alaska to be part of the original decision-making of our forefathers - to share in their wisdom - by passing this simple amendment. It would allow the Congress to raise its salary if it wants, but would give the public the opportunity to express its approval or disapproval at an election before the raise takes effect.

None of us truly wants our elected officials to have to work for little compensation. Yet, at the same time, there is a natural, inherent discomfort with allowing public officials access to the treasury. Our forefathers recognized this troublesome dilemma - but probably never would have predicted the convoluted debacle we recently witnessed - and their amendment reconciles it. I hope you will join me in supporting it.



July 1988

CURRENT STATUS OF CONGRESSIONAL PAY AMENDMENT  
OF 1789

"Article the second...No law, varying the compensation for the services of the Senators and Representatives, shall take effect, until an election of Representatives shall have intervened."

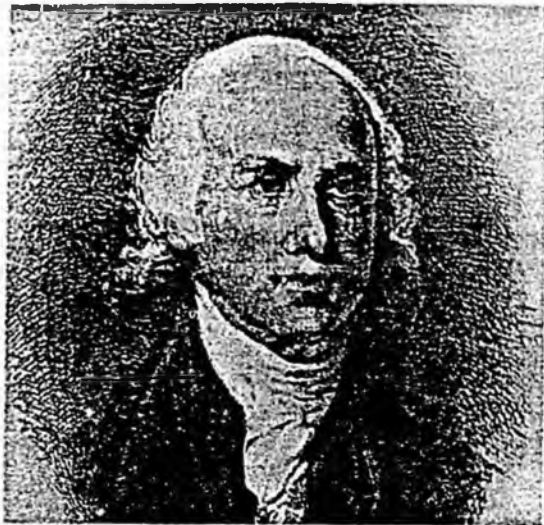
In order to become the 27th Amendment, the proposal must be ratified by three-fourths (3/4) of the legislatures of the several states. With fifty (50) states currently in the Union, this means that thirty-eight (38) must approve the measure.

Thus far, here is the progress:

1. Maryland on December 19, 1789;
2. North Carolina on December 22, 1789;
3. South Carolina on January 19, 1790;
4. Delaware on January 28, 1790;
5. Vermont on November 3, 1791;
6. Virginia on December 15, 1791;
7. Ohio on May 6, 1873;
8. Wyoming on March 3, 1978;
9. Maine on April 27, 1983;
10. Colorado on April 18, 1984;
11. South Dakota on February 21, 1985;
12. New Hampshire on March 7, 1985;
13. Arizona on April 3, 1985;
14. Tennessee on May 23, 1985;
15. Oklahoma on July 10, 1985;
16. New Mexico on February 13, 1986;
17. Indiana on February 19, 1986;
18. Utah on February 25, 1986;
19. Arkansas on March 5, 1987;
20. Montana on March 11, 1987;
21. Connecticut on May 13, 1987;
22. Wisconsin on June 30, 1987;
23. Georgia on February 2, 1988;
24. West Virginia on March 10, 1988; and
25. Louisiana on July 6, 1988.

In the following states, ratifying resolutions passed one (1) chamber of the legislature:

1. Idaho (passed Senate in 1987);
2. Illinois (passed House of Representatives in 1988);
3. North Dakota (passed House of Representatives in 1987); and
4. Texas (passed House of Representatives in 1987).



*James Madison*

James Madison (1751-1836) was the eldest son of a Virginia planter who had a large plantation now known as Montpelier in Orange County, Virginia. Madison's educational advantages were excellent, both in depth and in breadth. He entered Princeton in 1769 and came under the discipline of its president, the Reverend John Witherspoon, who primed the scholarly mind of Madison much as George Wythe had done to Jefferson. Unfortunately, however, he was frail in health, and the long and intensive studies left their mark. In addition to the usual classics of Greek and Latin, Madison spent a year studying Hebrew in order to better understand the Old Testament. For a while he seriously considered the possibility of entering the ministry, but changed his mind and began preparing for the legal profession and public life.

By this time, the conflict with England began to loom large on the horizon and Madison applied for membership in the state militia. However, he was rejected because of his physical disabilities and therefore took no active part in the Revolutionary War. Nevertheless, in 1774 he

was appointed a member of the Committee of Public Safety for Orange County, and in 1776 he was elected a delegate to the convention which framed the constitution of Virginia. He succeeded in providing a clause in the Virginia Bill of Rights guaranteeing the "free exercise of religion."

Jefferson considered James Madison and James Monroe the two young intellectuals who had the greatest promise in promoting the principles of the new American republic. Probably no Virginian was more helpful to Jefferson in getting his reforms of the civil and criminal law implemented than James Madison.

While still under 30, he was chosen as a delegate to the Continental Congress, and gained the reputation of being the most able political leader in attendance at that time. He opposed the issuance of paper money by the states, argued mightily for the right of Congress to tax imports, and supported the right of the states to navigate the Mississippi. He argued for a stronger central government that could enforce its decrees and raise the funds to maintain itself. Because a delegate could serve only one term, he returned to Virginia in 1784 and was immediately elected to the state assembly. With Washington's support, he succeeded in arranging a conference between Virginia and Maryland to settle disputes over fishing rights and ports of entry. This led to the Annapolis Convention in 1786. Thereafter Madison joined with Hamilton to get Congress to authorize the Constitutional Convention in 1787.

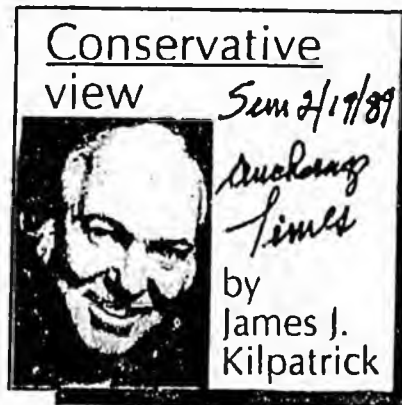
# And Iowa makes 26 and the march goes on!

WASHINGTON — James Madison is in his grave, but a constitutional amendment he sponsored in 1789 goes marching on. The event went almost wholly unreported in the news, but on Feb. 7, Iowa became the 26th state to ratify the "put off the pay raise" amendment.

This is beginning to get exciting. To recapitulate a story that most of the country knows nothing about, Congress in September 1789 approved 12 proposed amendments to the Constitution. By 1791, 10 of them had been ratified by the states; we know them as the Bill of Rights. Two of the proposals failed of ratification at that time. One dealt with apportionment of the House of Representatives and is of no current interest.

This was the forgotten 12th: "No law varying the compensation for the services of the senators and representatives shall take effect until an election of representatives shall have intervened."

It is marvelously simple, is it not? Thirty states have similar provisions affecting their own state legislatures. If the amendment had been part of the Constitution a few weeks ago, members of Congress might have voted a substantial raise in their compensation — but they could not have received it until after the congressional elections of



1990.

All but one constitutional amendment since the 18th Amendment of 1919 has carried a kind of statute of limitation: The article would be inoperative unless it were ratified within seven years of submission to the states. Madison's proposed amendment of 1789 carried no such limitation.

It is a nice constitutional question if the 200-year-old proposal is still validly before the states. In what is known as the Dillon case of 1921, the Supreme Court approved the power of Congress to fix a seven-year period for ratification. In the process the court threw cold water on the idea that resolutions of amendment could stay alive forever. That view, said Justice Van Devanter for a unanimous court, is "quite untenable." These comments were dicta, not relevant to the question before the court, which had

to do with the 18th (Prohibition) Amendment.

The matter came up again in 1939 in the case of *Coleman v. Miller*. The case involved an open-ended amendment to prohibit child labor, submitted to the states by Congress in 1924. Was it still subject to ratification in 1937? This time the court backed away from the digressive pronouncements in *Dillon*. The viability of a constitutional amendment, said Hughes for the majority, is a political question, not a judicial question.

Thus the constitutional question is very much alive. My thought is that the amendment itself is also alive. Six states (Maryland, North Carolina, South Carolina, Delaware, Vermont and Virginia) ratified between December 1789 and December 1791. Ohio suddenly came to life and ratified in 1873. Wyoming came along in 1978.

Then the forgotten amendment picked up steam. Maine ratified in 1983, Colorado in 1984. Five states joined the parade in 1985: South Dakota, New Hampshire, Arizona, Tennessee and Oklahoma. The following year saw three more: New Mexico, Utah and Indiana.

The movement toward ratification now is rolling steadily along. Arkansas, Montana, Connecticut and Wisconsin ratified in 1987; Georgia, West Virginia and Louisiana gave their consent in

1988. And on Feb. 7 Iowa shouted its approval by 44-0 in the state Senate, 86-2 in the House of Representatives.

Thirty-eight states must ratify an amendment in order for it to become part of the Constitution. Iowa is No. 26. Idaho is virtually certain to make the count 27 (the proposition was approved in a state referendum last November). If the magic number of 38 is attained it will be up to someone — or some body — to declare the amendment officially promulgated. That could be the archivist of the United States, on advice of the attorney general. Congress itself apparently has no more say-so in the matter.

My own thought is to whoop it up for the necessary 38. Madison in 1789 defended the measure: "There is a seeming impropriety in leaving any set of men without control to put their hand into the public coffers, to take out money to put in their pockets. There is a seeming indecorum in such power, which leads me to propose a change."

A seeming impropriety? A seeming indecorum? In the past month the American people have spoken in unmistakable language to the point. No raise without an intervening election! And thank you, Mr. Madison.

*James J. Kilpatrick is a conservative of thought and a conservator of language.*

*Auch Times 2/5/89*

## Two-hundred-year-old pay amendment still alive

WASHINGTON — It is too late, if I am not grievously mistaken, to halt the unwarranted pay raise for members of Congress. Capitol Hill resounds with the choo-choo noises of a freight train coming through. The 51 percent raise is a done deal, but the people may be able to derail another such express in 1993. The people could amend the Constitution.

Hah! you say. Two-thirds of the House and two-thirds of the Senate never would submit a constitutional amendment that might adversely affect their paychecks. Getting two-thirds of the state legislatures to apply for a constitutional convention is an equally impossible task.

But hold on. It has been almost forgotten, but a constitutional amendment already is actively pending that might accomplish political wonders. The story has received amazingly little attention.

Turn back the pages of history to September 1789. The First Congress then approved 12 constitutional amendments and sent them out to the states for ratification. Ten of them were swiftly approved. They became part of the Constitution in 1791. We know these 10, of course, as the Bill of Rights.

The other two failed of ratification. One of them proposed a formula for membership in the House. The other went to the

### Conservative view



by  
James J.  
Kilpatrick

matter at hand. This is the text:

"No law varying the compensation for the services of the senators and representatives shall take effect until an election of representatives shall have intervened."

Unlike more recent proposals, this amendment carried no seven-year limitation on ratification by the states. After nearly 200 years it is still on the table.

Back in 1790, six states ratified the amendment — Maryland, North Carolina, South Carolina, Delaware, Vermont and Virginia. Nothing more was heard of the matter until 1816, when a public outcry arose against a raise in congressional pay from \$6 a day to \$1,500 a year. There was talk of resurrecting the amendment, but apparently it was talk only.

The amendment went back to sleep. Then it suddenly came back to life in 1873, when the Ohio

legislature ratified. Perhaps some Ohio historian may know what provoked Ohio into action. In any event, Ohio made seven.

A century passed. In 1978, Wyoming discovered the forgotten amendment and gave its approval. Maine ratified in 1983, Colorado in 1984. Then the parade picked up steam. South Dakota, New Hampshire, Arizona, Tennessee and Oklahoma fell in line in 1985. The following year saw New Mexico, Indiana and Utah joining in. In 1987, three more: Montana, Connecticut and Wisconsin.

That brings us to 21 states. To become part of the Constitution, the ratifications of another 17 states would be needed. Considering the uproar against the pending pay raises, this goal would not appear to be an impossible undertaking.

To be sure, questions might be raised that the Supreme Court would have to resolve. During the pendency of the ill-fated Equal Rights Amendment, much talk was heard of "contemporaneity." Should an act of Maryland in 1790, or an act of Ohio in 1873, be regarded as sufficiently contemporaneous to be counted? My own thought is that the actions of ratifying states over the past 10 years establish the viability of the pay raise amendment.

The long-pending proposition would apply to any act "varying the compensation" of members.

It might be argued that the act of 1967 creating the Quadrennial Commission was not such an act. Such a contention would be disingenuous. The whole purpose of the 1967 act was to provide a means for varying the compensation of members.

Mind you, the amendment, if ratified, would not absolutely prevent a raise for senators and representatives. Its deterrent mechanism is wholly political. Candidates for seats in the House would have to go to the polls before an increase in compensation could go into effect. The presumption is that voters would make an issue of a pay raise, and that candidates would have to take a stand for or against the idea.

Suppose the hoary proposition were now a part of the Constitution. Through the machinery of the 1967 Quad Commission law, the pending raise would increase congressional salaries from \$89,500 to \$135,000. But under the amendment, the raise could not take effect until after the House elections of 1990.

Maybe the voters would love their senators and representatives so dearly that they would vote no one out of office, but I wouldn't bet the ranch on that proposition. It's worth a try. Seventeen states to go!

*James J. Kilpatrick is a conservative of thought and a conservator of language.*

# Congressional pay has been hot topic for 200 years

By LAWRENCE L. KNUTSON  
Associated Press

WASHINGTON — The public outcry over the proposed 31 percent pay increase for members of Congress should hardly be surprising.

Americans have been objecting to congressional pay raises for nearly all of the 200-year history of the Senate and House of Representatives.

Alexis de Tocqueville, a close observer of American life, offered an explanation in his 1835 study, "Democracy in America."

His conclusion: Democracies are far more stingy than other forms of government when it comes to paying high-ranking officials.

Part of the reason, de Tocqueville wrote, is that a salary level which seems inadequate to the official receive

## Analysis

ing it "appears enormous to him whose wants do not extend beyond the necessities of life."

"When he reflects on own humble dwelling and the small earnings of his hard toil, he remembers all he could do with a salary which you judge insufficient, and he is startled and almost frightened at the view of so much wealth," he said.

More than 150 years later, little has changed.

"We have never had a satisfactory method for setting compensation for high government officials," says Senate Majority Leader George Mitchell, D-Maine. "We still do not.

"If contemporary public opinion

were the sole determinant, the pay of members of Congress today would be the same as it was in 1789."

The root of the problem is in the Constitution.

Article I, Section 6 provides: "Senators and Representatives shall receive a compensation for their services, to be ascertained by law, and paid out of the Treasury of the United States."

That sounds well enough in theory.

But in practice it leaves the question of congressional pay levels up to Congress itself, posing an always sensitive, uncomfortable and sometimes politically explosive problem.

Some of the framers of the Constitution thought it would give members of Congress a license to steal. Others argued that pressure from incensed constituents would rein in greedy impulses.

The issue has always been approached gingerly at best.

"Bringing up the pay raise issue is about as welcome in a legislative body as a skunk is at a Sunday school picnic," says Sen. Charles E. Grassley, R-Iowa.

The first major American squabble over a proposal to raise the pay of members of Congress arose in 1816 and it set back the early political career of Daniel Webster, who later was to become a famous orator, senator, and secretary of state.

From the convening of the 1st Congress in 1789 until 1816, a 27-year span, members of Congress were paid at the rate of \$6 a day — with attempts made from time to time to dock the pay of absentees.

In 1816 Congress ended the day-by-day payments and adopted an annual

salary of \$1,500 a year.

The result: public outrage.

Nine members of Congress resigned and several were defeated in the 1816 elections.

Webster was one of those ousted in the pay-raise revolt.

It took him until 1822 to persuade the voters to send him back to Capitol Hill.

The present congressional salary: \$89,500.

The proposal by an independent commission: Increase it to \$135,000 to more nearly approach the compensation offered in the private sector to lawyers, corporate executives and others with similar responsibilities.

The Senate has already rejected the raise, 95-0.

The prospects — as usual — are highly uncertain.

## Distribution

To: All members of the State Affairs Committee  
From: Representative Terry Martin  
Date: February 8, 1989  
Subject: HJR 19 - Ratifying an amendment to the United States Constitution concerning compensation to members of the United States Congress

H J R

35

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HJR 35

SPONSOR Boucher

BILL TITLE Right of the State to cooperate with  
foreign nations

DATE REFERRED 2.5.90

HEARING SCHEDULED 4.18.90

FISCAL NOTE PREPARED

SPONSOR CONTACTED (Dennis 4931) ✓

INTERESTED PARTIES CONTACTED

Dennis req. mtg -  
2.6.90 11:00 AM.

OTHER

April 18, 1990

HJR 35, RIGHT OF THE STATE TO COOPERATE WITH FOREIGN NATIONS.

NOTIFIED; \* Indicates will testify

\*Representative Boucher  
Office of International Trade: Gina Brelsford  
Brian Rogers: Member AK. Statehood  
Senators Stevens and Murkowski  
Eric Ostrovsky: Governors Office/D.C.

NOTES;

1. There is no definition for the word "cooperate", the intention of this amendment is to allow trade between Alaska and foreign nations.
2. Eric Ostrovsky and Gina Brelsford "unofficially" put forth the same argument: Amending the constitution is an act that should be well thought out and necessary. The basic question is "Is this necessary?". What does the state want to do, that it currently cannot do, that this resolution would impact. The resolution clearly states that we could cooperate to the extent consistent with the U.S. Constitution. The U.S. constitution (Page 6, Section 8) lays out the power of Congress to regulate commerce with foreign nations and Amendment 10 (Page 24) specifies that the powers not delegated to the U.S. by the Constitution nor prohibited by it to the States, are reserved to the States respectively or to the people.

Further Referral: Judiciary

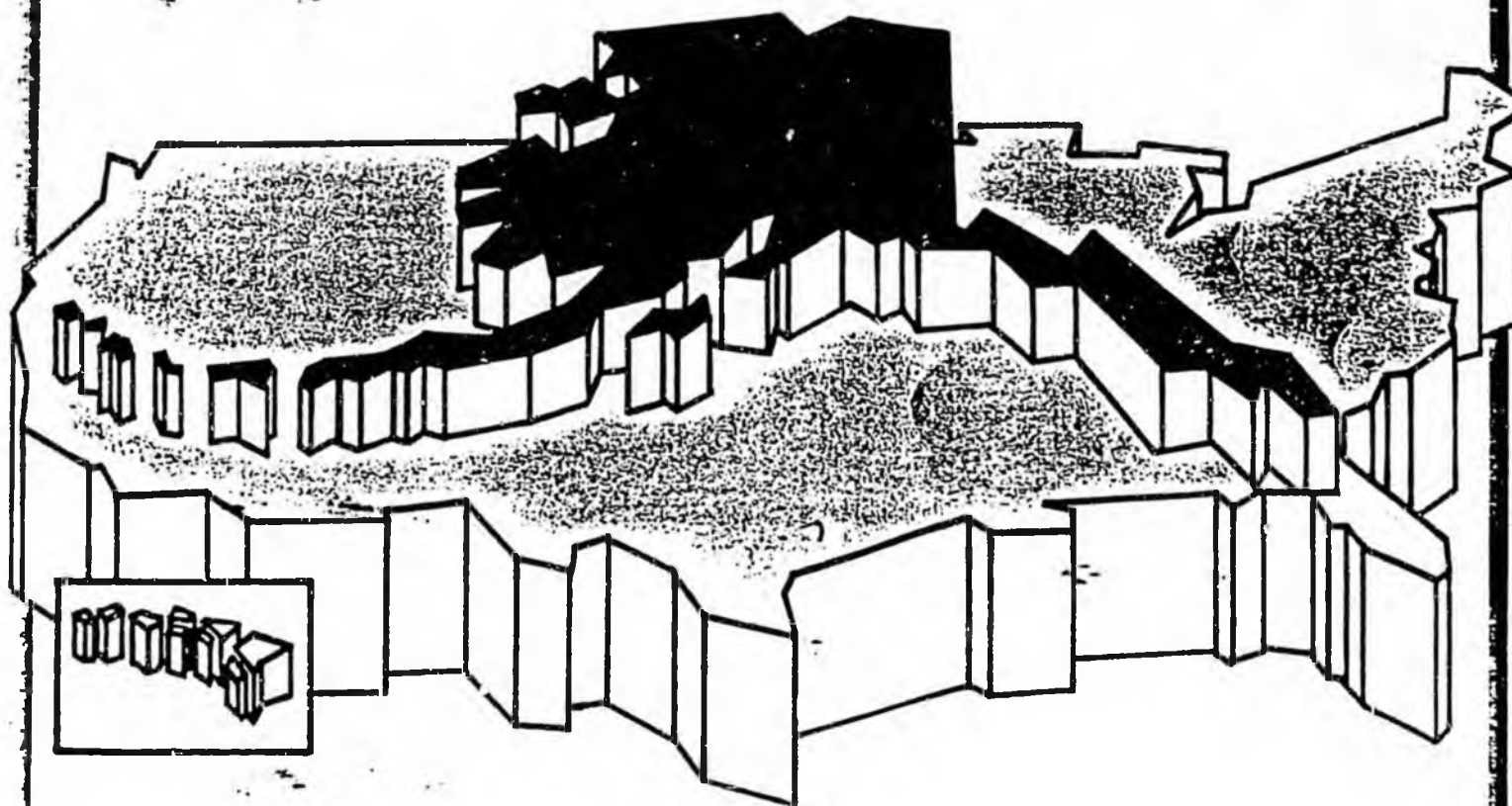
House Vote: 32 Yeas

0 Nays

# MORE PERFECT UNION

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A Plan for Action



## FINAL REPORT

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By the Alaska Statehood Commission

January 24, 1983

President of the Alaska Senate  
Speaker of the Alaska House

Dear Mr. President and Mr. Speaker:

We submit the Alaska Statehood Commission's final report as required by Chapter 161 SLA 1980 and by vote of the people. This report concludes our two-year study of Alaska's relationship to the United States. It sets forth a plan for action to improve that relationship.

In our first year we studied alternative forms of association that the people of Alaska might seek with the United States. We determined that all alternatives to statehood are now undesirable. We have concentrated our final efforts on the positive contributions that Alaska might make to improve the union. The evolution of our nation is not complete--nor are the promises of Alaska's Statehood Act of 1958 all fulfilled.

Once a forgotten territory, Alaska today is a state unique in size, cultures, and resource potentials. Alaska is a redoubt of the nation's military defense. Alaska daily pumps one out of every five barrels of oil the nation produces.

But with our new prosperity and importance come louder demands from our countrymen. Events of the 1970s and now congressional moves to limit state resource revenues teach us that we cannot afford to ignore developments from the Potomac.

As the least populated state of 50, our hopes lie in persuasion and a commitment to national unity.

When a dispute looms with the federal government, we must be ready to act. We must have research facilities already in place with facts in hand. We must stimulate coalitions of like-minded states. We must bring to Alaska those who make or sway national opinion so that they can see our situation for themselves. We must take our cases to the courts. We must gird ourselves with facts and friends.

We thank the people of Alaska for this opportunity to study and to serve. We submit this plan for action with the conviction that good government can be made better.

Sincerely,

John B. (Jack) Coghill, Chairman

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# MORE PERFECT UNION

A Plan for Action

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FINAL REPORT

By the Alaska Statehood Commission

January 1983

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## CONTENTS

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Preface .....	1
Executive Summary .....	2
The State-Federal Relationship .....	6
Recommendations	
1. State powers .....	11
2. Reform of the Jones Act .....	11
3. Exporting Alaska oil .....	13
4. Research and advocacy institute .....	15
5. Education in Alaska history and culture .....	15
6. Convention to define Article V .....	16
7. Legal action fund for states .....	17
8. National convocation on federalism .....	18
9. Amendments to the U.S. Constitution .....	18
10. Political impact statements .....	19
11. Conference of western states and provinces .....	19
12. Noncontiguous states and territories .....	22
13. Enforcing the Statehood Act .....	22
14. Amendments to the Alaska Constitution .....	23
15. Refuse burdensome federal grants .....	24
16. Yearly study of federal funding flows .....	25
17. Office of external relations .....	25
18. Fact-finding body on Native-state issues .....	26
19. Regional self-government .....	27
20. Improving Alaska's press relations .....	28
Conclusion .....	29
Bibliography .....	31
Index .....	39
Appendices	
Commissioners and staff .....	42
Index to preliminary report .....	43

### LIST OF ILLUSTRATIONS

National Wealth in Alaska .....	4
Alaska Pays Its Way .....	8
Pyramid of Power .....	10
Oil Revenue Lost from Jones Act Restrictions .....	13
Added Tax Revenues from Far East Oil Trade .....	14
Methods of Constitutional Amendment .....	16
Global Projection Centered on Anchorage, Alaska .....	20-21
Alaska's Role in Foreign Trade .....	26
Expected Land Ownership .....	27

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## PREFACE

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A majority of Alaskans voting on Aug. 26, 1980, authorized the creation of the Alaska Statehood Commission. They directed the commission to study the status of the people of Alaska within the United States, and to make recommendations on that relationship.

It was the first time since the Civil War that citizens of a state have by their vote indicated unease with federal union.

The law provides for 11 commissioners: five appointed by the governor, two appointed by the president of the Senate, two by the House speaker, and two by the Legislative Council. We first gathered on Oct. 22, 1980, in Constitution Hall at the University of Alaska-Fairbanks. In 27 months of work, we met and heard public comment in Barrow, Kotzebue, Anchorage, Nenana, Fairbanks, Juneau, Ketchikan, Sitka and Homer. We contracted for 14 expert studies totaling 2,000 pages, on topics ranging from an oral history of the statehood movement to an analysis of the flow of funds between Alaska and the federal government. Commission staff prepared other research at our direction.

In the final pages of this report readers will find a research bibliography. Full copies of our contract research are available at state legislative information offices and most public libraries.

In January 1982 we published our first findings, entitled *More Perfect Union: A Preliminary Report*. That spring we held statewide teleconference hearings on the report.

In this final report, we set forth 20 recommendations. Some of them do not originate with the Statehood Commission; for example, a legal action fund for the states is a suggestion from the U.S. Advisory Commission on Intergovernmental Relations. Because our enabling legislation charged us to preserve Native interests, we checked to ensure that none of the actions we recommend would interfere with the legal rights of Natives. None would.

Together, our two reports give a complete picture of our duties and how we discharged them. Our preliminary report stressed findings and conclusions--few of which changed after its publication. Our final report recommends deeds; hence the title, *More Perfect Union: A Plan for Action*.



## Executive Summary

History, economics and technology have combined to offer Alaska a chance for leadership beyond its borders. Once isolated, but no more, Alaska must become a vigorous actor on the national scene, eager to dispel ignorance about itself, a state eager to support the powers of all states, a state willing to break new trails with other states in forming new compacts and coalitions to solve mutual problems. Alaska must speak out against abuses of federal power, in the press and in the courts and in councils of the states and of the nation.

In August 1980 Alaskans created the Alaska Statehood Commission to study and make recommendations on the relationship of Alaska to the United States.

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*We considered the benefits and liabilities of commonwealth, of free association, of territoryhood, and of partition. We studied independence by legal means. None is preferable to statehood.*

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We have spent more than two years on this work. We compared the government we have with the Constitution we honor. We studied alternative forms of association with the United States.

We considered the benefits and liabilities of commonwealth, of free association, of territoryhood, and of partition. We studied independence by legal means. None is preferable to statehood.

We do believe that our union needs fundamental change, for federal influence has grown without guidance. But one state out of 50 can do little on its own. All states must share in the work: to write rules to clarify Article V of the U.S. Constitution, which empowers states to propose amendments; to take joint legal action to oppose federal intrusions; to sponsor a national gathering to forge a balanced federalism. Gaining control of our union will take decades of work.

Alaska has the money and the need to spur these and other nationwide projects. We must

become an activist state, reaching out for coalitions obvious (western and resource states) and not so obvious (the fishing states of Massachusetts and Maine). We must defend our regional interests with research, persuasion, and pragmatic politics. We must refuse federal grant money if it comes with conditions that undercut our self-determination.

States cannot passively depend that court decisions will quote the 10th Amendment to stop federal action. The 10th Amendment, which reserves unspecified powers to the states, needs action by the states to flesh it out.

We learned that full statehood has not yet come to Alaska.

The Alaska Statehood Act contains mutual promises between the people of Alaska and the federal government. The federal government in 1959 promised to transfer to Alaska an entitlement of 103 million acres of land by 1984. The national government would not meet that deadline and had to extend it to 1994. Alaska sued to get action. The Interior Department promised in a 1981 out-of-court settlement to transfer 13 million acres each year until the total is satisfied. The lesson of the past is clear: the federal government will not honor the land and revenue-sharing pacts of the Statehood Act without Alaska's constant vigilance.

Alaskans also have agreements to keep. When we voted for the Alaska Constitution and for the Statehood act we promised to surrender forever all claims to federal lands in Alaska. We should not now repudiate this "clause irrevocable" to pursue fruitless court suits claiming title to this land.

This report is addressed to Alaskans and dwells on Alaskan particulars. But every state has some problems with federal dominance, be it Hawaii with the Jones Act, Florida with immigration, California with accelerated federal oil leasing of the Outer Continental Shelf, or the New England states with federal treaties that cancel out fisheries.

We studied the powers of the states. We reject the notion that our governmental system forms a pyramid of power with the federal government seated on top. The states and federal government

are partners. Each has important duties. States contribute new ideas. They train national leaders. States adapt national goals to local realities. We are a federal republic and federalism thrives in diversity, on pluralism. A federal nation will always have variety: states have different needs and incomes, different economies, different penalties for crimes, different kinds of local government powers. And, at any given time, some states once poor--like Alaska--prosper while others count pennies. This is nothing new. Wealth flows among the states under the pull of the fickle but irresistible tides of population, economy, and technology. Some resource-poor states would breast these tides. Their officials appeal for federal laws to cap state severance taxes on energy resources, encouraged by a 1981 U.S. Supreme Court opinion<sup>1</sup> that Congress does have power to limit states' mineral revenues. They call for changes to the Windfall Profits Tax<sup>2</sup> to put a levy on states' royalty incomes. Either law would pull down a pillar of state sovereignty: the power to raise necessary revenues. Either law eventually would hurt the states now advocating them, for the precedent once established would spread to all state revenue measures.

We Alaskans wince at the unfamiliarity the leaders of these states display about our wealth, our resources, our climate, and our needs for the highways and the sewers and the safe-water systems that other states take for granted. We must dispel this ignorance with facts and better press relations. We also must educate our own children about the history and cultures of our state, and its niche in the union. We must teach every schoolchild the rights and responsibilities of American and Alaskan citizenship.

Resource-poor states, mainly those of the Northeast and Midwest, also lobby for new grant formulas which would cut federal aid to prosperous states. Alaskans do not automatically oppose some level of redistribution. Already the federal government collects \$3 in taxes on general economic activity in Alaska for every \$1 it spends here. It collects 46 percent of the total revenue from the Prudhoe Bay oil field owned by the state. The state collects 31 percent.<sup>3</sup>

We must make clear that a healthy and prosperous Alaska is in every American's interest. From Alaska comes one-eighth of the nation's gold; one-fifth of the nation's oil production; and two-fifths of its harvested fish. Off Alaska is the world's richest salmon fishery. Alaska has 10 of 16 strategic minerals needed for the nation's security.<sup>4</sup> In Southeast Alaska is one of the world's biggest metal deposits: a mountain of molybdenum called Quartz Hill. Alaska--once

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### *A federal nation will always have variety; states have different needs...*

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thought hopelessly distant from arteries of trade --now sits at the hub of international air routes and the Pacific Rim trade. Half the world's population lives on the Pacific Rim.

Alaska's bounty and its trade suffer under such federal laws as the Export Administration Act of 1979, which bans the export of Alaska oil, and the Jones Act, which requires U.S. shipping between U.S. ports. Some Alaska oil fields and mineral deposits will never develop due to the artificially high transportation costs these shipping acts breed. Further, these laws sap revenue from the deposits we have already opened. Lifting the oil export ban could raise Alaska's oil revenues \$500 to \$800 million yearly, and increase federal revenues \$1.2 to \$1.8 billion yearly.

Problems like the Export Administration Act need immediate attention. Other tasks--like rebuilding the powers of the states--will take years. Some changes we Alaskans may have to accept for the good of the nation though they do not profit us in the short term. But eventually we will see the states transformed, giving new life to the nation Abraham Lincoln called the "last, best hope of earth."

Therefore, we recommend:

1. Alaska should become an activist state. It should take a lead among states to define the boundaries of state powers in our union.

2. Repeal of the Jones Act will serve Alaska's and the nation's interest, and Alaska should seek repeal. In the short term, the state should dedi-

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<sup>1</sup>Commonwealth Edison v. Montana, 69 L. Ed 2d 884.

<sup>2</sup>A federal district court judge in Wyoming recently ruled the Windfall Profits Tax Act unconstitutional on the grounds that geographic distinctions in the act exempting some areas of Alaska from taxation violate Article I, Section 8 of the U.S. Constitution. This section requires that "excises shall be uniform throughout the United States." Whatever the outcome of the lawsuit, Alaskans should consider the advantages of dropping the current geographic exemption in favor of an exemption for new oil development regardless of location. Such an approach might answer both the constitutional challenge and legitimate national energy interests. It might strengthen Alaska's role in the federal system.

<sup>3</sup>Industry collects 23 percent. These percentages reflect the total take of revenue from the field. They do not reflect the shares which would be taken by each if wellhead price went up. If the wellhead price goes up, the division of these additional dollars is weighted even more toward the federal government, largely due to the federal Windfall Profits Tax. If, for example, wellhead price of Alaska oil went up one dollar after repeal of the Jones Act, the federal government would capture about 60 cents of the increase, the state 28 cents, and industry 10 cents.

<sup>4</sup>These are in deposits believed to be commercially viable. However, the bulk of Alaska's cobalt and nickel ores are located in Glacier Bay National Park, which is not open to mining. Geologists estimate that Alaska has one-sixth of the nation's cobalt reserves and one-fifth of its nickel.

cate itself to getting the Jones Act amended to allow the use of foreign-built ships in the Jones Act trade.

3. Alaska and our congressional delegation should vigorously oppose extension of that portion of the Export Administration Act of 1979 which bans the export of Alaska North Slope oil. This law expires in September 1983.

4. Alaska must act immediately to create in Washington, D.C., a research and advocacy institute and ask other resource states to join in supporting it. The institute would combat efforts in Congress to limit or tax state resource revenues.

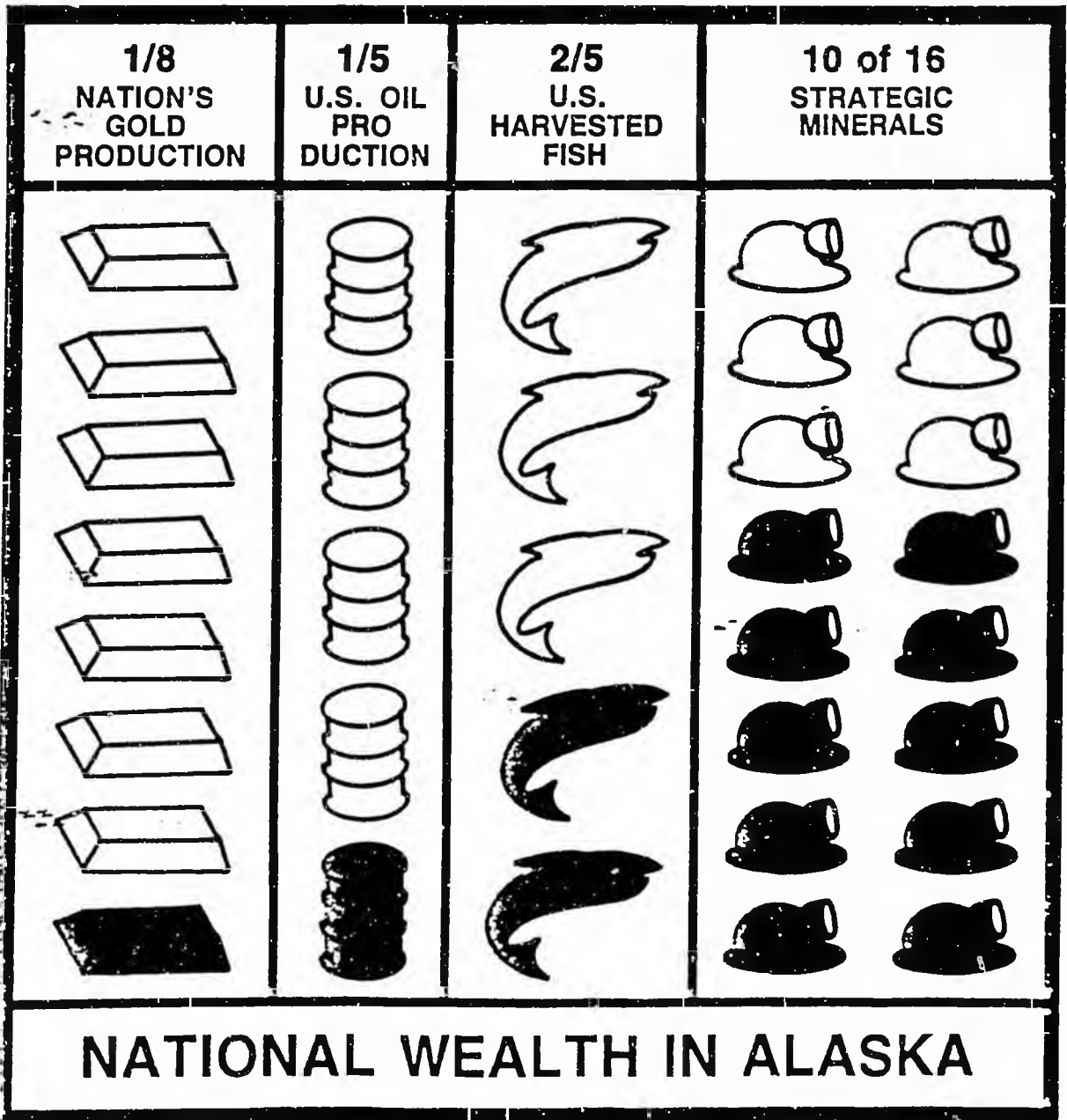
5. The state Board of Education and Alaska school districts should require the teaching of Alaskan history, citizenship and culture.

6. The Alaska State Legislature should pass a

resolution applying to Congress under Article V of the U.S. Constitution for the calling of a national constitutional convention. The convention's sole duty would be to define the procedures governing all future constitutional conventions called by the states.

7. Alaska should take the initiative to establish a legal action fund for the states. Lawyers for this fund would sue to oppose illegal and coercive federal restrictions, regulations burdensome to state and local government, and excessive use by Congress of its commerce powers to override state and local laws.

8. Alaska should provide seed money to the National Governors' Association or like organization to sponsor a national convocation on federalism in the United States.



Shown here are some of the national assets Alaska supplies.

9. Alaska and other states should consider amending the U.S. Constitution to strengthen the role of the states.

10. The governor of Alaska should prepare the political impact statements on proposed major federal actions. Eventually, the National Governors' Association should prepare them on the behalf of all states.

11. Alaska's governor should invite the leaders of northwestern states and the western Canadian provinces and territories to join Alaska in establishing a conference modelled after the New England Governors and Eastern Canadian Premiers Conference. The governor should establish in the executive branch an interagency task force on foreign relations.

12. The Legislature and the governor should immediately invite representatives of Hawaii and the noncontiguous possessions to meet with them to explore setting up a permanent coalition to deal with such common interests and problems as the effects of discriminatory transportation laws.

13. Alaska must vigorously police federal implementation of the Alaska Statehood Act. We should insist that the remaining land transfers be completed within four years, and we must guard against congressional attempts to unilaterally change the Statehood Act or Alaska Constitution. The Legislature should authorize and direct the lieutenant governor to place all such attempted changes in the Statehood Act or Alaska Constitution before Alaskan voters in a ballot proposition.

14. Alaskans should consider two amendments to the state constitution which will clarify Alaska's powers as a sovereign state and its authority to engage in foreign relations.

15. State officials should refuse federal grants carrying particularly burdensome requirements.

16. The Legislature should fund the Department of Revenue or other appropriate agency to make an annual study of and report on the flow of federal spending and revenues in Alaska.

17. The governor should establish an office of external relations on his staff, to be headed by a special assistant charged with coordinating Alaska's expanded relations with other states and with foreign nations.

18. The State of Alaska should explore with the federal government and Native organizations the establishment of a permanent joint fact-finding and advisory body to air and help reconcile problems that arise over land, resources and other interests.

19. The Legislature, in order to give all Alaskans the greatest measure of home rule, should divide Alaska's single unorganized borough into regional unorganized boroughs in accordance with the intent of the state constitution.

20. The state should establish an Alaska information office under the governor's direction to produce clear, objective, precise information about Alaska for nationwide distribution and to arrange for visits to Alaska by members of the national press corps, members of government and other opinion-makers.



## The State-Federal Relationship

We on the Statehood Commission believe that the state of Alaska has a special role to play in the nation--one that it must play if it and other states are to preserve their historic and constitutional jurisdictions in the American republic.

Alaska, we think, must become a vigorous actor on the national scene. It must become a state eager to dispel ignorance about itself, a state eager to support the powers of all states, a state willing to break new trails with other states

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*Alaska, we think, must become a vigorous actor on the national scene.*

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in forming new compacts and coalitions in order to solve mutual problems. Alaska must be willing to speak out against abuses of federal power, in the press and in the courts and in the councils of the states and of the nation--not just for its own purposes but just as much to maintain the relationship known as federalism, in which the states have their important roles to play and the national government has its separate and co-equal role.

This report is addressed to Alaskans and thus dwells on Alaskan particulars.<sup>5</sup> But it could just as well dwell on the problems that New England and Pacific Northwest states have with federal treaty making on fisheries; on Hawaii's difficulties with the Jones Act; on California's concerns about federal oil leasing of the Outer Continental Shelf; on Nevada's complaints against the dominant landlord within its borders, Uncle Sam; on Washington State's battle to prevent Washington, D. C., from overriding state rules on siting energy facilities; or on Montana's efforts to retain some control over how strip mines are developed within its borders.

In our preliminary report we told Alaskans that "Alaska's short history as a state happens to

coincide with a 20-year national diminution of the power of all the states through the actions of the federal government," and added that "Our studies on the status of Alaska within the United States have shown us...that the penetration of the federal government into the farthest corners of American life is the rule, not the exception. We share the burden with others" (*More Perfect Union: A Preliminary Report*, p.1).

We still hold to this view. The question is: What can Alaska do about it?

"The states' principal tasks," write Daniel Elazar and Stephen Schechter of the Center for the Study of Federalism in a report prepared for the Statehood Commission and Office of the Governor,<sup>6</sup> "are to govern--to make and implement policies within their respective spheres of jurisdiction, not simply to administer programs developed by the federal government--and to snare in the governance of political conduct for the country as a whole.

"This role of the states--as polities, not middle managers--is constitutionally correct and historically accurate." (p. ii.)

Schechter and Elazar call for the states to rebuild their roles in the federal system by practicing "federalism without Washington"--by educating their citizens to what statehood means, by strengthening bonds between citizens and their states, by exercising such constitutional powers as amending the U.S. Constitution, by forming coalitions and making compacts with other states without federal approval, and by entering into relations with foreign governments, notably Canadian provinces.

By circumstance, Alaska now has the financial resources that will allow it to move out of its traditionally isolated position in the family of states to become a catalyst for change in the nation--if it chooses to do so. If we Alaskans choose to become isolated, choose to curse the

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Readers will note that some federal-state issues--like state control of fisheries or state authority to give resident preference--do not receive much attention in this final report. This is not to suggest that these conflicts are unimportant or soon to be solved. Rather, we found the key questions in these conflicts either too technical (e.g., the biological justification for the North Pacific Fishery Management Council's cutback in the king salmon harvest) or too quick-changing. As a short-lived study commission with limited resources, we directed our efforts to research which would not go quickly out of date.

darkness when providence has provided us with a plenitude of candles to light, then we shall make no lasting contribution to the nation which we love. And our particular problems with the federal government, of which also we have a plenitude, will continue to bear sore upon us.

Our charge on the Statehood Commission over the past two years has been to examine our state's relationship with the United States, study alternatives, report and recommend.

We reported that statehood is eminently preferable to any alternatives to statehood. We see no reason to change that conclusion. We also reported that one state among 50 is weak. Only states acting together can determine where the limits to federal power may be.

Deliberate federal policies delaying the transfer of lands owed the state under the Statehood Act of 1958 did anger Alaskans. Deliberate federal actions shrinking the amount of available lands from which the state might make its choice for transfer also angered Alaskans. That anger cooled recently after the U.S. Department of the Interior, in order to settle a suit brought by the state of Alaska, agreed to complete the land transfers. It promised to be Alaska's "good neighbor."

But as we have warned, these changes in policy are as much political as legal. A later administration may revert to delays and sleight of hand. Vigorous monitoring of land transfers and a resolve to use all legal and political means to enforce them remain our only guarantee that soon the state of Alaska will acquire all of its promised lands of 103 million acres.

We retain our sympathies with those in this state and others who would lay state claim to title to the federal public lands. Sentiment for such action is strong in this state, as the results of the November 1982 election show. But we must repeat that making such a claim in court would be futile. It would waste time and money and deliver disappointment. No such claim has ever succeeded in the federal courts.

For Alaska to make such a claim would violate the language of Article XII, Section 12 of the state Constitution, by which "The State of Alaska and its people forever disclaim all right and title in or to any property belonging to the United States or subject to its disposition, and not granted or confirmed to the State or its political subdivisions, by or under the act of admitting Alaska to the Union."

*The most dangerous threat to this state and all the states remains the orchestrated efforts of Northeast and Midwest members of Congress to put a federal limit or tax on state resource revenues.*

Bills pend in Congress. Pressure, excited by propaganda, builds to pass them.

These measures aim to nationalize, for the first time in the republic's history, the main revenues of resource states. These bills also seek to dictate how resource states may spend any resource-tax dollars left to them. Should one of these bills become law, it would strike away one pillar of the

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*The most dangerous threat to this state and all states remains the orchestrated efforts of Northeast and Midwest members of Congress to put a federal limit or tax on state resource revenues.*

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states' sovereignty: the power to raise and allocate revenues within their borders.

All states should fear such a new, radical federal intrusion.

Resource states will need friends in this battle for self-determination. When we Alaskans ponder how to spend our short-lived oil bounty--whether on dams, roads, environmental protection or on checks to all residents--we must give regard to what people in other states think. Residents of other states see oil from Alaska as their oil too. We must respect their opinions by providing them with precise, clear information about how well we are managing our resources:

"Americans must perceive that Alaskans are managing their wealth in a manner consistent with the national interest. To the extent that Alaskans are seen departing from that national interest, the federal government, responding to public opinion, will intervene to limit or cut off the revenue flow. .... Americans are somewhat tolerant of great wealth but *only* when wed to some concept of stewardship" (Havelock, p. 9).

Alaska, like Hawaii and most of the other non-contiguous parts of the United States, plays unwilling host to the extra U.S. maritime costs imposed on it by the federal Jones Act--the Merchant Marine Act of 1920. Alaska by itself supports one-third of the Jones Act fleet.

That fleet, protected from foreign competition, takes huge amounts of money from the pockets of Alaskans, individually and corporately. The act adds \$41 million a year to the cost of goods coming into the state, and thereby helps raise our cost of living.

But the worst effects of the Jones Act are those on the state's revenues from oil and on the future of state mineral development. Each year, because of the Jones Act, the state treasury is denied from \$63 million to \$176 million in oil revenues (Tussing, p. 25). As Tussing points out, the long-range

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See also the Statehood Commission publication *The Jones Act and its Impact on the State of Alaska*, by Simat Helliesen and Eichner, 1982, and Congressional Research Service, "Effect of the Jones Act on the State Economy of Alaska

effects of the act will be to chill exploitation of oil fields with high developmental costs--including that of the Ugnu field on the North Slope of Alaska, possibly the biggest oil deposit in North America. Every oil field that the Jones Act prevents from being developed is an oil field removed from the nation's strategic oil reserve. In times of national crisis, an undeveloped oil field cannot yield a drop for the national welfare.

Alaska must exert all of its political and persuasive powers to get national support to amend and then repeal the Jones Act. Hawaii and the U.S. island possessions are natural allies for that effort. But other states will join us when they learn that the Jones Act, written to preserve a national maritime fleet for use in time of war, instead has acted to make that fleet shrink.

A related and equally major problem is the federal ban on the export of Alaska oil to Japan and other nations. Lifting this ban might ultimately raise Alaska's oil revenues \$500 million to \$800 million annually (Tussing, p. 27 ff.). Since the

federal government earns more than twice as much in taxes on each barrel of Alaska oil than does the state of Alaska, lifting the export ban could also increase federal revenues by \$1.2 to \$1.8 billion yearly. Exporting Alaska oil to Japan would help balance our country's \$16 billion annual trade deficit with that nation.

The Export Administration Act of 1979 imposes the export ban. That law expires Sept. 30, 1983. Alaska's officials must create the national will to ensure that this portion of the Export Administration Act expires forever. The entire nation will benefit.

The particulars of Alaska's actual or potential problems with the federal government can fill a catalog. It is no wonder that the state is suing the federal government over federal plans to allow wide-open oil exploration and development of the Outer Continental Shelf (as are California and Washington). *Three quarters of the Outer Continental shelf under the U.S. flag--74 percent--surrounds Alaska. The impact of development will fall on fisheries, wildlife and small vil-*



Economic activity in Alaska puts more dollars into the federal treasury than the federal government spends in Alaska.

lages in remote Alaska. However, the state will derive no major revenues from successful OCS oil discoveries. Nor will other OCS states. That money will go to the federal treasury.

Alaska's large fisheries are finite; the demand on them is heavy. Like other coastal states, Alaska manages streams and manages coastal areas out to the three-mile limit. But the Alaska resource swims in and out of federal treaty areas and international zones of management and the fishermen follow. A host of federal and state agencies and advisory and rule-making bodies involve themselves in regulating the fragile resource. The resulting management complexities fuddle laymen and turn ordinary fishermen into frustrated pilot-house lawyers. Federal treaty-making and management powers require unceasing vigilance from the state's chief officials and virtually dictate that Alaskan fisheries officials seek to make common effort on the federal level with their counterparts from Maine and Massachusetts, and from Washington, Oregon and California.

The large federal presence in Alaska (one out of five nonagricultural jobs) creates special sensitivities to the gyrations of national budget making. While the federal government spends large amounts in Alaska that benefit the economy, it must be recognized that for every \$1 that the national government spent in this state in fiscal year 1981, the U.S. Treasury earned \$3 from general economic activity in Alaska (Institute of Social and Economic Research, 1982).

Alaskans must not shy from pointing out that the oil wealth benefiting this state pours huge sums into the coffers of the national government. Alaska is paying its own way in the family of states and could pay more if oil export is allowed and if oil development is allowed without unnecessary federal fetters.

Our research indicates that problems are bound to flow from the complicated patterns of land ownership developing in Alaska because of federal land withdrawals and because of the federal government's land transferrals to the state and to Alaska Natives.

When the transferrals are complete, Natives and their organizations will have title to 11 percent of Alaska's land. The state will have title to about 29 percent. Private ownership other than that of Native organizations will be about 1 percent. The federal government will own and manage the rest, nearly 60 percent. All these landowners will meet in conflicts over road and other transportation corridors. They will differ over management of fish and game. A permanent way must be found to ease these difficulties and resolve the important factual disagreements.

Frictions also will result from national laws that apply with peculiar force to unique conditions in Alaska. Under the laws the U.S. Army Corps of Engineers is charged with issuing permits to

allow discharge of dredge and fill materials into United States waters, including wetlands. Few will argue the necessity for such regulation in general. But 57 percent of all of Alaska (223 million acres) is wetlands, including 75 percent of the North Slope, where major oil development is centered (Arctic Policy Review, p. 8). We cannot believe that Congress intended to put more than half of the entire area of a single state under the Corps' permitting procedures.

We should like to return to the point made at the beginning of this discussion: Alaska shares with other states a general loss of state powers because of recent federal growth into state and local affairs in the past two decades.

This raises an implied question: What are states good for?

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### *When a federal program fails...the shock waves vibrate from Key West to Kotzebue.*

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States can be excellent problem solvers. In this regard, they have been innovators--"laboratories of democracy." States pioneered open-meetings laws, campaign-reporting laws, pollution-control laws, open-housing laws, and job-safety laws, to mention a few. Not every idea in every state is good. But when a program fails, the state line confines the error. When a federal program fails--witness federal regulations and spending for standardized wastewater treatment plants--the shock waves vibrate from Key West to Kotzebue.

States serve as "fail-safes" when federal action fails to occur or breaks down. In the energy crises of the past decade, the states acted to ration gasoline while the federal government debated. They also enacted energy-saving codes and restrictions and energy-related loan programs, all tailored to their unique conditions.

States train leaders for national office. Of 40 U.S. presidents, 24 had held state or local office; 14 were governors.

States protect diversity. Within the bounds of the Constitution, citizens of a state may impose upon themselves political limits that citizens in other states may not relish. Some states impose a death penalty. All regulate liquor and its use, but differently. All administer a special body of criminal and civil law. Alaskans for instance, have set for themselves stronger rights of personal privacy than people elsewhere.

States, by encouraging citizen participation in the democratic process, provide political access to those desiring a change in national policy. Where a central government controls all governmental affairs, political dissidence is shut out, if not silenced. No better reason exists for maintaining the powers and the health of all the states.

But more than all these, states remain independent governments under the U.S. Constitu-

tion, with independent rights. It is the Constitution which is supreme over the states, not the national government,<sup>6</sup> though the practice of the past 20 years has worked to establish federal supremacy.

This situation has stemmed from the national government's need to concentrate its powers to meet economic and military crises. It has also stemmed in great part from the federal government's overwhelming ability to create and control money. States, municipal governments, private firms and other special interests have lined up to dip dollars out of the national pool, to water such programs as job training, public housing and mass transit, the upgrading of schools and the studies in them, and to fund a host of new social services.

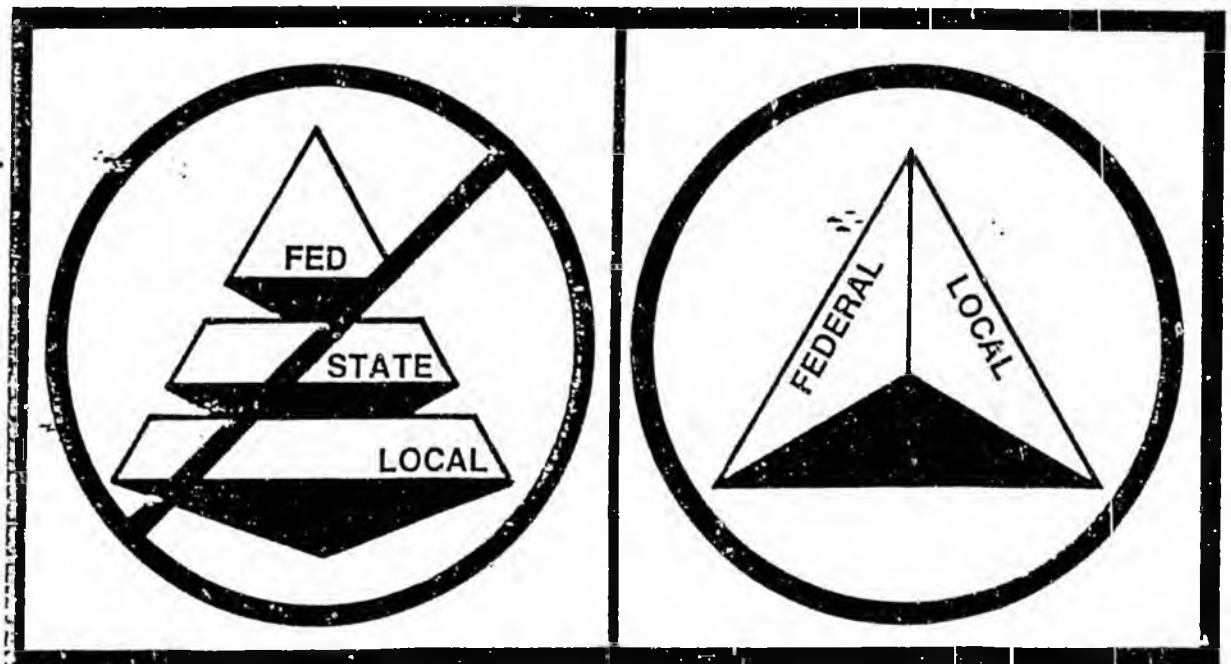
This federalizing of state and local matters has created a false metaphor. It is that of the intergovernmental pyramid. In this metaphor at broad bottom rests a foundation of municipal governments. In the middle hunch the states. At the peak, at the top of the heap, drawing sustenance from below and dispensing money and orders from above, is the federal government. This model, as Schechter and Elazar point out, perverts history and the Constitution.

The states are not "middle managers," responsible for carrying out the federal directives from above. The states are partners under the Constitution with the national government. They must assert their role in that partnership--manage their own affairs and polish their powers.

Alaska, to deal with its particular problems,

must brandish the benefits of statehood. For the good of the nation, it and other states must resist the federal drive toward supremacy. Our problems cannot be dealt with passively. Alaska should exercise its rights to make compacts with other states; should exercise its power to contract with Canadian provinces and territories; should exercise its voice in urging other states to join with it in coalitions to solve mutual difficulties; should use its wealth to defend its prerogatives and thus the prerogatives of all states.

That is why, after two years of study, we recommend that Alaska become an activist state, one willing to dispel ignorance about itself, one willing to break trails, and one willing to speak out knowledgeably--in the press, and in the courts and in the councils of the states and the nation.



The false metaphor of federal dominance distorts the historical and constitutional basis of the Union.

<sup>6</sup>See *The Role of the States as Politics in the American Federal System*, by Schechter and Elazar, p. 12, and the Constitution's "supremacy clause," Article VI, Section 2.



## Recommendations

**1** Alaska should become an activist state. It should take a lead among states to define the boundaries of state powers in our union.

In our two years of work, we have studied federal-state conflicts both past and present. We noted the powers at stake. We considered who won each argument, and why. Distilling these principles, we applied them to the state of Alaska.

*Our conclusion is that action must force each issue.*

If resource states feel threatened by propaganda from the Northeast-Midwest Institute, the solution is to generate our own research and distribute it in the same circles of press and Congress. If other resource states are slow to get underway on this, then Alaska should put up seed money to get a research agency started.

If we need an agreement with another state or a Canadian province, we should proceed to get it. We need not seek Congress's approval. Our research shows that the Supreme Court rarely invalidates such agreements for lack of congressional consent. In fact, seeking congressional approval often produces delay and unwanted conditions tied to this consent.

Some federal grants require a reorganization of state practices as a condition of receiving money. If we do not like to be thus dictated to, we should refuse the grant and take our protest to those who write the conditions.

In government, power flows to those who use it.

Across the nation, state officials moan about federal intrusion. Yet they have shunned using the built-in control the Constitution offers: the states' power to propose and ratify amendments

independent of Congress. The framers saw amendments suggested by the states sitting in convention as vital to equilibrium between states and the national government. But the states have never held such a convention.<sup>9</sup> All proposals have seeped through Congress, which consistently favors federal sprawl at the expense of the states.

The greatest hindrance to a convention for proposing amendments is the lack of procedural rules. If the states want results, they should first assemble a constitutional convention solely to set rules for future conventions.

If Alaska or another state feels a federal action violates the constitutional balance of powers, it should promptly sue. As important as the suit is getting support from all states and municipalities affected by the action. The best way to organize this support is through a legal action fund.

Our point is simple: the federal government responds poorly to suggestions from the sidelines. To preserve their powers states must use their powers and accept the risks that such action brings.

**2** Repeal of the Jones Act will serve Alaska's and the nation's interest, and Alaska should seek repeal. In the short term, the state should dedicate itself to obtaining an amendment to the Jones Act which would allow the use of foreign-built ships in the Jones Act trade.<sup>10</sup>

Alaskans have long felt that the federal law called the Jones Act, also known as the Merchant

<sup>9</sup> It is important to add that states can--with their resolutions calling for a convention--push a reluctant Congress into action. The U S Senate long opposed direct election of senators, but after two-thirds of the state legislatures called for a convention to propose this amendment, Congress did pass a similar proposal which was ratified as the 17th Amendment in 1913. If 34 states call for a convention to propose rules for Article V conventions, Congress will probably propose the rules in legislation to prevent such a first convention being held.

Commissioner Davic strongly disagrees with the commission's conclusions and recommendations concerning the Jones Act. Commissioner Davic submitted additional materials supporting his position which are part of the official record of the commission.

Marine Act of 1920, works to the state's disadvantage. Our research on the economic effects of the Jones Act on Alaska confirms this intuition. We also found that the Jones Act--intended to protect and nurture a merchant marine for the nation's benefit in war and peace--is in fact destroying it.

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*This is one of the ironies of the Jones Act...our merchant fleet has dropped by half since World War II while the world tonnage has gone up sixfold.*

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The Jones Act requires that vessels carrying goods between U.S. ports be built in the U.S.; registered in the U.S.; and owned and manned by U.S. nationals. Jones Act vessels enjoy protection from free-market competition by foreign ships, which have much lower construction and manning costs.<sup>11</sup>

As typical of protected markets, higher freight rates result in the U.S. coastwise trade. In the contiguous states, where ships face lively competition from land transport, the coastwise liner trade in most cargoes has priced itself out of business. Rail and truck lines move the goods more cheaply.

*This is one of the ironies of the Jones Act. It seeks to build a sheltered environment for U.S. vessels to create domestic prosperity and wartime security. Yet our merchant fleet has dropped by half since World War II while the world tonnage has gone up sixfold.*<sup>12</sup>

Because they have no legal alternative to the Jones Act fleet, Alaska and Hawaii and the contiguous territories (except the Virgin Islands, which is exempt from the act) pay the higher freight rates which it imposes. These freight rates amount to a subsidy--the lifeline of the remaining Jones Act fleet.

If the nation feels it benefits from the Jones Act, it should distribute its costs evenly across the nation. As matters are, the Alaska trade now supports nearly one-third of the entire Jones Act fleet.

The Jones Act burdens Alaska in several ways. Its strongest effect is to reduce state oil revenue. The act also raises the cost of all domestic freight coming to Alaska. And it discourages the development of new oilfields and mineral deposits in Alaska.

The Jones Act decreases state oil revenues because the extra shipping costs it imposes decrease the "wellhead" price of Alaska oil. Each extra dollar of shipping costs decreases the wellhead price by a like amount.

Wellhead price is the price upon which Alaska levies royalties and taxes.<sup>13</sup>

Our research shows that the Jones Act, by requiring the use of high-priced American tankers, reduces the wellhead value of Alaska oil by at least \$225 million yearly, and perhaps as much as \$630 million yearly. Because Alaska would get about 28 cents of each dollar increase in wellhead value (in taxes and royalties), this means Alaska is foregoing between \$63 and \$176 million dollars yearly in state revenue.

In addition to its effect on oil income to the state, the Jones Act adds approximately \$41 million yearly to the cost of goods coming to Alaska in the liner trades, mostly consumer goods, building materials and business supplies.

The Jones Act chills the development of oil fields and mineral deposits which would be on the "margin" between profitable and unprofitable. An example is the huge Ugnu/Kuparuk oil-tar deposit west of Prudhoe Bay. If developed, it will have very high production costs. An extra dollar of shipping cost per barrel of oil can knell financial death for such a field.

This is perhaps the worst effect of the Jones Act--that down the years, the act will continue to sour the development of Alaska.

Strong lobbies back the Jones Act. We fear that total repeal of the act is unlikely to occur in the near term, though the entire nation would benefit from repeal. More domestic cargoes would move by water than now do (Tussing, p. 40). The federal government would reap \$135 to \$378 million more each year in revenue from Alaska oil, since it gets about 60 cents of each dollar increase in wellhead value.<sup>14</sup>

The state's long range goal must be to get the act repealed. One amendment to the Jones Act holds immediate promise. It would allow into the Jones Act trade *foreign-built ships* that meet American safety standards. It would keep in force the requirements of U.S. manning, U.S. registry, and U.S. ownership. The requirement of U.S. construction--by far the most expensive feature of the Jones Act--would be dropped. This would ease the burden on Hawaii, Alaska and other noncontiguous parts of the U.S. and would help expand the size of the U.S. merchant fleet.

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<sup>11</sup> See the Alaska Statehood Commission publication, *The Jones Act and its Impact on the State of Alaska*, by Simat, Mellisen and Eichner, Inc., 1982.

<sup>12</sup> See the Alaska Statehood Commission publication, *Alaska's Economy and the Merchant Marine Act of 1920*, by Aron R. Tussing and Associates, Inc., 1982.

<sup>13</sup> Wellhead price equals the price a refinery pays for a barrel of oil minus the cost of moving that oil from well to refinery. The price the refinery pays is roughly the "world price" for that grade of oil as determined by world market conditions and the Organization of Petroleum Exporting Countries.

<sup>14</sup> Tussing, "The Impact of an Annual Increase in Wellhead Price of \$225 to \$630 Million," 1982, p. 21.

Our research shows that this change would bring a net increase in U.S. shipping jobs. New jobs in the resurrected contiguous-states coast-wise trade would more than offset the jobs lost in U.S. shipyards now building merchant vessels.

We would hear the objection that some U.S. shipbuilding capacity would not be available should another protracted, non-nuclear conflict like World Wars I or II occur. Congress should weigh the alleged national defense benefits against the present-day costs of the act. The Jones Act breeds high prices and inefficiency. It is slowly destroying our U.S. merchant marine. The act must be amended; it ought to be repealed.

**3** Alaska and our congressional delegation should vigorously oppose extension of that portion of the Export Administration Act of 1979 which effectively bans the export of Alaska North Slope oil.

Federal law prevents the export of Alaska North Slope oil and keeps it from a natural market:

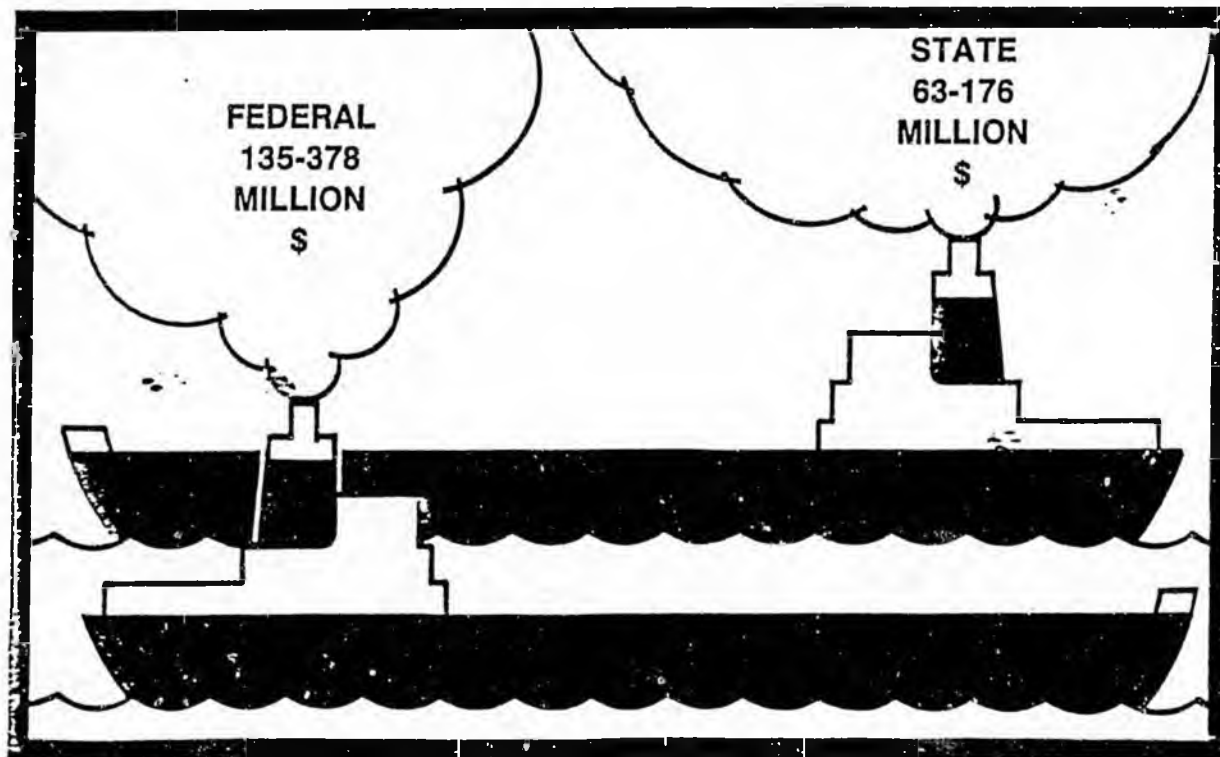
Japan and the Orient. It forces this oil into expensive American tankers and depresses the price of Alaska oil in other ways as well. Lifting the export ban might ultimately increase Alaska's oil revenue by \$500 to \$800 million annually.<sup>15</sup>

Two federal laws encumber the export of North Slope oil. One is the Trans-Alaska Pipeline Authorization Act of 1973. It places difficult, but not insurmountable, obstacles to the export of any oil which has flowed down a pipeline sitting on leased federal land. (This law covers the Alaska pipeline and some pipelines in other states as well.)

The second law is a section of the Export Administration Act of 1979. It aims only at Alaska North Slope oil. It sets conditions so numerous and so harsh that, in effect, it lays a total ban on the export of this oil.

*The Export Administration Act of 1979 expires on Sept. 30, 1983. State officials and the Alaska congressional delegation should devote themselves to blocking extension of that part of the act relating to North Slope oil. If Congress renews it, a national opportunity to export our oil will not come again for years. North Slope production may be declining by then.*

The export prohibition, by default, requires



## OIL REVENUES LOST FROM JONES ACT RESTRICTIONS

The effect of the Jones Act on wellhead price depresses federal and state oil revenues, in the dollar ranges shown.

See pp 25-28 of the Alaska Statehood Commission publication *Alaska's Economy and the Merchant Marine Act of 1920*, by Arlon R. Tussing and Associates, Inc., 1982.

transport on high-priced Jones Act vessels, since we can't move our oil to other states by land. This is one factor depressing the wellhead price. The export ban also depresses wellhead prices by forcing Alaska oil into the wrong markets: the West Coast, which is flooded with Alaska and California crude; and the Gulf and East Coasts, which dictate a long and expensive round trip by U.S. flag vessels of 13,000 nautical miles via the Panama Canal, or 30,000 miles via Cape Horn. The round trip between Valdez and Yokohama, Japan, is about 7,000 miles.

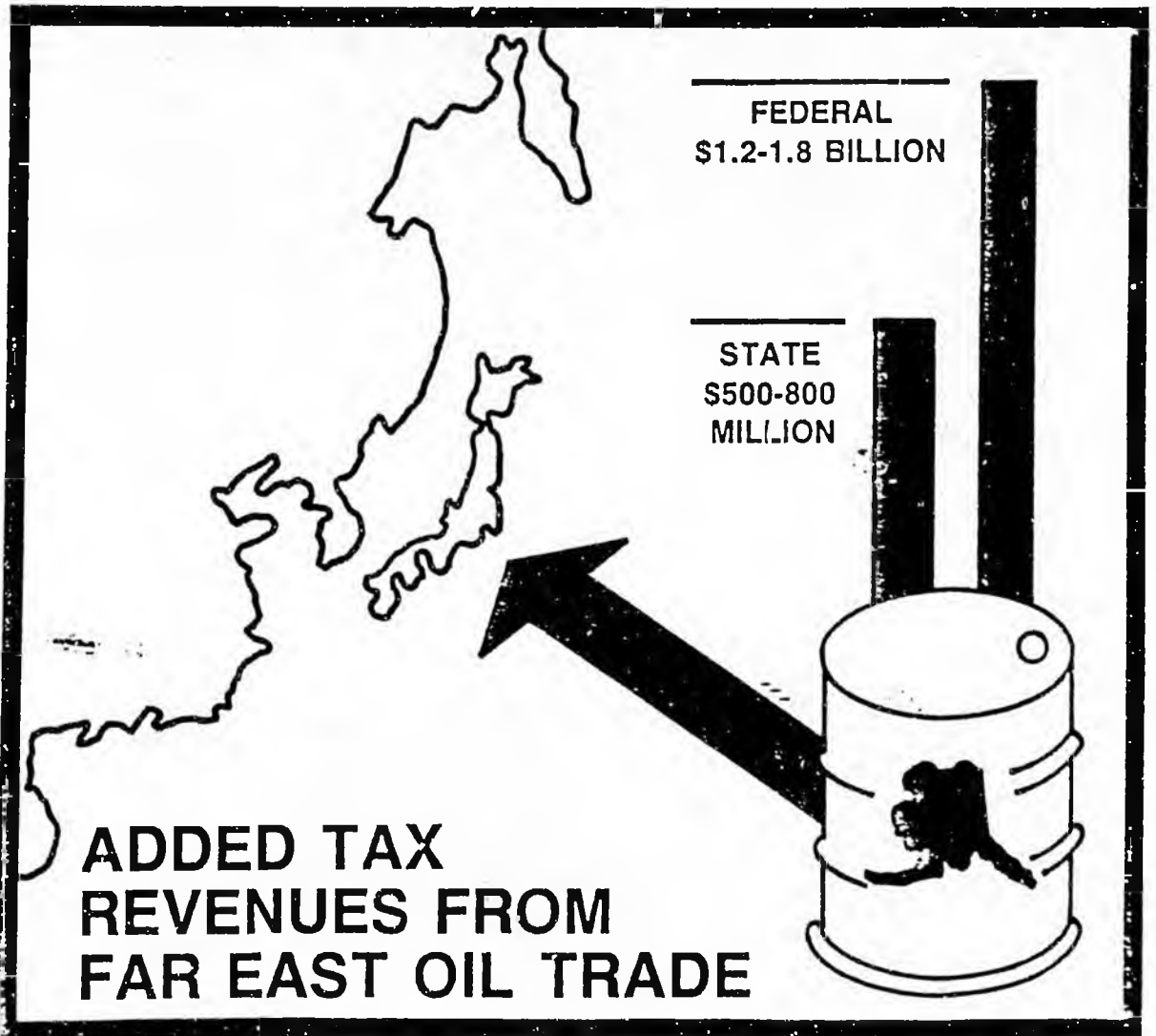
*Removing the export ban could ultimately raise wellhead prices by \$2-3 billion per year, and state revenues by \$500-800 million per year. It could raise federal revenues by \$1.2 to \$1.8 billion per year.<sup>16</sup> Exporting Alaska's oil would help balance*

*our nation's \$16 billion trade deficit with Japan.*

If Congress were to lift the ban, probably all the Alaska oil now going to the Gulf and East Coasts, and the Alaska oil now surplus to the West Coast, would go to the Far East.<sup>17</sup> The shortfall resulting on the Gulf and East Coasts would be filled with Mexican and Mideast oil now going to Japan.

This "triangle trade" would have advantages to all concerned. Transportation costs would drop. Mexico would earn more per barrel for its oil, and U.S. Windfall Profits Tax receipts would climb. Japan and the U.S. would even their trade imbalance. The change would ease the West Coast oil glut.

Lifting the export ban would bring reason to the economics of Alaska oil.



Because of lower transportation costs to overseas customers, allowing the export of Alaska oil would increase the nation's and Alaska's tax revenues.

<sup>16</sup>These dollar savings would not show up immediately, however, as oil companies would want to pay off some of their capital costs: tankers in use and their commitments to a new Panama pipeline.

<sup>17</sup>We have considered the objection that foreign tankers would pose a hazard to Alaska waters. We feel that the hazard is not necessarily any greater than that by U.S. flag tankers. Foreign tankers can be required to meet U.S. safety standards. And foreign vessels now dock at Valdez, loading oil for the Amerada Hess refinery on St. Croix in the Virgin Islands. The Virgin Islands, though an American possession, is exempt from the Jones Act, and foreign tankers take oil there.

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**4**

Alaska must act immediately to create in Washington, D.C., a research and advocacy institute and ask other resource states to join in supporting it. The institute would combat efforts in Congress to limit or tax state resource revenues.

Efforts to strip Alaska and other resource states of revenues from oil and other energy sources center around the Northeast-Midwest Congressional Coalition and its research arm, the Northeast-Midwest Institute.

The Institute has become the dominant source of detailed information about resource extraction and taxing available in Washington to the national press, members of Congress and other federal officials.

The Coalition and the 18 states it represents seek to have resource incomes of individual states pooled by federal law and redistributed to all states. Such federal action would be a major blow to one of the last pillars of state sovereignty: the power to raise and allocate revenues. The Coalition even wants the federal government to prescribe how individual states may spend resource revenues.

The Northeast-Midwest Institute is only too happy to provide facts, figures and research documents to bolster efforts in Congress to nationalize the incomes of what the Coalition has tagged the "United American Emirates," the oil-producing states.

A major political battle looms. It will be fought largely in the newspapers and on radio and television for the hearts and minds of the general public.

The need for a counterbalancing institute of resource states seems obvious and may be critical. Such an organization would perform and publish scholarly research on matters of special interest to the resource states. The institute must be located in Washington, D.C., for maximum accessibility, effect and credibility. It is very important for reporters, the administration, members of Congress and their staff to have personal access to the institute's researchers as well as to its publications.

Alaska must lead in starting such a research and advocacy institute and keeping it funded. The Legislature should provide the governor with money enough to fund the institute's first years and convince other states to join the effort. To do nothing or to delay too long in face of an obvious threat to Alaska's financial well-being will only turn the threat into an impoverishing reality.

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**5**

The state Board of Education and Alaska school districts should require the teaching of Alaska history, citizenship and culture.

The Statehood Commission worries that in our oil-propelled rush into the mainstream of the nation's economy, we may be cutting our ties with what is special about Alaska. Further, by failing to attend to our history we risk repeating mistakes made during Alaska's early days of copper, gold and fishing booms and busts.

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*We have a system of public and private education second to none, and yet we do not require education about our state's history.*

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Alaska's long isolation from the other states has ended. Arctic villages once accustomed to occasional newspapers by barge and dogsled now receive their baseball games televised live via satellite. One out of three Alaskans has lived in the state less than five years.

It is not easy to preserve our heritage with such turnover and in the face of a mass culture tuned to a common denominator, but we must try. We have a system of public and private education second to none, and yet we do not require education about our state's history. We do not require instruction on our rich and varied regional and statewide cultures.

We should also teach every student--from elementary through post-secondary schooling--the reciprocal duties between citizen and state, and between citizen and national government. A citizenship program should teach respect for the dignity of every individual; the observance of rules written for the common good; respect for private and public property; strong ethical values; development of a social conscience; and democratic ideals.<sup>18</sup> If Alaska needs a model it need look only as far as the education required of aliens requesting U.S. citizenship. It is paradoxical that naturalized citizens often have a better knowledge about America than those born here.

The Legislature should speed development of the classroom material required, and make the materials available to all public and private school systems.

Education is Alaska's opportunity to invest in the next generation of voters and leaders. It is our preventive medicine against the repetition of past mistakes. It can be our way of preserving and

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<sup>18</sup>In 1980 the Anchorage School Board approved a similar list of goals for a citizenship education program.

promoting our heritage as Alaskans, and our way of helping youth understand they have dual citizenship, to the state and to the nation.

**6** The Alaska State Legislature should pass a resolution which would apply to Congress under Article V of the U.S. Constitution for the calling of a national constitutional convention. The convention's sole duty would be to define the procedures governing all future constitutional conventions called by the states.

The national interest demands that these rules be written. Until they are, the states will continue to be shut out from proposing amendments in convention. The Founding Fathers thought this amending power fundamental to keeping the

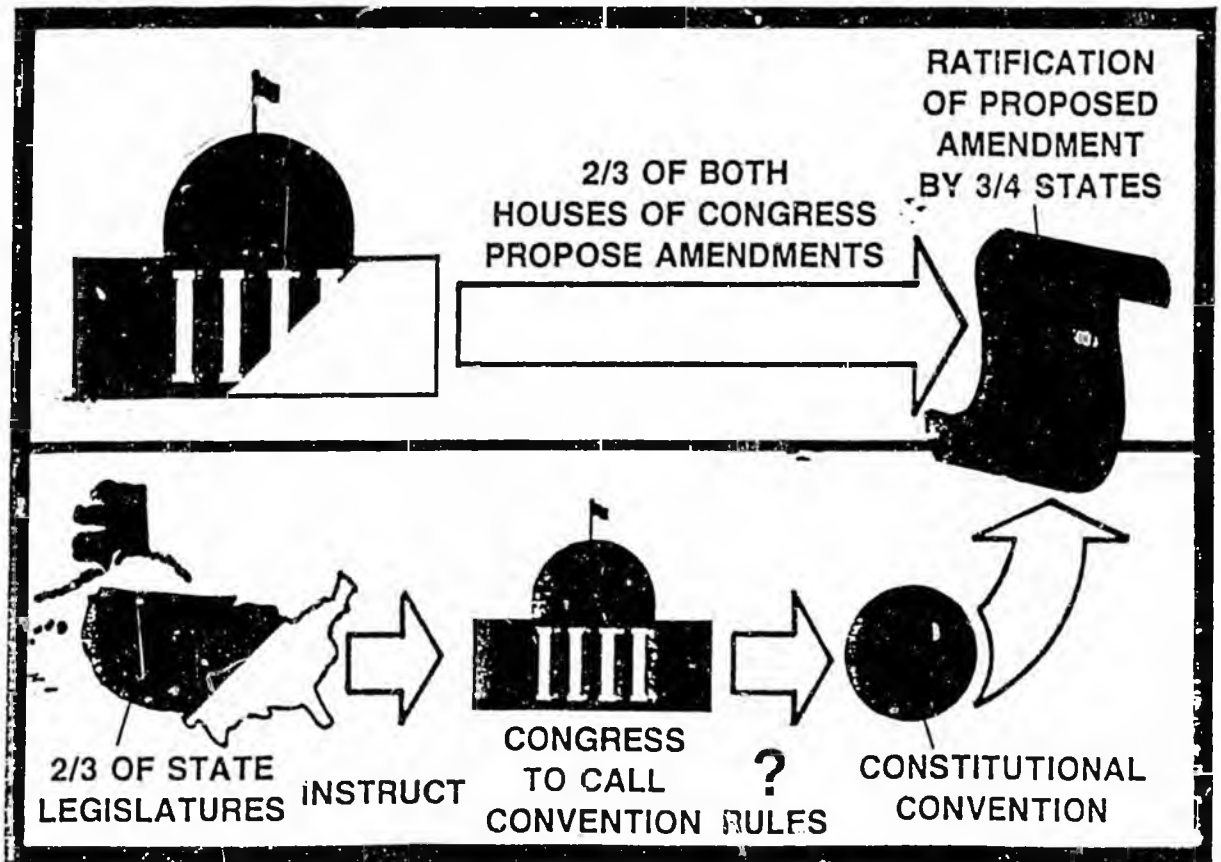
state-federal balance.

Alaska has much to gain by taking an early lead in causing discussion on the rules. High-population states may seek rules which would apportion votes to disfavor low-population states.

Under our Constitution an amendment must pass two hurdles: it must be proposed and it must be ratified. A proposal can come by way of Congress or by way of a national constitutional convention. Congress must call such a convention if two-thirds (now 34) of the states request it. After an amendment is formally proposed, three-quarters of the states (now 38) must ratify it through their legislatures or with in-state conventions called for that purpose. Ratification is difficult. Only 16 amendments have been ratified since the adoption of the Bill of Rights nearly 200 years ago.

The first and last constitutional convention was held in the summer of 1787.

Despite the success of the last convention, some fear that another convention would run wild, sack the Bill of Rights and demolish 200 years of constitutional carpentry. This fear has been nurtured by the lack of clear rules governing



Flow chart illustrates steps required for amending the U.S. Constitution.

## METHODS OF CONSTITUTIONAL AMENDMENT

a state-called convention to propose amendments.

The rules are long overdue, but we doubt that Congress will write them.<sup>19</sup> It prefers to hold up the specter of a runaway convention to discourage the states ever asking for one. In this way Congress keeps complete control over which amendments are submitted for ratification.

The states must force the issue under Article V by calling for a convention to amend Article V. Rules must set out how convention votes would be apportioned and should define the scope of a convention's proposing powers. We believe a convention should be limited to the consideration of subjects named in the state resolutions asking for a convention. It should not have blanket authority to propose other amendments.

For Alaska, a federal convention has both danger and opportunity. Much depends on how votes are apportioned at the convention. We recommend the Alaska Legislature, in its resolution, call for equal votes by state. Under this plan, if there were 500 votes to go around, Alaska would have 10 votes, or 2 percent.

Were apportionment to follow a congressional model (votes according to the size of a state's congressional delegation), Alaska would have only 3 out of 500, or 0.6 percent of the votes. If votes are apportioned strictly by population, Alaska would have still fewer: 1 out of 500, or 0.17 percent of the votes.

Equal votes among the states would be true to the plan of the Constitutional Convention of 1787. That convention was "first and foremost a gathering of states" (Rossiter, p. 68). We suggest emulating the U.S. Senate: two delegates per state in a constitutional convention, for a total of 100 votes.

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**7** Alaska should take the initiative to establish a legal action fund for the states. This fund would oppose illegal and coercive federal restrictions, regulations burdensome to state and local government, and excessive use by Congress of its commerce powers to override state and local laws.

At present no one adequately represents state and local views when federalism questions come

up in court--questions such as, "What does the Constitution say about this conflict between state and federal government?"

The federal government has the Office of the Solicitor General. Special-interest groups--often at odds with state and local governments--have

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*In short, state and local governments must start working together to oppose creeping federal intrusions.*

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their legal defense funds.

But lawyers for state and local governments find themselves outgunned in the higher courts on complex federalism questions. They speak only for their employer, but the court decisions handed down will infuse the internal workings of all state and local governments, rewriting charters and constitutions and increasing liability to civil lawsuits.

In short, state and local governments must start working together to oppose creeping federal intrusions.

They triumphed on one of the few occasions they did work together--in the mid 1970s, challenging federal power to impose minimum wage and overtime laws on state and local governments. The National League of Cities, the National Governors' Conference, 19 states, and three municipal governments joined in a lawsuit to defend their authority to set wages and hours. The outcome was a landmark victory for state and local powers: the Supreme Court decision in *National League of Cities v. Usery*, 426 U.S. 833 (1976). It was one of few times in which the Court has held that the 10th Amendment (reserving powers to the states) is a limit on federal action.

Alaska should take the lead to get a legal action fund for state and local governments underway. It should put up money to operate the fund for one year. Lawyers for this fund would file lawsuits and intervene in others as advocates for all state and local governments, at all levels of court.<sup>20</sup>

A century ago the fundamental questions of union and disunion, of federal and state powers, were debated on the floors of Congress and bloodied the fields of Shiloh and Antietam. Today the arena is not Congress, not the battlefield, not even the halls of bureaucracy. The deepest inquiries of our union now pivot on what judges say. States have ignored this fact too long. They should pool their energies and channel them accordingly.

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The weight of academic opinion is that Congress does have the power to pass laws defining convention procedures

A pilot project underway is a move in the right direction. A private foundation and seven nationwide state and local government organizations have brought to being the State and Local Legal Center. Two attorneys will monitor the Supreme Court and will research and help prepare arguments for these governments. However, current plans aim only at the Supreme Court and providing assistance there. We believe active intervention at all levels is needed.

**8** Alaska should provide seed money to the National Governors' Association or like organization to sponsor a national convocation on federalism in the United States.

Not since 1787 have the leaders of the nation met to talk over the health of the relationship between the central government and the states.

In that time the federal government has grown in power far beyond that envisioned by the nation's founders, for reasons good and bad. In

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*We think other Americans feel it is time to take a good look at what their governments have become....*

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the past year, we have discovered no evidence to make us retreat from our statement in our preliminary report that:

"By anyone's standards, the system of government in the United States has become greatly centralized, highly bureaucratized, frighteningly intergovernmentalized and often so complicated that it seems to be paralyzed..."

(*More Perfect Union*, p. 26)

On the national level, recent discussions about federalism have failed to center on a fundamental restructuring of the relations between Washington, D.C., and the 50 states. Instead they have dealt with the more superficial matter of swapping responsibilities for who pays for certain health and welfare programs.

There is no doubt that since the founding, and especially in the two decades just past, federal powers have waxed, while the powers of the states have waned. The question is whether this process should continue without examination by the president, the governors, and other chief appointed and elected officials of the nation and the states.

We think not. We think other Americans feel it is time to take a good look at what their governments have become, to determine what is the proper role of the central government and the sovereign states in our federal system.

There has long been talk about having a national meeting to raise national consciousness about the respective roles of the central government and the states. But no one has taken the first

step to make such a convocation happen.

Alaskans, if they are serious about staking out federal powers, can take that first step by putting down the seed money to have the nation's governors organize the convocation. Alaska can even offer to host the convocation in Alaska, in 1984 during the 25th anniversary celebration of Alaska's accession to statehood.

But whatever the place, Alaska should do what it can to stir the nation and get this convocation underway.

**9** Alaska and other states should consider amending the U.S. Constitution to strengthen the role of the states.

Since the ratification of the 17th Amendment,<sup>21</sup> which took the duty of electing U.S. senators from the legislatures and replaced it with direct election by the people, the states have lacked a collective voice in setting national policy. The states should contemplate proposing substantive amendments to the Constitution which would strengthen state roles, protect proper state powers, and counter federal growth.

The topic of possible amendments is perfectly suited to the agenda of a national convocation on federalism (Recommendation 8).

Over the years a variety of amendments have been proposed to alter the relationship between federal and state governments. Among them:

- a "state veto" of federal legislation (except for federal laws dealing with defense, foreign affairs or civil rights) by a vote of two-thirds of the state legislatures;

- a measure prohibiting the federal government from imposing any condition upon the states by grant requirements that it could not impose constitutionally by statute or regulation; and

- a "court of the union" composed of the chief justices of every state's supreme court. Assembled at the request of five states, this court would have the power to overrule any U.S. Supreme Court decision.

We are not prepared to endorse any of these proposals. We offer them for scrutiny as ways in which states might assert more control over national decision-making.

Critics have pointed to the states' poor record in championing civil rights during the 1950s and 1960s. They argue that any amendment strengthening state powers will reverse the progress of the last 30 years.

State officials reply that states have come a

<sup>21</sup> The Constitution provided that each state legislature named senators for each state. Alexander Hamilton said this power was "the most important" of the federal government's powers, and one which could not be dropped without "an entire dereliction of the federal trust." The Constitution provided that the duty of electing senators be left to the legislatures. By 1912 two-thirds of the states called for a national convention to amend the Constitution to elect senators. Congress forestalled this convention by proposing a

long way since then; legislatures are now apportioned by population and four-fifths of the states have modernized their constitutions since 1950. The U.S. Advisory Commission on Intergovernmental Relations ran a diagnostic check on state governments recently and found a system vastly improved from 20 years ago. "The transformation of the states, occurring in a relatively short period of time, has no parallel in American history," said the group in 1981 (*State and Local Roles in the Federal System, In Brief*, p. 3). ACIR has been studying federalism since 1959.

What amendments are needed and what states would do with them are questions for the nation. We do feel that in a contest the rights of individuals must take precedence over both state and federal powers.

We are confident that one or more constitutional amendments, carefully drafted, could rebalance our union without endangering civil rights.

**10** The governor of Alaska should prepare political impact statements on proposed major federal actions. Eventually, the National Governors' Association should prepare them on the behalf of all states.

We agree with the finding of the Advisory Commission on Intergovernmental Relations that federal influence "has become more pervasive, more intrusive, more unmanageable, more ineffective, more costly, and, above all, more unaccountable."<sup>22</sup> Especially in the last 20 years, the federal government has grown a new limb for every problem brought to its attention until it has more legs than a centipede: it has grant programs aimed at urban unrest, railroad crossings, fire-fighting, the design of dam spillways, and thousands more. We have had rule by reaction.

The states are partly responsible. They have abdicated their role in formulating national policy. They have failed to react in a timely fashion to proposed extensions of federal power which shift the constitutional balance.

We recommend that the governor of Alaska selectively issue political impact statements on the likely effects--on all states--of proposed new federal policies. Later, Alaska should encourage the National Governors' Association to take over this duty for all states.

A political impact statement need not be as long as the average environmental impact statement<sup>23</sup> to be effective. Those charged with writing the political impact statements would monitor

proposed federal mandates, statutes, executive orders and new Supreme Court decisions. The writers would select perhaps a dozen impending federal actions per year for 10-page impact statements. The impact statements would describe the likely effects on state governmental organization, on present state programs, on innovation, on traditions, and on state citizenship.

Well-researched and objective political impact statements, if prepared enough in advance, will command attention from the nation's decision-makers and the press. The statements will speak about the health of our union.

**11** Alaska's governor should invite the leaders of other northwestern states and the western Canadian provinces and territories to join Alaska in establishing a conference modelled after the New England Governors and Eastern Canadian Premiers Conference. The governor can prepare for such a conference by establishing in the executive branch an interagency task force on foreign relations.

One of the ways a state can match powers with the federal government is by building coalitions. Coalitions have two virtues. Political strength is greater in sum than in parts, and coalitions can settle cross-border problems without intervention from Washington.

Since 1973 six New England governors have been meeting with the premiers of five eastern Canadian provinces. This organization is called the New England Governors and Eastern Canadian Premiers Conference. It is a model of state-provincial cooperation.

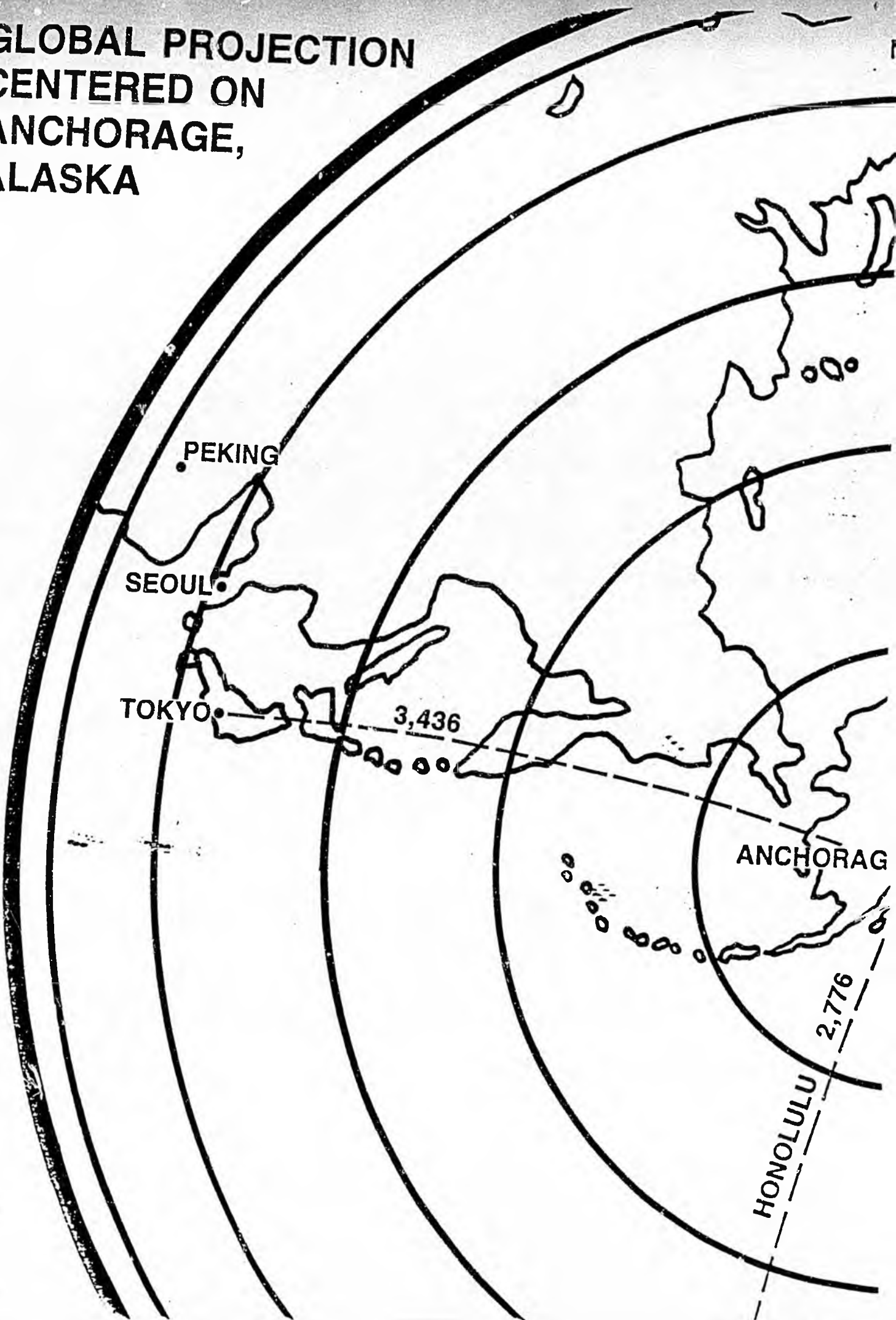
After 10 years, participants report themselves pleased with the progress made in smoothing potential conflicts, cooperating in projects, and exchanging information. "The search for answers need not stop at the boundary," says former Maine governor Kenneth M. Curtis (Schechter and Elazar, p. 64).

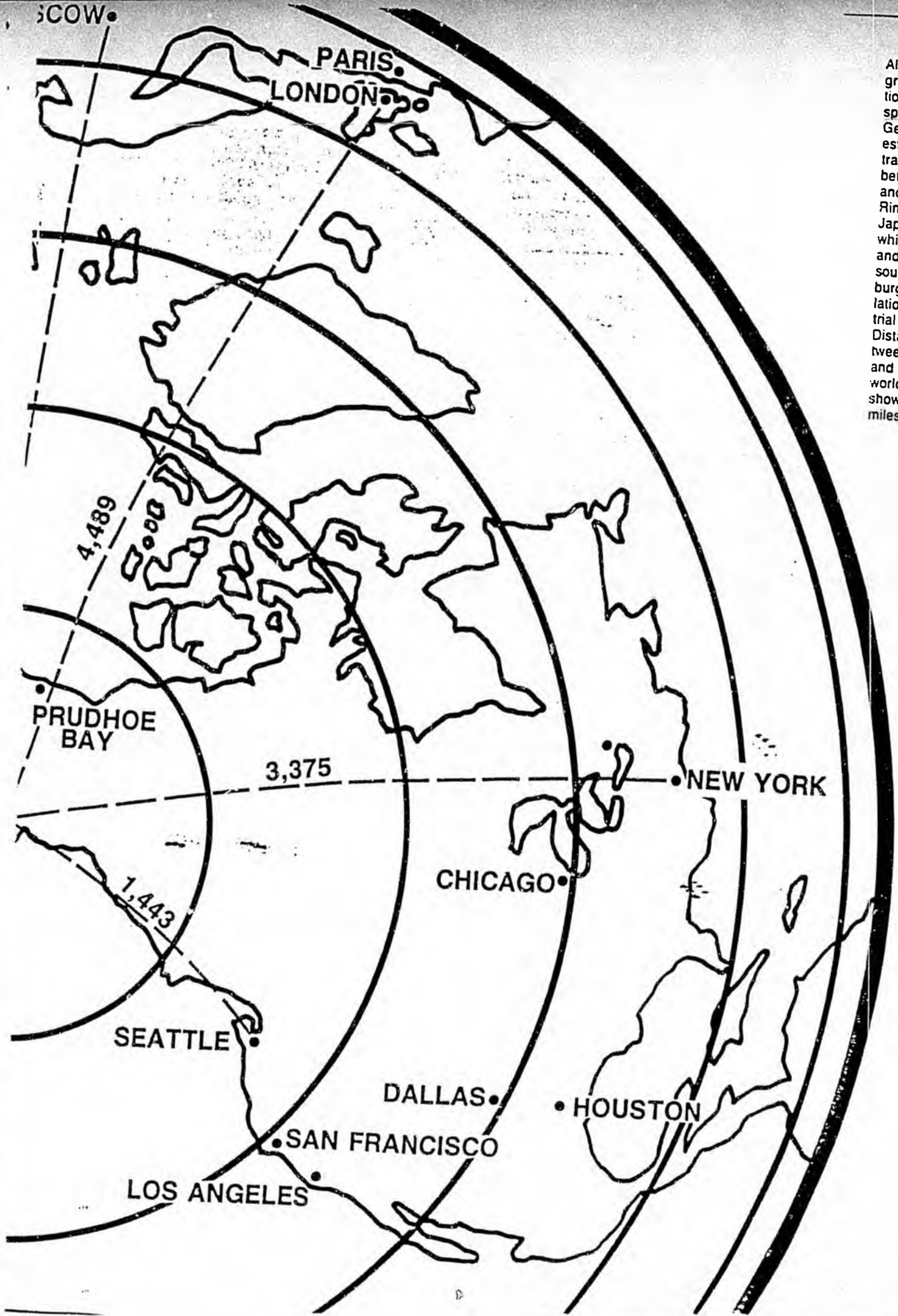
In 1983 the governor of Alaska should prompt a meeting with the leaders of the northwestern states, Alberta, British Columbia, and the Canadian territories. These leaders, joining in a Western States and Provinces Conference, would have much to discuss: minerals and port development, hydroelectric and other energy projects, a railroad to the Arctic, fisheries, tourism, cold-

<sup>22</sup>ACIR, *The Federal Role in the Federal System: The Dynamics of Growth, In Brief*, 1980.

<sup>23</sup>Required by federal law since 1969, these statements are written to describe the probable environmental effects of a new federal action. They list the effects of alternative actions as well. A typical EIS can run to hundreds or even thousands of pages.

# GLOBAL PROJECTION CENTERED ON ANCHORAGE, ALASKA





Alaska's geographic role in national defense speaks for itself. Geography suggests a natural trade relationship between Alaska and such Pacific Rim nations as Japan and Korea which need food and mineral resources for their burgeoning populations and industrial enterprises. Distances between Anchorage and selected world cities is shown in statute miles.

climate research, and migratory wildlife management.

To facilitate this conference and to expand Alaska's relations with the international community at large, we recommend that the governor create an interagency task force on foreign affairs.

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*With such action states can take charge of the regional interests they claim Washington is neglecting.*

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This task force would join a foreign-relations specialist<sup>24</sup> on the governor's staff with representatives of the Council on Science and Technology, and the Departments of Fish and Game, Commerce and Economic Development, Natural Resources, Transportation and Public Facilities, and Law.

With such action states can take charge of the regional interests they claim Washington is neglecting.

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**12**

The Alaska Legislature and governor should immediately invite representatives of Hawaii and the noncontiguous possessions to meet with them to explore setting up a permanent coalition to deal with common interests and problems, such as the effects of discriminatory transportation laws.

Not being geographically connected to the first 48 states has threaded the histories of Alaska, Hawaii, Puerto Rico, the Virgin Islands, American Samoa, Guam and now the Northern Marianas with a common experience--that of suffering second-class political citizenship.

Alaska and Hawaii overcame this burden in 1959 by achieving statehood, but even now, remnants of territorial status remain for them in the form of discriminatory laws. The Jones Act is the best example.

The nonstate possessions remain politically impotent. None have a voting delegate to Congress. None vote in elections for president.<sup>25</sup>

Helping any possession to achieve greater self-government through democratic means can only benefit Alaska. If statehood occurs, the new senators and the new congressmen will understand the problems of noncontiguity and can be supposed to join Alaska's delegation in overcoming them.

For the present, the noncontiguous states and possessions share concerns about oil exploration on the Outer Continental Shelf, about fishing, about treaty making, about delayed economic development, and about transportation systems or their lack.

Alaska, for example, must out of principle oppose any efforts to make the Jones Act apply to the Virgin Islands, the one island territory excepted from the act. The Virgin Islands has built an oil-refining industry around that exception, which lets foreign tankers carry American oil to Virgin Islands docks. Some of that oil is from Alaska.

One item for discussion by the noncontiguous parts of the United States could be the establishment of a federal Region 11 just to coordinate federal programs applying to them. Under the existing federal structure of 10 administrative districts, the needs of the noncontiguous areas sometimes get treated as the needs of barely remembered stepchildren.

The western noncontiguous states and territories should also have a distinct federal appellate circuit, the 11th Circuit Court of Appeals.

Alaska in any case has the need to develop new coalitions of friends, and it should reach out to Hawaii and the noncontiguous possessions to ask them to talk over the opportunities for mutual advantage.

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**13**

Alaska must vigorously police federal implementation of the Alaska Statehood Act. We should insist that the remaining land transfers be completed at the rate agreed upon in 1981 (13 million acres transferred to the state per year) and we must guard against congressional attempts to unilaterally change the Statehood Act and the Constitution of the State of Alaska. The Legislature should authorize and direct the lieutenant governor to place all such attempted changes in the Statehood Act and the state's constitution before the voters in a ballot proposition.

In our preliminary report we documented the failure of the federal government to carry out the contract it made in the Alaska Statehood Act of

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<sup>24</sup>See Recommendation No. 17. We envision this task force as separate from but working with an office of external relations.

<sup>25</sup>For a complete description of the political status of America's possessions, see the Alaska Statehood Commission publication, *Hawaii and the U.S. Territories*, by Howard Bray and Doris Deakin, 1981.

1958.<sup>26</sup> Land conveyances are years behind schedule. The land freeze of 1966, followed by federal land withdrawals of the Alaska Native Claims Settlement Act (ANCSA) and the Alaska National Interest Lands Conservation Act (ANILCA, commonly known as the D-2 Act), prevented the state from choosing which lands it wanted for the remainder of its entitlement. The state is facing many difficulties gaining access to lands it holds within blocks of land withdrawn under ANCSA and ANILCA.

In an outrageous move to pre-empt all state opposition, Section 10 of ANCSA put a unique one-year statute of limitations on lawsuits by the state. It penalized legal action with a "blackmail clause"<sup>27</sup> promising to stop all state land transfers for the duration of any suit against ANCSA, however valid.

The federal government may renege again on its land conveyance obligations if Alaska fails to muster its full legal, economic, and political powers to compel the federal government to live up to its solemn promises.

We have been monitoring the fulfillment of an out-of-court settlement between Alaska and the federal government on the rate of land conveyances. In this settlement, *Alaska v. Reagan* (1981), the Interior Department promised to convey 13 million acres per year to the state.

The department has so far kept its promise. It conveyed 13,310,856 acres to Alaska in fiscal year 1981. At the agreed pace of 13 million acres per year, Alaska should have all its Statehood Act lands by the end of 1985.

By Oct. 1, 1982, the federal government had transferred 65,644,104 acres to the state, including about 62 percent of the state's general grant of 102,550,000 acres. Native corporations held 23,202,420 acres towards their entitlement of 40 million acres. Private holdings, not including Native lands, are approximately 2 million acres, or less than 1 percent of Alaska's land.

The federal budget will get tighter, however, and with four more years of conveyances to go, the pace of transfers could slow. State officials and Alaska's congressional delegation should make clear that federal funds for carrying out the Statehood pact are not "optional," to be cut back like a federal grant for library improvements or rat control.

It is time to wind up implementation of the Statehood Act. The federal government is already behind schedule, and in 1980 had to extend the compliance deadline to 1994, 10 years beyond the original 25-year deadline of 1984.

Alaskans should stand against any unilateral attempts by Congress to change any provision of the Alaska Statehood Act, for the act is a compact

between the United States and the people of Alaska. Similarly, Alaskans should not permit Congress to rewrite the Alaska Constitution.

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## *It is time to wind up implementation of the Statehood Act.*

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Congress may attempt to change the formulas contained in the Statehood Act for revenue sharing from mineral revenues from onshore federal lands: 90 percent to the state and 10 percent to the federal government. The Interior Department attempted a unilateral change recently. In 1975 and until corrected by the U.S. Supreme Court, Interior altered the sharing formula for oil revenues from the Kenai National Moose Range to give 75 percent to the federal government, 25 percent to the Kenai Peninsula Borough, and nothing to the state. The Supreme Court set the Interior Department straight on this matter, but we are concerned with the Court's language suggesting that these percentages can be changed in the future, at Congress's discretion.

*The Legislature in an omnibus bill should authorize and direct the lieutenant governor to place any proposed change to the Statehood Act or Alaska Constitution before Alaska's voters in a ballot proposition, asking them to say yes or no to the change.*

The Alaska Statehood Act required the consent of Alaskan voters to become effective.<sup>28</sup> Similarly, Alaskan voters should have the opportunity to pass upon suggested changes to the Statehood Act. If the voters disapprove the change the state will have a mandate to oppose the attempted change in court.

In our two years of study we have devoted more time to monitoring implementation of the Alaska Statehood Act than to any other issue. Other agencies will continue the scrutiny as the commission expires, for Alaska has not yet achieved full statehood.

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**14** Alaskans should consider two amendments to the state constitution which will clarify the philosophy and the powers of our state government in the federal union.

We suggest few additions to the Alaska Constitution. Ratified in 1956, it is recognized nationwide as a model charter, for its brevity, clarity, and innovations. Federal powers have done a lot

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For a detailed discussion of the Alaska Statehood Act, see the Statehood Commission publication, *The Concept of Statehood Within the American Federal System*, 1981, pp. 89-120.

Section 10 of ANCSA, 43 U.S.C. Sec. 1609

Sec. 8(b), Public Law 85-508, July 7, 1958

of growing since then, however, and we offer two possible amendments to help define Alaska's role.

The first addition is modelled after Article I, Section 1 of the Texas Constitution. That section of the Texas Constitution reads:

"Texas is a free and independent State, subject only to the Constitution of the United States, and the maintenance of our free institutions and the perpetuity of the Union depend upon the preservation of the right of local self-government, unimpaired to all the States."

A similar amendment to the Alaska Constitution can serve to link the ideas of citizenship, statehood, and local self-government.<sup>29</sup>

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*The state should not hesitate to lay claim to all the authority given states by the history and practice of the U.S. Constitution.*

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A second amendment would clarify the state's power to cooperate with foreign nations.

Article XII, Section 2 of the Alaska Constitution now reads:

"The State and its political subdivisions may cooperate with the United States and its territories, and with other states and their political subdivisions on matters of common interest. The respective legislative bodies may make appropriations for this purpose."

We suggest adding a phrase after the words "on matters of common interest":

"...and to the extent consistent with the Constitution of the United States, with foreign nations."

An early draft of this section of the Alaska Constitution contained a very similar phrase<sup>30</sup> but the framers deleted it for fear that Congress would not approve a state constitution referring to foreign cooperation.

Research for the Statehood Commission

<sup>29</sup>A detailed discussion of these and other amendments to the Alaska Constitution may be found in the Alaska Statehood Commission publication, *The Role of the States as Politics in the American Federal System*, by Stephen Schechter and Daniel Elazar, 1982.

<sup>30</sup>See committee proposal No. 12, introduced in the Alaska Constitutional Convention Dec. 16, 1955. That phrase read, "and to the extent consistent with the laws of the United States, with foreign nations."

<sup>31</sup>This inventory is a good idea anyway, as the federal money available for grants is dropping sharply. The state should know in advance which grants are worth fighting for and which are not.

(Schechter and Elazar, pp. 57-68) shows that American courts allow states much leeway to engage in friendly relations with Canada and other nations. A 1978 study located 700 agreements and understandings between American states and Canadian provinces (Swanson, pp. 221-265).

The state should not hesitate to lay claim to all the authority given states by the history and practice of the U.S. Constitution. Our research shows that states are sovereign entities, and they do have some powers to engage in friendly foreign relations. The above two amendments to the Alaska Constitution would elaborate those powers.

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State officials should refuse federal grants carrying burdensome requirements.

The federal government exercises control over more subject areas by grant requirements than by direct orders to state and local governments. It is through grant conditions, for example, that the federal government enforces a national 55 mph speed limit upon the states.

The U.S. Supreme Court allows the federal government to impose controls on the states by conditional funding that would be otherwise unconstitutional if imposed by federal statute or regulation. The Court places few limits to what a federal grant can demand, reasoning that a state can always turn the money down.

In reality, most state and local governments cannot afford to turn down federal money even if they wish. In many cities, grants once seen as "extra" now keep the buses running and the lights on in City Hall. This poor state of affairs grows in part from the federal government's hogging of the tax base.

Alaska is prosperous enough--for the time being--to turn down some federal grants when the conditions or the paperwork required are not worth the dollars. State officials should inventory grant programs, comparing the drawbacks and benefits of each, and be prepared to turn down offers of federal money.<sup>31</sup> The state should reject grants demanding reorganization of state government.

Our research<sup>32</sup> indicates that a state can, by rejecting a grant it accepted in prior years, embarrass the federal bureaucracy into reforming the grant and pruning the tendrils of conditions which have sprouted from it.

**16**

The Legislature should fund the Department of Revenue or other appropriate agency to make an annual study of and report on the flow of federal spending and revenues in Alaska.

Basic data about the federal government's economic relationship with Alaska has been difficult to obtain in coherent form from either federal or state agencies, though this information is critical for defending against congressional efforts to confiscate or limit state oil and other resource revenues.

The information is also critical for showing our fellow Americans through the national media that Alaska contributes more to the national treasury than it withdraws.

Because of the lack of available data, the Statehood Commission commissioned two studies on federal revenue and spending in Alaska from the University of Alaska's Institute of Social and Economic Research (ISER, 1981, 1982).

The first study, covering federal fiscal year 1980, showed that the federal government was earning \$2 from general economic activity in Alaska for every \$1 that it spent here. The second study, for fiscal year 1981, showed that by then the federal government was earning \$3 in Alaska for every \$1 that it spent.

The latter study showed that economic activity in Alaska accounted for one-sixth of all of the federal government's Windfall Profits Tax revenues in 1981 and one-twentieth of all of its revenues from corporate income taxes.

The studies also showed that the federal income tax lands unfairly on Alaskans, hurting families and businesses and distorting investment decisions in this state.

Put in the larger context of economic data about Alaska's high cost of living, its lack of transportation and of energy systems and its lack of adequate housing, the information from these economic studies can show the fair minded that Alaska not only is paying its way in the family of states but has urgent needs at home for its income from temporary oil supplies. Poor until recently, Alaska needs to catch up in supplying to its citizens the basic services that other states offer and most Americans take for granted.

A general theme in this final report from the Statehood Commission is that Alaska must collect more precise, reliable information about

itself and disperse it widely across the nation and the state.

Keeping up with how much the federal government earns from Alaska and how much it spends here is a key part of that effort.

**17**

The governor should establish an office of external relations on his staff, to be headed by a special assistant to coordinate Alaska's expanded relations with other states and with foreign nations.

Much of this report argues the necessity for Alaska to reach out to other states and its neighbors in Canada to establish new coalitions, working groups and conferences to deal with mutual needs.

This work is so important that the Statehood Commission feels that one high-ranking official reporting directly to the governor should have the responsibility of coordinating and directing these efforts with all parts of state government.

It is just as important, however, that this office also concern itself with Alaska's efforts to strengthen its relationships with many foreign nations, especially those with which it trades and those with which it hopes to increase trade.

It is not generally known that in 1981 "Alaska rated number one in the nation for exports as percentage of total shipments from the state. Furthermore, export-related employment in Alaska was 34.7 percent of jobs in Alaska's manufacturing sector, which includes seafood processing" (Hemphill, p. 2).

Alaska's exports to foreign markets in 1981 equalled \$1.2 billion; its imports from foreign countries totaled \$229 million, according to Hemphill. Alaska thus was one of the few U.S. states in 1981 with a positive trade balance and so made a significant contribution to the country's trade situation.

Japan bought most of Alaska's exports--\$935 million worth. Japan also was the largest exporter to Alaska--\$59 million in goods.

Four classes of goods made up the bulk of Alaska's 1981 exports: seafood products, at \$427 million; liquefied natural gas, at \$310 million; forest products, at \$278 million and fertilizers, at \$133 million. These figures do not include goods shipped from Alaska to other U.S. states for reprocessing and export.

The nation and Alaska need to expand markets for these products and to find markets for such other Alaska products as coal, other minerals and grains. Developing these markets demands con-

See the Alaska Statehood Commission publication, *Shifting Power from the Federal Government to the State of Alaska*, by Harold Hovey, 1982.

centrated, coordinated and sensitive effort from the state's administration.

An office of external affairs also can respond sensitively to events at home and abroad that will have major effects on Alaska's well-being. An example is the extensive ban and then recall of Alaska canned salmon last year after a Belgian died from botulism from a defective can. The ban by the United Kingdom and other members of the European Economic Community came as a surprise to which the state was slow to react because Alaska had no one representing its interests in Brussels, headquarters and economic intelligence center for the European Community.

The need to maintain and search out such overseas representation in Japan, Korea and other Pacific Rim nations speaks plainly from Alaska's export figures and from Alaska's geographical position.

Reaching out overseas and to our Canadian neighbors and to other U.S. states will be, we think, a most important task for Alaska and the nation's future. The direction and coordination must come from the governor through a permanent office.

**18** The state of Alaska should explore with the federal government and Native organizations the establishment of a permanent joint fact-finding and advisory body to air and help reconcile

problems that arise over land, resources and other interests.

The relationship between Alaska Natives and the state of Alaska is rich and complex. It affects and in turn is affected by the Natives' relationship to the federal government. This complexity alone guarantees many possible points of friction, some of which have been, are still or soon may be in the courts.

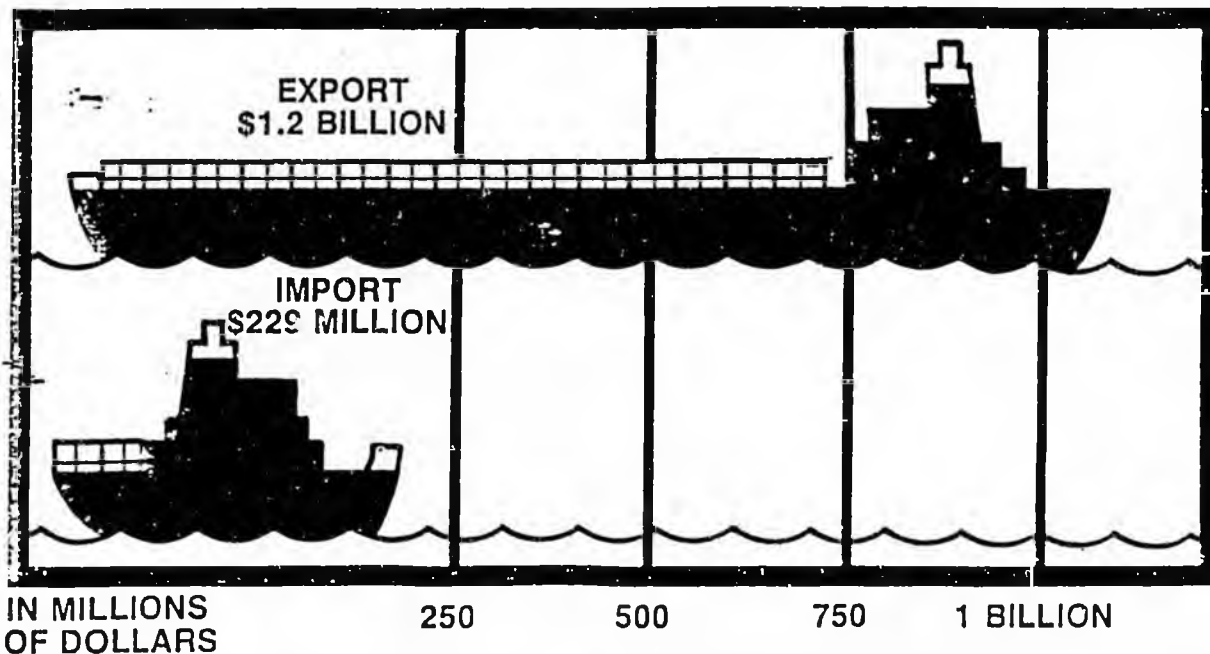
The state's 64,103 Native citizens comprise 16 percent of the state's 401,000 population (1980 Census). This density is twice that of any other state with large Native populations. Natives have a special trust relationship with the federal government which endows them individually and corporately with a web of rights additional to those enjoyed by the non-Native population.<sup>33</sup>

Overall, 80,287 Natives in and without the state are certified under the Alaska Natives Claims Settlement Act. Of the 64,000 living in the state, about 50,000 reside in villages, of which 212 are recognized by the Settlement Act. Beyond the villages, the act incorporates Natives into 13 regional corporations, 12 for Natives within the state and one for those without.

Native institutions own, will own or have in trust 11 percent of Alaska's land. The state owns or will own 29 percent. Private owners other than Native organizations have about 1 percent. The federal government will own the rest.

The complicated patterns of land ownerships and the speed with which some lands are being transferred from the federal government to other

## ALASKA'S ROLE IN FOREIGN TRADE



Graph illustrates Alaska's positive contribution to the nation's trade balance.

See the Alaska Statehood Commission publication, *Native Rights*, by the Alaska Department of Law, 1982

owners inevitably give rise to problems of arranging for or planning for rights of way and of preserving traditional means of access.

Central to land and other disputes which have or which will arise is the federal role. "The basic fact which must be considered by the state of Alaska in its dealings with the Alaska Natives is the overriding federal interest in this matter. All of the institutions of federal Indian law...have the effect of ensuring federal supremacy here" (Alaska Department of Law, p. 18).

The Statehood Commission thinks it would be wise to have in place a fact-finding and advisory body that through its presence and proceedings might allow disputes to reach amicable settlement without recourse to long and expensive lawsuits or emotionally rendering political action. The lessons learned through such a body might, in time, suggest pieces of intergovernmental legislation to formalize use of those pathways that lead away from disputes and toward mutual understanding and agreement.

## 19

The Legislature, in order to give all Alaskans the greatest measure of home rule, should divide Alaska's single unorganized borough into regional unorganized boroughs in accordance with the intent of the state constitution.

In our preliminary report, we urged the Legislature to take special notice of the desires within Alaska for greater regional self-government, noting that:

"...just as we ask the United States to listen to us, we must listen when we hear the requests from within Alaska for greater self-control of lives, land, waters, fish, game, trade or commerce."

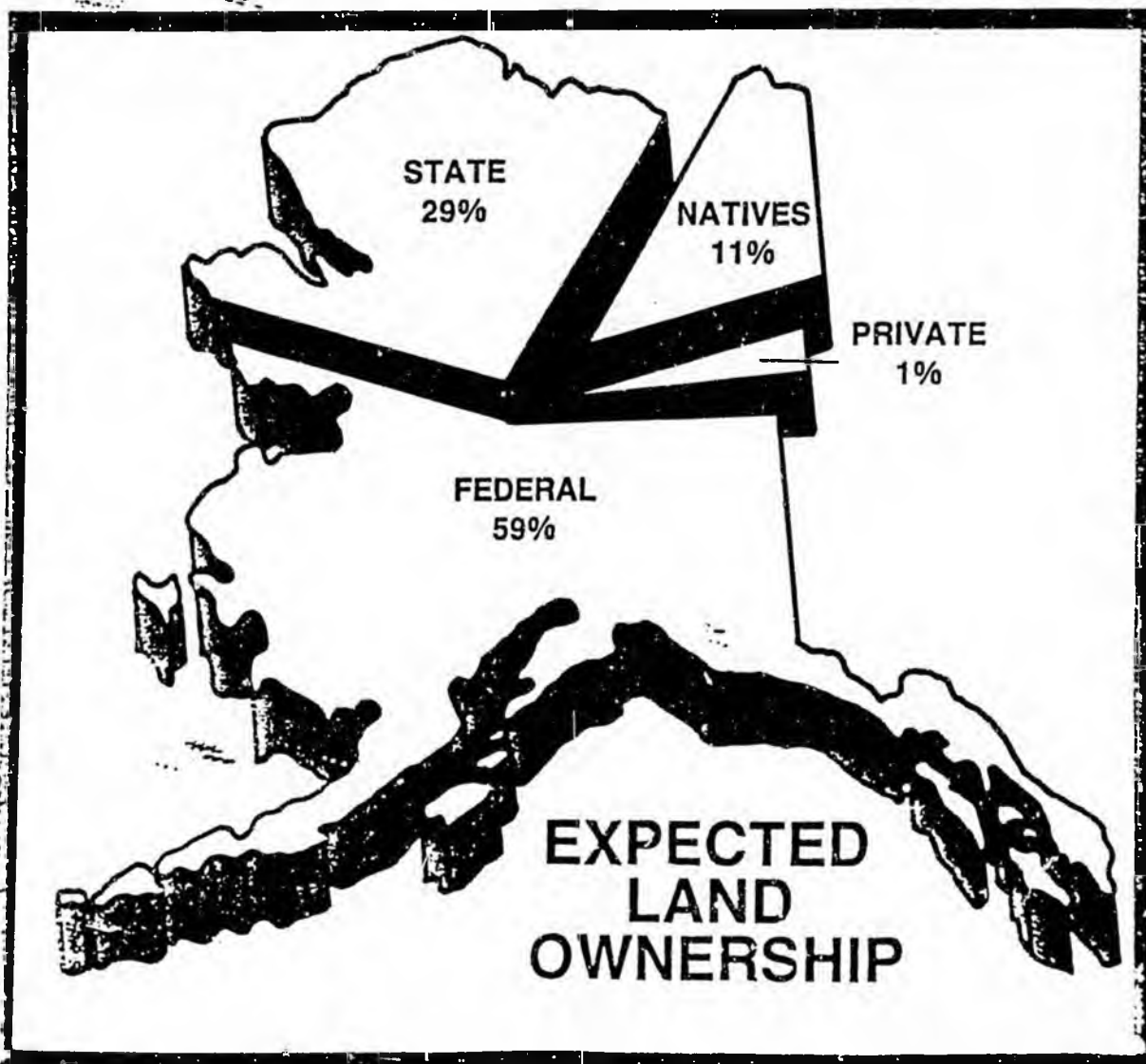


Figure shows only the percentage of ownership, not geographic distribution.

These requests are not new. The Legislature's Joint Committee on Local Government heard and studied them thoroughly in 1979. In its final report, "Local Government Study--1979," the committee proposed that the single unorganized borough be divided into regional unorganized boroughs "in accordance with the intent of the state constitution."

But legislative proposals stemming from that study have not progressed into law. The organized boroughs cover some but not all main population centers. The single unorganized borough covers the rest of the state--nearly 75 percent of Alaska's land area--as a kind of catch-all limbo.

There is no doubt that the writers of the state

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*...just as we ask the United States to listen to us, we must listen when we hear the requests from within Alaska for greater self-control of lives, land, waters, fish, game, trade or commerce.*

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constitution intended for the whole state to be divided into both organized and unorganized boroughs, according to state Sen. Victor Fischer, a member of the Constitutional Convention's Committee on Local Government and author of an authoritative history of the convention. The working papers of the convention evidence the accuracy of his conclusion.

So we note the irony that Alaska, with its desire to keep power from centralizing further in Washington, D.C., is nevertheless the only state of size to govern many citizens in remote areas directly from the state capitol. There is no evidence that remote rule from Juneau is any better or wiser than remote rule from the Potomac.

The Legislature can remedy the situation by exercising its constitutional power to act as the assembly for the unorganized borough. It can divide the single, huge unorganized borough into smaller unorganized boroughs or service districts with regional headquarters. That will afford local people the chance to start evolving their own forms of home rule tailored to their varying local circumstances.

The sooner this division is accomplished, the nearer the state will be to the American ideal--and the Alaskan ideal--of letting local people manage their local affairs.

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**20** The state should establish an Alaska information office under the governor's direction to produce clear, objective, precise information about Alaska for nationwide distribution and to arrange for visits to Alaska by members of the

national press corps, members of government and other opinion-makers.

Alaskans complain that they are misunderstood by people in other states. The complaint surfaces when major Alaskan issues--federal land withdrawals, wolf control, \$1,000 payments to residents from the state's Permanent Fund earnings--stimulate coverage and opinions in the national media. Often the misunderstanding has major effects, especially when the issue pits Alaska against other interests seeking to determine the outcome of such major federal legislation as the Alaska National Interest Lands Conservation Act, which carved an area the size of California out of Alaska for federal preservation.

One poll (Dittman, 1981) indeed shows that while most Americans have romantic and fond feelings about Alaska, their actual knowledge about Alaska's conditions is poor, leading some (33 percent) to the opinion that Alaska should share any budget surpluses with other states. That opinion might be ignored were it not that pending in Congress are bills that would require Alaska to share its oil revenues with other states.

A follow-up poll by Boston University, the Office of the Governor reports, shows that a concerted nationwide informational campaign can change opinions about Alaska for the better--shows that facts induce most people to conform their opinions to reality.

Since Alaska's pending major battles must be fought in the national arena, it follows that an ongoing informational effort is necessary. Such an effort would alert the national press to credible information about Alaska. It would also take the form of offering press members and other opinion-makers tours of Alaska to witness the situation and the issues here for themselves.

A key part of the effort of a state information office would be to *anticipate* issues and reactions to them and prepare material accordingly.

Such an office cannot merely be part of a governor's regular press effort. Such an office must stay divorced from the daily fires of politics, so that it can work on the long-range information problems and look ahead to see what fact booklets, what films, what tapes, what tours and other efforts must be prepared. While its director must answer to the governor, its staff should have civil-service protection in order to carry out long-range work, maintain continuity and serve the Alaskan public at large.

In short, such an office must be part of the regular structure of government, regularly budgeted, and directed to overcome a major problem of this state's relations with the rest of the nation: ignorance.



## Conclusion

In a letter to New York City newspapers which was the first of 85 essays later known as the Federalist Papers, Alexander Hamilton raised the question of "whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force."

Alaskans, with a vote setting up the Statehood Commission, asked whether we can *restore* a good government by the exercise of reflection and choice. A republic needs constant attention. Many forces work to skew and bend the structure of government. These forces, operating completely outside constitutions and charters, often spring from impulses of the moment.

More government is not necessarily a bad thing, but over the last century its growth--at all levels--has flowed down the channels of quick reaction and not those of conscious choice. The simple and clear words of our Constitution are so crusted with 200 years of courtroom interpretation that we govern ourselves today with a shadowy charter clear only to some federal judges and a small group of lawyers.

We have directed our attention to what the state can do. Alaska can be a leader, seizing opportunities for action to defend its interests and reaching out to the nation with a message of what Alaska can offer. The last decade and its controversy over land withdrawals teach that we can find refuge in isolation no longer.

Alaska can build its strength from within by granting the regional self-government promised in the Alaska Constitution. Alaska can protect its revenue powers from raids by coalitions of resource-poor states by joining with other resource states for research, persuasion, and pragmatic politics. It can block federal intrusions by turning down grants and leading a call by the states for a convention to set the rules for future conventions to amend the U.S. Constitution. It can work with other nations.

In short, the powers of a state are defined not so much by words on paper but by its willingness

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*Alaska can be a leader, seizing opportunities for action to defend its interests, and reaching out to the nation with a message of what Alaska can offer.*

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and its ability to forge destiny by action and example.

Alaska is able. We are strong in revenues and resources. We have the resilience and the self-reliance of those who live in a land of climatic extremes that tolerates little weakness.

Are we Alaskans willing to undertake this work of years? We believe we are, for Alaskans--with a history of territorial paternalism followed by statehood--know that citizens receive precisely the quality of government that they demand.

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## INDEX

### A

- Advisory Commission on Intergovernmental Relations (U.S.), 1, 19
- Alaska.
  - activist, 2-3, 10-11
  - and foreign relations, 24-25
  - Board of Education, 4, 15
  - exports and imports, 25-26
  - information office, 5-28
  - minerals, 3
  - oil, 3, 8-9, 12-14
  - products, 25
  - v. Reagan, 23
- Alaska Constitution. See: Constitution (Alaska)
- Alaska National Interest Lands Conservation Act (ANILCA), 23, 28
- Alaska Natives, 1, 9, 25-26
- Alaska Native Claims Settlement Act (ANCSA), 23, 26
- Alaska State Legislature, 4-6, 15-16, 22-23, 25, 27-28
- Alaska Statehood Act, 2, 5, 7, 22-23
- Alaska Statehood Commission, 1-2, 7
- Amerada Hess refinery, 14n
- American Samoa, 22
- Alberta, 19
- Arctic Policy Review, 9
- Arlon R. Tussing and Associates, 7-8, 12n, 13n

### B

- Bill of Rights, 16
- "Blackmail clause," 23
- Bray, Howard, 22n
- British Columbia, 19
- Boston University poll, 28

### C

- California, 2, 6, 8-9, 14
- Canadian provinces and territories, 10, 19, 24, 26
- Center for the Study of Federalism, 6
- Civil rights, 18-19
- "Clause irrevocable," 2
- Coalitions.
  - with Hawaii and non-contiguous possessions, 5, 22
  - with other states, 2, 6-7, 10
  - with northwestern states and western Canadian provinces and territories, 5, 19
- Committee on Local Government (Constitutional convention), 28
- Congressional Research Service, 7n
- Constitution (Alaska), 2, 28-29
  - amendments to, 5, 23-24
  - Article XII, 7
- Constitution (Texas), 24
- Constitution (U.S.), 2, 5, 10, 29
  - amendment of, 4-6, 16-17, 18-19
  - Article V, 2, 4, 11n, 16-17
  - 10th Amendment, 17
  - 17th Amendment, 11n, 18
- Constitutional convention. See: National constitutional convention
- Court of the union, 18
- Curtis, Kenneth M., 19

### D

- D-2 Act. See: Alaska National Interest Lands Conservation Act
- Deakin, Doris, 22n
- Department of Law (Alaska), 27
- Department of Revenue (Alaska), 25
- Dittman poll, 28

### E

- Education, 3, 4, 15
- Elazar, Daniel, 6, 10, 19, 24
- Export Administration Act, 1979, 3-4, 8, 13

### F

- Fact-finding and advisory body, 26-27
- "Fail-safes," 9
- Federal administrative district, 22
- Federal circuit court, 22
- Federal government.
  - grants, 3, 5, 11, 19, 24-25
  - income tax, 25
  - land transfer, 2, 5, 7, 9, 22-23
  - land withdrawal, 9, 29
  - limit or tax on resource revenues, 7, 25
  - See also: Windfall Profit Tax
  - spending and revenues, 3, 5, 8-9, 25
  - supremacy, 10, 27
- Federalism, 2, 3, 6, 17
  - national convocation on, 4, 18
  - without: Washington, 6
- Federalist Papers, 18n, 29
- Fischer, Victor, 28
- Fisheries, 3, 9
- Fish and game management, 9
- Florida, 2
- Foreign-built ships, 12, 14n
- Forms of association, 2

### G

- Governor (Alaska), 5, 19, 22, 25, 28
- Guam, 22

### H

- Hamilton, Alexander, 29
- Havelock, John, 7
- Hawaii, 2, 5, 6, 12, 22
- Hemphill, Sara, 25
- Hovey, Harold, 25n

### I

- Institute of Social and Economic Research (Univ. of Alaska), 9, 25
- Interagency task force on foreign affairs, 19
- Intergovernmental pyramid, 2, 10
- Interior Department (U.S.), 2, 23

### J

- Japan, 14, 25-26
- Joint Committee on Local Government (Alaska Legislature), 28
- Jones Act, 2-3, 7-8, 12-13, 22

### K

- Kenai National Moose Range, 23
- Korea, 26

**L**

"Laboratories of Democracy," 9  
 Land freeze, 23  
 Land ownership, 9, 26  
 Land transfer, See: Federal government  
 Legal action fund, 1, 4, 11, 17  
 Lincoln, Abraham, 3  
 Local self-government, 24, 27-28

**M**

Maine, 2, 9  
 Maritime costs, 7-8, 12  
 Massachusetts, 2, 9  
 Merchant Marine Act, 1920, See: Jones Act  
 Mexico, 14  
 Montana, 6  
 More Perfect Union: A Preliminary Report, 1, 6, 18

**N**

National constitutional convention, 4, 11, 16-17  
 National convocation on federalism, 4, 18  
 National Governors' Association, 4-5, 18-19  
 National Governors' Conference, 17  
 National League of Cities, 17  
 Native organizations, 5, 26  
 Nevada, 6  
 New England and Pacific Northwest States  
 See: States  
 New England Governors and Eastern Canadian Premiers Conference, 5, 19  
 Non-contiguous possessions, 5, 7, 12, 22  
 North Pacific Fishery Management Council, 6n  
 North Slope, 8-9  
 oil, 4, 13  
 Northeast-Midwest Congressional Coalition, 15  
 Northeast-Midwest Institute, 11, 15  
 Northern Marianas, 22

**O**

Office of External Relations, 5, 25-26  
 Oil,  
 export of, 3, 4, 8, 13-14  
 revenue, 3, 7-8, 12  
 Oral history of the statehood movement, 1  
 Oregon, 9  
 Organization of Petroleum Exporting Countries, 12n  
 Organized Boroughs, 28  
 Outer Continental Shelf,  
 impacts, 8-9  
 federal leasing of, 2, 6

**P**

Pacific Rim, 3, 26  
 Panama pipeline, 14n  
 Political impact statements, 5, 19  
 Prudhoe Bay oil field, 3  
 Puerto Rico, 22

**Q**

Quartz Hill, 3

**R**

Redistribution of wealth, 3, 15

Regional unorganized boroughs, 27-28  
 Research and advocacy institute, 4, 11, 15  
 Resource revenues,  
 nationalization of, 7  
 power to allocate, 4, 7, 15  
 Revenue sharing, 2, 23  
 Rossiter, Clinton, 17

**S**

Schechter, Stephen, 6, 10, 19, 24  
 Severance taxes, 3  
 Shipping costs, See: Maritime costs  
 Simat, Helliesen and Eichner, 7n, 12n  
 Single unorganized borough, 5, 27, 28  
 Solicitor General, 17  
 State and Local Legal Center, 17n  
 Statehood Act, See: Alaska Statehood Act  
 States,  
 as "middle managers," 10  
 coalition of the, 2, 7, 10  
 independent rights of the, 9-10  
 New England and Pacific Northwest, 2, 6  
 Northeast-Midwest, 3, 11, 15  
 Northwestern, 5, 19  
 powers of the, 2-3, 10, 18, 24  
 prerogatives of the, 10  
 resource, 4, 15  
 resource poor, 3 See also: Northeast-Midwest Institute  
 role of the, 5-6, 9-10, 18-19  
 veto power of the, 18  
 Swanson, Roger F., 24

**T**

Texas Constitution, See: Constitution (Texas)  
 Trade deficit, 14  
 Trans-Alaska Pipeline Authorization Act, 1973, 13  
 Transportation laws, See: Jones Act  
 "Triangle Trade," 14

**U**

Ugnu field (North Slope), 8, 12  
 "United American Emirates," 15  
 U.S. Advisory Commission on Intergovernmental Relations, 1, 19  
 U.S. Army Corps of Engineers, 9  
 U.S. Supreme Court decisions,  
 Commonwealth Edison v. Montana, 3  
 federal controls through grant requirements, 24  
 invalidating state agreements, 11  
 National League of Cities v. Usery, 17  
 power to overrule, 18  
 revenue sharing, 23  
 University of Alaska, 1, 25

**V**

Valdez, 14  
 Virgin Islands, 12, 14n, 22

**W**

Washington (state of), 6, 8-9  
 Wellhead price, 3n, 12, 14  
 Western Canadian provinces and territories, 5, 19, 22  
 Windfall Profits Tax, 3, 25  
 Western States and Provinces Conference, 5, 19, 22

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# Appendices

## Alaska Statehood Commission Members

- |   |   |
|---|---|
| H.A. "Red" Boucher<br>Anchorage<br>Governor's Appointment<br>Sworn to duty Oct. 22, 1980*             | ✓ Miles Davic<br>Anchorage<br>Legislative Council Appointment<br>Sworn to duty Sept. 13, 1982     |
| Ruth Burnett<br>Fairbanks<br>Governor's Appointment<br>Sworn to duty Oct. 22, 1980                    | ✓ Gregg K. Erickson, Secretary<br>Juneau<br>Governor's Appointment<br>Sworn to duty Oct. 22, 1980 |
| Nelda Calhoun<br>Homer<br>Senate Appointment<br>Sworn to duty Oct. 22, 1980                           | Susan S. Greene<br>Juneau/Talkeetna<br>Governor's Appointment<br>Sworn to duty Oct. 22, 1980      |
| ✓ John B. (Jack) Coghill, Chairman<br>Nenana<br>Senate Appointment<br>Sworn to duty Oct. 22, 1980     | Edward A. Merdes<br>Fairbanks<br>Legislative Council Appointment<br>Sworn to duty Oct. 22, 1980   |
| ✓ Evelyn L. Conwell, Vice Chairperson<br>Kotzebue<br>House Appointment<br>Sworn to duty Aug. 20, 1981 | ✓ Brian Rogers<br>Fairbanks<br>House Appointment<br>Sworn to duty Oct. 22, 1980                   |
| ✓ John E. Dapceovich<br>Sitka<br>Governor's Appointment<br>Sworn to duty Oct. 22, 1980                | *Commissioner Boucher resigned and was reappointed.   |

## Commission Staff Members

- |  |   |
|--|---|
| ✓ John de Yonge, Executive Director<br>Fairbanks | Jim Chiles, Special Research Assistant<br>Fairbanks |
|  | Jacqueline Scholle, Secretary<br>Fairbanks          |

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- |                             |                            |
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|-----------------------------|----------------------------|

The commission expresses special appreciation for the staff services of Bonne' Woldstad and Michael Carey.

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## INDEX

### More Perfect Union: A Preliminary Report (January, 1982)

- A**
- Adak, 38
  - Advisory Committee on Federalism, 4, 57
  - Advisory Commission on Intergovernmental Relations, 4, 6, 19, 26n, 27-29, 64
  - Advocacy institute. See: Research and advocacy institute
  - Alaska 45
    - admission of, 13
    - cooperation with other states, 6, 10, 23, 34, 49, 55-57
    - devolution of power to, 44-45, 48
    - higher cost of living, 8, 10, 50-52, 59
    - independence of, 2-3, 9, 36-42
    - partition of, 36, 42-43
    - per-capita incomes, 51-53
    - secession of, 3, 36
    - small population, 38
    - status change of, 43-44
    - support to non-contiguous possessions, 6-7, 24-26
    - uniqueness of, 48
    - v. Reagan, 14, 19, 66
  - Alaska Constitutional Convention, 1955-56, 43
  - Alaska Federation of Natives, 14
  - Alaska National Interest Lands Conservation Act, 14, 49
  - Alaska Native Claims Settlement Act (ANCSA), 14-17, 49, 63
  - Alaska Native Fund, 18
  - Alaska Natives,
    - rights of, 8, 18, 49-50, 63
  - Alaska Railroad, 61
  - Alaska Statehood Act, 1-2, 9, 11-19, 21, 43n, 55
    - amendments to, 18
    - entitlements in, 13-18
    - implementation of, 64
  - Alaska oil export, 60
  - Alaska Statehood Commission
    - creation of, 11
    - role of, 1-2, 11, 19, 31, 36, 49
  - Alaska's Constitution, 3, 12, 21
  - Alaska's Organic Acts, 1884 and 1912, 13
  - Alaska's unique problems, 41
  - Alaskans,
    - dissatisfaction of, 1, 2, 3
    - self-control of, 25, 41, 43
    - shared culture of, 43
  - Aleut Shipping Company, 59
  - Amerada Hess oil refinery, 61n
  - American Samoa, 6, 24-25
  - Anchorage Times, 38, 51, 58, 61
  - Antiquities Act, 1906, 14n
  - Appeals,
    - to international forums, 45
  - Arctic Slope Native Association, 14
  - Arctic Slope Regional Corporation, 43
  - Aristotle, 39
  - Arnold, Robert, 14
  - Authority,
    - devolution of, 36, 44-45, 65
    - to make compacts, 45, 64
- B**
- Babbitt, Bruce, 5, 46, 48, 64
  - Barter Island, 38
  - Beaufort Sea, 38, 57
  - Bill of Rights, 5, 45-46
  - Birch, Horton, Bittner and Monroe, 13-14, 16, 18-22, 28, 36
  - "Block grants," 57-58. See also: New Federalism
  - Bray, Howard, 24
  - Bricker, John, 47
  - Bristol Bay, 41
  - Bush, George, 57
  - Business Week, 61n
- C**
- Canada, 31, 34-35, 42, 45
  - Census, 1980, 51
  - Change of status (state), 43-44
  - Chukchi Sea, 57
  - Civil War, 1, 3-4, 11, 42
  - "Clause irrevocable," 22
  - Coghill, Jack, 11
  - Commonwealth, 3, 36, 43-44
  - Commonwealth Edison v. Montana, 53
  - Conference of western states and provinces, 10
  - Congress, 5, 12-13, 17-18
  - Congressional Research Service, 42
  - Constitution (U.S.)
    - Article I, 39
    - Article IV, 12, 39, 42, 44
    - Article V, 5, 30, 45, 47-48
    - 10th Amendment, 6, 47
    - 14th Amendment, 39, 47
    - 17th Amendment, 47
  - Constitutional amendments, 2, 5-6, 30, 35, 64
    - procedures of, 45-47
    - to depart, 38
    - to veto federal legislation, 9, 48
  - Constitutional Convention, 5-6, 9, 30
    - definition of procedures, 46-48
- D**
- "D-2" lands issue, 55
  - Danforth, John, 54
  - De Yonge, John, 15
  - Deakin, Doris, 24
  - Defense, 37-38
  - Dept of Interior (U.S.), 4, 17n, 24, 51
  - Devaney, Jay W., 61n
  - Durenberger, David, 54
- E**
- Eisenhower, Dwight D., 40, 42
  - Elazar, Daniel J., 29
  - Energy Treaty, 14

- Equal Footing Doctrine, 12-13, 21-22  
 Ervin, Sam, 46  
 Export Administration Act, 1979, 60
- F**  
 Federal-Aid Highway Act, 14  
 Federal Aviation Regulations, 61  
 Federal government, 1-2, 4, 12, 27  
   budget cuts, 57-58  
   control of power, 26-31, 35  
   defense against, 34  
   lands, 7, 12-13, 20, 23, 50  
   Windfall Profits Tax, 54, 65  
 Federal Land Policy and Management Act, 1976, 14  
 Federal-state relationship, 2-4, 11, 48, 57  
 Federalism, 4, 26-30 See also: New Federalism  
   cutting edge of, 41  
 Federalist Papers, 40, 47  
 Fischer, Victor, 37  
 Fisheries, 4, 8  
   and marine mammals, 64  
   and OCS oil and gas exploration, 41, 57  
 "Fishery conservation zone," 64  
 Foreign federation, 31  
 Forms of association, 9, 31, 36, 48  
 Foster Research, 34  
 Free association, 44 See also: Forms of association  
 Freeze on land selection, 14 See also: Lands
- G**  
 Gallup poll, September 1981, 29, 65  
 Glaser, Norman D., 23  
 Goldsmith, O. Scott, 50  
 Gruening, Ernest, 58  
 Guam, 6, 24-25, 59
- H**  
 Haggart, Richard, 18, 39, 45  
 Hamilton, Alexander, 47  
 Hammond, Jay S.,  
   staff report to, 58  
 Hatch, Orrin, 22-23  
 Hawaii, 6, 24-25, 59  
 Heintzleman, Frank, 42  
 Hess, Leon, 24  
 Helms, Andrea, 28, 31, 34, 39
- I**  
 Income tax (U.S.), 8, 10, 50, 53  
 Independence, 2-3, 9, 36-42  
   against sense of community, 40-41  
   and defense, 37-38  
   and fundamental principle, 38-39  
   cost of, 37  
 Indirect power, 5  
 Institute of Social and Economic Research, 40, 51-52  
 Interstate Compact to Conserve Oil and Gas, 45n  
 International Whaling Commission, 64
- J**  
 Jefferson, Thomas, 36, 43  
 Johnson, Lyndon, 14  
 Jones Act. See Merchant Marine Act, 1920
- K**  
 Kaplan, Jacob, 59  
 Kenai National Moose Range, 17  
 Kikuchi, Kiyooki, 61n  
 Koester, Tom, 15, 19
- L**  
 Lamm, Richard D., 22  
 Land  
   freeze, 14  
   ownership of, 12-13, 20-23  
   selection, 13-16, 19  
   transfer of, 1, 13  
 Lands Act, 1980, 14 See also: "D-2" lands issue  
 Lautaret, Ronald, 58  
 Legal defense organization, 30  
 Legal defense fund, 6, 9  
 Lend-Lease flights, 13  
 Los Angeles Times, 20, 23  
 Loughheed, Peter, 34
- M**  
 Madison, James, 36, 40-41, 47  
 Magnuson Fishery Conservation and Management Act, 64  
 Malone, Hugh, 19  
 Marine Mammal Protection Act, 1972, 64  
 McBeath, Gerald, 28, 31, 34, 39  
 Merchant Marine Acts, 1920 and 1936, 7-8, 10, 58-61, 63  
 Mineral Leasing Act, 1920, 16, 17n, 60  
 Minneapolis Tribune, 58  
 Mitchell, Billy, 38  
 Montana, 56  
 Morton, Rogers, 16  
 Multistate Tax Commission, 64
- N**  
 NANA Native Regional Corporation, 43  
 Naske, Claus-M., 14, 43-44  
 National Conference of State Legislatures, 47  
 National convocation, 6, 9, 30  
 National Governors' Association, 47, 58  
 National Maritime Union, 59  
 National severance tax, 54  
 Native land claims, 14 See also: Alaska Native Claims Settlement Act  
 Native rights. See: Alaska Natives  
 New Federalism, 57 See also: Reagan, Ronald  
 North Pacific Fisheries Management Council (NPFMC), 64  
 Northeast-Midwest Coalition, 41, 53-54, 56  
 Northeastern Governors and Eastern Canadian Premiers Conference, 8, 10  
 Northern Marianas, 24-25, 44
- O**  
 O'Brien, Leo, 14  
 Oil  
   export of Alaska, 60-61  
   revenues, 37  
 Outer Continental Shelf lands, 16  
   impact of exploitation, 1, 4, 41, 57  
   leasing plan, 51, 57  
   levy on, 54

- P**  
 Partition of states. See: States  
 Payton, Sallyanne, 64  
 Peirce, Neal, 58  
 Porcupine River caribou herd, 45, 64  
 Porcupine, Yutón and Kuskokwim Rivers (the PYK Line), 43  
 Possessions, U.S.  
   non-state, 7, 24-26  
   self-government of, 10  
 Price, Bob, 18  
 Province of Alberta, 34, 56  
 Puerto Rico, 6, 24-25, 44, 59
- Q**  
 Quebec, 34, 42
- R**  
 Reagan, Ronald, 6n, 20, 23, 57 See also:  
   New Federalism  
 Reagan Administration, 4  
 Referendum, 11, 35  
 Regional Coalitions, 55-56  
 "Regional Energy Impact" briefs, 56  
 Regional self-government, 9  
 Regulatory relief actions, 57  
 Renewable resources, 66  
 Research and advocacy institute, 7, 10, 56  
 Resident hire, 66  
 Resource,  
   management, 2  
   revenues, 2, 7-9, 15, 53-55  
   rights of Alaska Natives, 8  
   states, 2, 7  
 Revenue sharing, 15-18  
 Rogers, Brian, 11  
 Roosevelt, Franklin D., 28  
 Rowe, J. Phillip, 50
- S**  
 Sagebrush Rebellion, 7, 10, 20-23, 41  
 Sagebrush Rebellion bills, 22  
 Schneider, William, 14, 43-44  
 Schwinden, Ted, 54  
 Seafarers International Union, 59  
 Second-Class citizenship, 6, 24: 43  
 Secession, 35-36  
 Secession attempts, 31  
   Texas v. White, 36  
 Severance tax issue, 53-56, 65  
 Shipbuilders Council of America, 59  
 Smith, Don, 57  
 Snelling, Richard, 58  
 Sohio Alaska Petroleum Company, 55  
 Soviet Union, 37-38  
 St. George Basin, 57  
 Statehood Act. See: Alaska Statehood Act  
 Statehood Commission. See: Alaska Statehood Commission  
 States,  
   and severance tax, 41, 53-56, 65  
   and tax powers, 9, 54-55, 65  
   Midwest, 7  
   New, 12, 42  
   non-contiguous, 10, 39  
   Northeast, 7  
   partition of the, 42  
   rights of the, 2, 8  
   role of the, 64  
   territorial, 3  
   veto power of the, 48  
 Stevens, Ted, 23, 59-60  
 Straub, John, 55  
 Structural changes, 36, 45  
 Sumia, Folo I.F., 24  
 Subcommittee on Intergovernmental Relations (U.S.), 54  
 Supplemental Security Income program, 44  
 Subsistence rights, 63 See also: Alaska Natives  
 Surface and mineral rights, 13, 22, 53-57
- T**  
 Taft, Kathleen, 14  
 Tennessee Plan, 12  
 "Territorial seas," 64  
 Territorial status, 43  
 Trans-Alaska Pipeline Authorization Act, 1973, 60  
 Transportation issues, 10, 58-61, 63  
 Trust Territory of the Pacific Islands, 24-25, 44  
 Treaty-making power, 45, 64 See also:  
   Alaska, devolution of power to  
 Tundra Rebellion, 20, 22 See also:  
   Sagebrush Rebellion  
 Trudeau, Pierre, 34
- U**  
 Udall, Stewart, 14  
 United front, 23  
 U.N.'s Special Committee on Decolonization, 8, 45  
 USDA Cooperative Extension Service, 42n  
 U.S. Supreme Court decisions, 17, 29, 35, 53, 55
- V**  
 Virgin Islands, 6, 24-25, 61n
- W**  
 Wall, Shannon J., 59  
 Wall Street Journal, 58  
 Watt, James, 4, 20, 23, 57  
   v. Alaska, 17n, 23, 55  
 Western Canadian provinces & territories, 7-8  
 Western Governors' Policy Office, 22, 54, 56, 65  
 "Western states and provinces" coalition, 56  
 Whitehead, John S., 14, 43  
 Wickersham, James, 13
- Wildlife Refuge Revenue Sharing Act, 17n**  
 Windfall Profits Tax See: Federal government, Windfall Profits Tax
- Y**  
 Yukon Territory, 45

HJR 35

- People created the Alaska Statehood Commission
- Commission was formed as a result of dissatisfaction by Alaskans with the way the federal government was treating them - some of you may recall that there was even talk about seceding from the union.
- Commission explored Alaska's relationship to the U.S. and offered a plan for action to improve that relationship
- The commission was bipartisan and represented a broad range of people - the former commission members were:

Brian Rodgers  
Ruth Burnett  
Jack Coghill  
John Dapcevich  
Miles Davic  
Ed Merdes  
Nelda Calhoun  
Evelyn Conwell  
Gregg Erickson  
Susan Greene

- Several of these former commissioners testified before the JUD and SA Committees last session supporting HJR 35
- The final report - which you have in your committee files - concluded that seceding from the union would not accomplish anything and, in fact, nothing was more desirable than statehood
- Commission directed their energy toward understanding Alaskans role within the federation and how we might fulfill the intentions of Alaska's 1958 Statehood Act
- The commission set forth 20 recommendations
- On pages 23 you will find Recommendation 14 which states:  
"Alaskans should consider two amendments to the state constitution which will clarify the philosophy and the powers of our state government in the federal union".
- The commission offered two amendments to meet this recommendation. One had to do with state sovereignty and the other related to the states power to cooperate with foreign nations.

HJR 35 relates to this cooperation.

- Similar language was offered at the Alaska Constitutional Convention in 1955 but the framers deleted it for fear that Congress would not approve a state constitution referring to foreign cooperation.

(language is in your file folder).

#### Questions Asked Last Session

1. Could you explain why you feel that this resolution is something that needs to be in the constitution? It would seem the state has the right to do this already and putting it in the constitution will not give us additional rights.
2. Do other states have this permissiveness? Is it understood we have this permissiveness?
3. Commerce clause does not impact freedom of a state. How would this help us explain to Washington that we demand to export our raw materials?
4. Can you provide any concrete examples of how the state could actually use this resolution in a practical way?

#### General Responses To Above Questions

- The idea behind HJR 35 is this: Alaska should become an activist state taking the lead among states in defining the boundaries of state powers within the union.
- HJR gives Alaska the constitutional authority to deal with foreign nations - this is of particular importance as we become increasingly involved in foreign trade.
- While it can be argued that statutory language could accomplish the same purpose, I feel strongly that the language in HJR 35 should be placed in the constitution -making foreign trade a stated right in the constitution makes it clear what Alaska's role is and will be in the future.
- HJR 35 will not necessarily lead to action which results in concrete examples. This resolution does, however, set the occasion for action to take place. The language in HJR 35 defines Alaska's place in the federation of states rather than allowing the federal government to define our role for us.
- There is a clear difference between stated rights and

implied rights. Under the U.S. Constitution we have a right to privacy. Many argued, however, that right to privacy was an implied right, and the legislature in 1972 made the right to privacy an expressed right - that makes things very clear.

- One of the many strengths of our constitution is that it is not cluttered with a lot of useless wording - other states constitutions are easy to amend and consequently those constitutions loose meaning. What the state constitution is, is a statement of the philosophical underpinnings of state government - HJK 35 is a statement of philosophical.

Constitutional Convention  
Committee Proposal/12  
December 15, 1955

ALASKA CONSTITUTIONAL CONVENTION

Report of the Committee on Executive Branch

Honorable William A. Egan  
President, Alaska Constitutional Convention

Dear Mr. President:

The Committee on the Executive Branch presents for consideration and adoption by the Convention the attached article entitled General and Miscellaneous Provisions; although these provisions are of particular interest to this committee, they were not included in the proposed Article on the Executive Branch because they have application also to the other branches of government.

A commentary is also attached which explains the purpose of each section.

Respectfully submitted,

Victor Rivers, Chairman

Frank Barr

John C. Boswell

Thomas C. Harris

Maynard D. Londborg

Katharine Nordale

H. R. VanderLeest

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Constitutional Convention  
Committee Proposal/12  
December 16, 1955

ALASKA CONSTITUTIONAL CONVENTION

COMMITTEE PROPOSAL NO. 12

Introduced by Committee on Executive Branch

Article Containing General and Miscellaneous Provisions

RESOLVED, that the following be agreed upon as part  
of the Alaska State Constitution:

Merit            1            Section 1. The legislature shall provide for a  
Principle       2            system under which the employment of persons by the  
                  3            State shall be governed by the merit principle.

Employees       4            Section 2. Membership in any employees' retire-  
Retirement    5            ment system of the State or any political subdivision  
                  6            thereof shall be a contractual relationship, the  
                  7            accrued benefits of which shall not be diminished or  
                  8            impaired.

Disquali-       9            Section 3. No person who advocates, or who  
fication       10           aids or belongs to any party, organization or  
for Dis-       11           association which advocates, the overthrow by force  
loyalty       12           or violence of the government of this State or of  
                  13           the United States shall be qualified to hold any  
                  14           public office or employment.

Oath of           15           Section 4. All public officers, before entering  
Office         16           upon the duties of their respective offices, shall  
                  17           take and subscribe to the following oath or affirmation

1 "I do solemnly swear (or affirm) that I will support  
2 and defend the Constitution of the United States,  
3 and the Constitution of the State of Alaska, and  
4 that I will faithfully discharge my duties as \_\_\_\_\_  
5 \_\_\_\_\_ to the best of my ability".  
6 The legislature may prescribe further oaths or  
7 affirmations.

Inter- 8 Section 5. The State and its political sub-  
Governmental 9 divisions may cooperate with the United States and  
Relations 10 its territories and with other states and their  
11 political subdivisions on matters of common interest  
12 and, to the extent consistent with the laws of the  
13 United States, with foreign nations. The respective  
14 legislative bodies may appropriate such sums as may  
15 be necessary for this purpose. In all intergovern-  
16 mental relations involving the state, the Governor  
17 shall act as the agent of the state.