

REMARKS OF
UNITED STATES SENATOR FRANK H. MURKOWSKI
BEFORE THE ALASKA STATE LEGISLATURE

FEBRUARY 13, 1987

MADAM PRESIDENT, MR. SPEAKER, MEMBERS OF THE LEGISLATURE, SPECIAL GUESTS, FELLOW ALASKANS...

I SINCERELY LOOK FORWARD TO THIS VISIT WITH YOU EACH YEAR. OUR JOBS AND RESPECTIVE RESPONSIBILITIES MAY BE DIFFERENT, BUT OUR OVERALL OBJECTIVE IS IN COMMON -- TO DO WHAT'S BEST FOR ALASKA. THAT'S WHY I VALUE THIS OPPORTUNITY TO SHARE IDEAS.

DURING THE CAMPAIGN SEASON WE ALL EMPHASIZE BRIGHT TOMORROWS AND OPTIMISM ABOUT ALASKA'S FUTURE. THAT'S WHAT YOU'RE EXPECTED TO DO IN A CAMPAIGN.

AFTER THE ELECTION, WE CONFRONT REALITY.

AND THE ECONOMIC REALITY FOR ALASKA TODAY IS NOT AS BRIGHT AS WE WOULD WISH.

OUR ECONOMY IS CLEARLY IN A SLUMP, AND THINGS ARE GOING TO GET TOUGHER.

BUT WE ALASKANS HAVE SEEN TOUGH TIMES BEFORE, AND WE'VE ALWAYS EMERGED A LITTLE STRONGER.

I HAVE TO TELL YOU, IT'S UPSETTING TO HEAR SOME OF THE WORDS BEING USED TO DESCRIBE OUR CURRENT ECONOMIC SITUATION....

PEOPLE ARE CALLING IT A CRISIS... A DISASTER... OR OTHER WORDS OF DOOM.

YOU KNOW, I CAN REMEMBER SOME REAL ALASKA DISASTERS. 20 YEARS AGO THIS YEAR, THE BANKS OF THE CHENA OVERFLOWED WIPING OUT FAIRBANKS AND CAUSING ABOUT \$100 MILLION DOLLARS IN DAMAGE.

OR GOOD FRIDAY IN 1964, WHEN THE EARTHQUAKE DEVASTATED ANCHORAGE, KODIAK, VALDEZ, SEWARD AND OTHER COMMUNITIES. THERE WAS TRAGIC LOSS OF LIFE AND A BILLION DOLLARS DAMAGE.

THOSE WERE DISASTERS!

I ALSO REMEMBER HOW ALASKANS ACTED IN THE FACE OF THOSE CRISES.

WE ROLLED UP OUR SLEEVES AND WENT TO WORK. AND EVERYBODY PITCHED IN... WITHOUT REGARD TO REGIONALISM. WITHOUT REGARD TO PARTISANSHIP.

ALASKANS DID IT FOR ALASKANS. WE WERE A TEAM. AND THAT SPIRIT OF TEAMWORK... THAT ACTION LED TO BRIGHTER DAYS... DAYS WHICH SAW THE SETTLEMENT OF NATIVE LAND CLAIMS... THE CONSTRUCTION OF THE PIPELINE... ECONOMIC PROSPERITY AND GOOD TIMES.

WE FACE A SIMILAR CHALLENGE TODAY.

WE ARE FACING GREAT TRIALS - THERE'S NO DOUBT ABOUT THAT. ONCE AGAIN, THE TIME HAS COME TO BE ALASKANS FIRST.

ONE BIG CHALLENGE THAT I'D LIKE TO DISCUSS THIS MORNING INVOLVES THE ARCTIC NATIONAL WILDLIFE REFUGE - MORE COMMONLY KNOWN AS ANWR.

THE ISSUE IS SIMPLE: SHOULD CONGRESS PERMIT OIL EXPLORATION IN A SMALL PORTION OF ANWR -- THE 1.5 MILLION ACRE COASTAL PLAIN OF THE 18 MILLION ACRE REFUGE?

MY ANSWER IS AN EMPHATIC YES, AND I AM NOT ALONE. POLLS SHOW THAT MORE THAN 70% OF ALASKANS SAY YES. AND MOST, IF NOT ALL, OF YOU AGREE.

BUT WE NEED TO CONVINCE AT LEAST HALF OF THE 535 MEMBERS OF CONGRESS TO ALSO SAY YES.

I MUST TELL YOU CANDIDLY THAT, AS OF TODAY, WE DO NOT HAVE THE SUPPORT IN CONGRESS TO OPEN ANWR.

THAT'S WHY I WAS PLEASSED TO LEARN OF THE LEGISLATURE'S SUPPORT OF THE GOVERNOR'S REQUEST FOR FUNDS TO LOBBY THE ANWR EFFORT NATIONALLY. TO BE SUCCESSFUL, IT WILL REQUIRE A VERY PROFESSIONAL EFFORT.

ALASKANS CAN WIN THIS FIGHT -- BUT ONLY IF WE ACT AS A TEAM.

IT IS ESSENTIAL THAT WE PRESENT A UNIFIED FRONT AND SPEAK WITH ONE VOICE.

EVEN AS WE AGREE THAT OUR PRIMARY OBJECTIVE IS TO OPEN THE COASTAL PLAIN TO OIL AND GAS EXPLORATION, THERE ARE SEVERAL RELATED AND SENSITIVE ISSUES WHICH ARE OBSCURING OUR COMMON GOAL...

THEY INCLUDE LAND EXCHANGES AND 90/10 REVENUE SHARING.

I AM AWARE OF THE SUBSTANTIAL CONCERN HERE AT HOME OVER THE ISSUE OF LAND EXCHANGES IN ANWR. I'VE READ THE EDITORIALS AND HAVE DISCUSSED THIS MATTER WITH MANY OF YOU.

I SHARE YOUR CONCERN OVER THESE PROPOSED EXCHANGES -- AND WILL NOT EMBRACE ANY PARTICULAR LAND EXCHANGE UNLESS IT'S IN THE STATE'S BEST INTEREST, AND UNLESS IT WILL HELP US ACHIEVE THE MAIN OBJECTIVE OF OPENING ANWR.

THERE ARE A NUMBER OF MISCONCEPTIONS ABOUT THESE PROPOSED EXCHANGES, INCLUDING THE PERCEPTION THAT THE ENTIRE 1.5 MILLION ACRE COASTAL PLAIN WILL BE TRADED AWAY. THAT SIMPLY ISN'T TRUE.

EVEN IF ALL OF THE LAND TRADES NOW ON THE TABLE ARE MADE, MORE THAN 85% OF THE PLAIN WILL STILL BE UNTOUCHED.

MUCH OF THE CONCERN ABOUT LAND SWAPS IS BASED ON THE ASSUMPTION THAT NATIVE CORPORATIONS WILL ACQUIRE RESOURCES THAT THE STATE NOW HAS A 90% INTEREST IN... AND THAT THE STATE WILL RECEIVE NOTHING IN RETURN.

THIS IS ANOTHER MISCONCEPTION ABOUT THE LAND EXCHANGES. THERE ARE SEVERAL WAYS THE STATE CAN BENEFIT FROM THESE SWAPS.

AS YOU KNOW, THE STATE IS NOW AND HAS BEEN NEGOTIATING WITH THE DEPARTMENT OF INTERIOR TO SWAP STATE OWNED LAND FOR SUBSURFACE RESOURCES IN ANWR.

THE STATE OWNS INHOLDINGS IN NATIONAL WILDLIFE REFUGES THAT THE DEPARTMENT OF INTERIOR WOULD DESPERATELY LIKE TO ACQUIRE. BY TRADING THOSE INHOLDINGS, THE STATE CAN ASSURE ITSELF OF A 100% INTEREST IN POTENTIALLY OIL BEARING LANDS IN ANWR. IN OTHER WORDS, WE CAN ACTUALLY OWN PART OF ANWR LIKE WE OWN PRUDHOE BAY.

IN ADDITION, WE MAY WANT TO EXPLORE AN ARRANGEMENT WHERE THE STATE WOULD RETAIN AN UNDIVIDED INTEREST OR AN OVERRIDING ROYALTY SHARE IN ALL TRACTS TRADED TO PRIVATE

CORPORATIONS. EITHER OF THESE APPROACHES WOULD GUARANTEE REVENUES FOR THE STATE IF ANY OIL IS DISCOVERED.

YOU MAY ASK, "WHY PURSUE THE SWAPS AT ALL, PARTICULARLY IF THE STATE HAS TO BECOME INVOLVED IN A COMPLICATED PROCESS TO ENSURE ADEQUATE COMPENSATION?"

THE ANSWER INVOLVES SEVERAL FEATURES -- THE EXCHANGES CAN PROVIDE DISTINCT ADVANTAGES AND BENEFITS TO THE STATE; AND, THEY CAN GIVE THE CONGRESSIONAL DELEGATION TACTICAL ADVANTAGES IN ACHIEVING OUR MAIN GOAL: OPENING ANWR.

LET ME TALK FIRST ABOUT LEGISLATIVE TACTICS:

THERE IS LITTLE DOUBT THAT LAND SWAPS WILL ENCOURAGE MORE GROUPS TO COMMIT THEIR RESOURCES TOWARD OPENING THE COASTAL PLAIN -- RESOURCES THAT CAN INCREASE PUBLIC AWARENESS AND GARNER MORE CONGRESSIONAL SUPPORT.

AND THAT'S IMPORTANT, BECAUSE OUR STRONGEST OPPONENT IS A COALITION OF NATIONAL ENVIRONMENTAL GROUPS WITH MASSIVE NATIONAL FUNDRAISING CAPABILITY.

MAKE NO MISTAKE ABOUT IT -- THESE GROUPS WILL PULL OUT ALL STOPS TO PREVENT OIL EXPLORATION AND DEVELOPMENT IN ANWR.

YOU CAN EXPECT WELL-FINANCED, EMOTIONAL APPEALS THAT ARE DESIGNED TO CONVINCE AMERICANS THAT WE MUST MAKE A CHOICE BETWEEN OIL AND CARIBOU.

THE BROCHURES HAVE ALREADY BEGUN TO FILL MAILBOXES IN THE LOWER-48...

...BROCHURES FROM THE SAME GROUPS THAT SHOWED PHOTOS OF MOUNT MCKINLEY AND CALIFORNIA REDWOODS IN THE TONGASS -- YOU REMEMBER THAT ONE.

...PROPAGANDA THAT FAILS TO MENTION THAT WE ARE TALKING ABOUT OPENING 1.5 MILLION ACRES OF AN 18 MILLION ACRE REFUGE THAT ALREADY HAS 8 MILLION ACRES OF DESIGNATED WILDERNESS. (EIGHT MILLION ACRES IS A LOT OF WILDERNESS. NINE STATES HAVE LESS TOTAL ACREAGE THAN THAT - CONNECTICUT, DELAWARE, HAWAII, MASSACHUSETTS, NEW JERSEY, NEW HAMPSHIRE, MARYLAND, RHODE ISLAND, VERMONT)

...ENVIRONMENTALISTS ALSO DON'T MENTION THAT THE PRUDHOE BAY EXPERIENCE HAS SHOWN THAT CARIBOU AND REASONABLE DEVELOPMENT CAN CO-EXIST - OR THAT THE HERD NEAR PRUDHOE BAY HAS GROWN FROM 6,000 IN 1978 TO 14,000 IN 1986.

KEEP IN MIND, THAT LAND EXCHANGES CAN ALSO HELP US COPE WITH THOSE IN CONGRESS WHO WANT TO CONSOLIDATE FEDERAL REFUGE LANDS. THE ACQUISITION OF PRIVATELY OWNED INHOLDINGS IS A PRIORITY FOR SOME OF THE MAJOR ENVIRONMENTAL ORGANIZATIONS AND FOR THE FISH AND WILDLIFE SERVICE. THE PROSPECT THAT THE INHOLDINGS MAY BE ACQUIRED THROUGH EXCHANGES OF SUBSURFACE RIGHTS IN ANWR MAY HAVE A POSITIVE INFLUENCE ON THESE GROUPS AND THEIR ALLIES IN CONGRESS.

I BELIEVE MANY OF MY COLLEAGUES WILL BE ABLE TO JUSTIFY OPENING ANWR TO DEVELOPMENT, PROVIDED THEY CAN TELL THEIR CONSTITUENTS THAT THE ENVIRONMENTALISTS GOT SOMETHING OUT OF THE DEAL... LIKE DIVERTING SOME FEDERAL ANWR REVENUES TO THE PURCHASE OF ADDITIONAL REFUGE LANDS IN THE LOWER 48... OR ELIMINATING INHOLDINGS IN OTHER ALASKA REFUGES THROUGH LAND EXCHANGES.

YET, I'VE SEEN THE SUGGESTION THAT LAND EXCHANGES WON'T GIVE US TACTICAL LEGISLATIVE ADVANTAGES; AND, THAT IF THE FEDERAL GOVERNMENT IS SO INTERESTED IN ACQUIRING REFUGES

AND INHOLDINGS IN ALASKA, IT SHOULD SIMPLY TAKE SOME CASH AND BUY OUT THE STATE OR NATIVE LAND OWNERS.

NOT ONLY DOES THIS SUGGESTION DEMONSTRATE A REMARKABLE IGNORANCE OF THE FEDERAL BUDGET DEFICIT, IT ALSO WOULD FORCE CONGRESS TO TINKER WITH THE 90/10 REVENUE SHARING FORMULA.

ONLY ALASKA GETS A 90/10 SPLIT OF REVENUES FROM FEDERAL LANDS. NO OTHER STATE GETS MORE THAN 50/50. IF WE WERE TO PROPOSE THE FEDERAL PURCHASE OF REFUGE INHOLDINGS, THE MONEY WOULD LIKELY COME FROM THE STATE'S 90% SHARE OF FEDERAL REVENUE. MY COLLEAGUES WOULDN'T SPEND TIME LOOKING FOR THE MONEY FROM ANY OTHER SOURCE: INCREASING THE FEDERAL DEFICIT WOULD BE THE LAST THING THEY'D DO.

SO, THE CONCEPT OF EXCHANGING REFUGE INHOLDINGS FOR POSITIONS IN ANWR MAY INDEED GIVE TED, DON AND ME BARGAINING ROOM IN NEGOTIATING A BILL TO OPEN THE COASTAL PLAIN.

THOSE ARE A FEW OF THE SHORT-TERM, TACTICAL POLITICAL BENEFITS OF THE LAND EXCHANGES. NOW LET'S LOOK AT THE LONG-TERM ECONOMIC BENEFITS.

PRIVATELY OWNED OIL WELLS WILL BE SUBJECT TO THREE TYPES OF TAXES -- SEVERANCE TAXES, PROPERTY TAXES, AND CORPORATE INCOME TAXES. IF OIL IS DISCOVERED, THE STATE REVENUE GENERATED BY THESE TAXES COULD BE SUBSTANTIAL.

IN ADDITION, WE CAN EXPECT THAT THE ACTIVITY ON NATIVE OWNED ANWR LANDS WILL CREATE JOBS FOR RESIDENT ALASKANS WHO SPEND THEIR WAGES HERE -- THEREBY BOOSTING OUR ENTIRE ECONOMY.

FINALLY, THE DEVELOPMENT OF PRIVATELY HELD RESOURCES SHOULD OCCUR MUCH FASTER THAN DEVELOPMENT OF RESOURCES OWNED BY THE FEDERAL OR STATE GOVERNMENT. BECAUSE PRIVATE LAND OWNERS DON'T HAVE TO GO THROUGH A FEDERAL LEASE SALE, EXPLORATION ON THEIR LANDS WILL TAKE PLACE MUCH FASTER. IN LIGHT OF CURRENT ECONOMIC CONDITIONS, WE SHOULD ALL RECOGNIZE THE ADVANTAGES OF THE QUICKEST POSSIBLE EXPLORATION OF SOME OF THE PROSPECTS IN ANWR.

TO ME, THE BEST WAY TO ASSESS THE LAND EXCHANGES IS TO ADD UP ALL OF THE POTENTIAL BENEFITS:

- LONG TERM ECONOMIC GAINS;
- POLITICAL AND TACTICAL ADVANTAGES;
- 100% STATE OWNED ANWR TRACTS AND A POSSIBLE INTEREST IN PRIVATE TRACTS.

IF LAND EXCHANGES ARE GOOD FOR ALASKA, THEN WE MAY WANT TO USE THEM TO HELP OPEN UP ANWR. WE SHOULDN'T DISMISS THEM OUT OF HAND.

BECAUSE THE STATE IS NOW SITTING AT THE NEGOTIATING TABLE WITH THE DEPARTMENT OF INTERIOR, IT IS IN A POSITION TO GREATLY INFLUENCE THE NATURE OF THE EXCHANGES AS WELL AS THE BENEFITS ALASKA WILL RECEIVE FROM THEM.

I'LL CONTINUE TO DO EVERYTHING I CAN TO SEE THAT THE STATE REMAINS A CENTRAL PLAYER IN THE NEGOTIATION PROCESS.

AGAIN, LET'S REMEMBER OUR PRIMARY OBJECTIVE -- TO PASS LEGISLATION THAT PERMITS OIL EXPLORATION AND DEVELOPMENT ON THE COASTAL PLAIN OF ANWR.

I KNOW THAT MANY OF YOU HAVE VERY STRONG OPINIONS ON 90/10. GIVEN OUR CURRENT ECONOMIC CONDITIONS, THERE ARE LEGITIMATE REASONS TO AGGRESSIVELY OPOSE ANY PROPOSALS WHICH WOULD DECREASE THE AMOUNT OF POTENTIAL REVENUE THE STATE WOULD RECEIVE FROM ANWR.

DON'T GET ME WRONG. I INTEND TO FIGHT FOR THE 90/10 SPLIT. BUT WE NEED TO BE REALISTIC.

I'M FINDING IT IMPOSSIBLE TO TALK TO MEMBERS FROM OTHER STATES WITHOUT BEING ASKED: "WHY SHOULD I SUPPORT OPENING ANWR WHEN ALASKA WILL RECEIVE 90% OF THE ROYALTIES?"

THE POINT IS, THERE ARE DEFINITE ADVANTAGES TO BE GAINED IN THE POLITICAL PROCESS BY HAVING 90/10 ON THE BARGAINING TABLE.

BEFORE WE FALL ON OUR SWORDS OVER 90/10, LET'S ASK OURSELVES A SIMPLE QUESTION: WOULD WE RATHER HAVE 90% OF NOTHING, OR A LESSER PERCENT OF SOMETHING?

EVERYONE IN THIS CHAMBER UNDERSTANDS "NEGOTIATION". YOU ALL KNOW THAT PASSING LEGISLATION REQUIRES FLEXIBILITY. THE LEGISLATIVE PROCESS IS A FLUID ONE. PEOPLE WHO TAKE HARD AND FAST POSITIONS EARLY ON IN THE GAME SELDOM ACCOMPLISH THEIR OBJECTIVE.

I PLEDGE THAT WE WILL WORK CLOSELY WITH THE LEGISLATURE AND THE GOVERNOR. WE WILL SEEK YOUR COUNSEL AND OPINIONS AS WE MOVE FORWARD.

WHEN ALASKANS WORK TOGETHER TO MAKE THINGS HAPPEN, WE ACHIEVE EXCITING RESULTS.

AS AN EXAMPLE OF WHAT WE ARE CAPABLE OF, JUST LOOK AT WHAT'S HAPPENING IN THE DYNAMIC AREA OF PACIFIC RIM TRADE:

TWO WEEKS AGO I HAD THE PLEASURE OF ANNOUNCING THAT THE FIRST SHIPMENT OF COOK INLET OIL IS GOING TO KOREA. AND WE KNOW THAT STATE ROYALTY OIL WILL SOON MOVE TO TAIWAN.

THESE ARE EXCITING AND SIGNIFICANT DEVELOPMENTS - NOT BECAUSE THEY NECESSARILY RESULT IN A REVENUE BONANZA FOR ALASKA...

THE MILESTONE IS: WE'VE CUT THROUGH SOME OF THAT RED TAPE THAT'S PROHIBITED OUR ECONOMIC GROWTH.

THIS IS THE OPENING OF A DOOR. WE'VE TAKEN A STEP THAT PUTS ANOTHER ALASKA COMMODITY IN THE WORLD MARKET.

WE HAVE OTHER OPPORTUNITIES AS WELL: TODAY WE'RE SEEING THE DEVELOPMENT OF ALASKA AS A CENTRAL HUB FOR INTERNATIONAL AIR CARGO -- THAT'S A NATURAL EXTENSION OF THE WORK WE'VE BEEN DOING TO GET INTERNATIONAL CARRIER LANDING RIGHTS IN ALASKA.

AND OUR TOURISM POTENTIAL IS TAKING A TREMENDOUS LEAP BECAUSE OF VISA WAIVER PROVISIONS WE WERE ABLE TO INCLUDE IN THE IMMIGRATION REFORM BILL LAST CONGRESS.

FOR THE FIRST TIME, AS MANY AS 400,000 OF THE 1.5 MILLION INTERNATIONAL TRANSIT PASSENGERS WHO FLY THROUGH ALASKA EACH YEAR WILL BE ABLE TO VISIT ALASKA WITHOUT GOING THROUGH THE TIME-CONSUMING PROCESS OF GETTING A VISA AT A U.S. CONSULATE OVERSEAS.

IN ADDITION TO TOURISM, INTERNATIONAL TRADE IS ANOTHER AREA THAT I'M CONCENTRATING ON THIS CONGRESS. JUST THIS PAST TUESDAY IN LOS ANGELES I SHARED A TRADE HEARING WITH SENATOR CRANSTON ON COMPETITIVENESS AND TRADE WITH THE PACIFIC RIM.

IN FACT, I HAVE AGAIN CHOSEN MY COMMITTEE ASSIGNMENTS - NAMELY THE FOREIGN RELATIONS COMMITTEE AND THE ENERGY AND NATURAL RESOURCES COMMITTEE - TO PROMOTE ALASKA RESOURCES IN THE PACIFIC RIM.

MY MEMBERSHIP ON THE FOREIGN RELATIONS COMMITTEE, FOR INSTANCE, PUTS ME IN A POSITION TO NEGOTIATE DIRECTLY WITH LEADERS OF THE PACIFIC RIM NATIONS AND PUSH FOR MARKET ACCESS FOR ALASKA.

LAST CONGRESS, I WAS ALSO ABLE TO INCLUDE PROVISIONS IN THE SOUTH AFRICA SANCTIONS ACT THAT OPENED THE DOOR TO NEW OPPORTUNITIES FOR ALASKA'S STRATEGIC MINERALS. WE NEED NOT RELY ON SOUTH AFRICA. ALASKA HAS PRODUCED CHROMIUM, TIN, SILVER, LEAD, ZINC, AND COPPER. WE NOW HAVE NEW OPPORTUNITIES TO BECOME COMPETITIVE.

MY COMMITTEE MEMBERSHIP ALSO ENSURES ALASKA A STRONG VOICE IN THE DEVELOPMENT OF NEW TRADE LEGISLATION.

I WILL AGAIN INTRODUCE LEGISLATION TO ESTABLISH A TARIFF ON IMPORTED SURIMI EQUAL TO THAT WHICH JAPAN APPLIES TO U.S.- PRODUCED SURIMI. ALASKA PRODUCERS MUST HAVE THE SAME MARKET ACCESS THAT JAPANESE SURIMI HAS.

I'M ALSO TAKING AN INTENSE INTEREST IN EFFORTS TO REDUCE HIGH-SEAS INTERCEPTION OF ALASKAN SALMON, AND TO OPEN NEGOTIATIONS WITH THE SOVIET UNION AIMED AT OPENING THEIR EXCLUSIVE ECONOMIC ZONE TO ALASKA CRAB FISHERMEN.

THERE ARE A NUMBER OF THINGS WE'RE DOING ON THE FEDERAL LEVEL, BUT MORE HAS TO BE DONE AT HOME TO EMPHASIZE OUR COMMITMENT TO ALASKA EXPORTS.

AS A STATE, WE LACK A COMPREHENSIVE EXPORT STRATEGY - ONE WHICH CLEARLY STATES WHAT IT IS WE WANT TO EXPORT, AND WHAT STEPS WE INTEND TO TAKE TO MAKE IT HAPPEN AS A MATTER OF POLICY AND PRIORITY. IS OUR PRIORITY...

- TO EXPAND PETROCHEMICAL PRODUCTION AND EXPORT?
- TO EXPAND TIMBER AND COAL PRODUCTION?
- TO MARKET OUR NATURAL GAS RESERVES BY BUILDING A PIPELINE TO TIDEWATER?
- TO EXPORT OUR NORTH SLOPE OIL AND OUR FISHERY PRODUCTS?

ARE WE READY...

- TO ADOPT POLICIES LIKE STATES WHO PROVIDE ECONOMIC INCENTIVES?
- TO POSITIVELY ENCOURAGE RATHER THAN DISCOURAGE ECONOMIC DEVELOPMENT AND JOBS?

WE'RE GOING TO HAVE TO WORK TOGETHER TO CREATE A CLIMATE THAT ENCOURAGES INDIVIDUALS AND COMPANIES TO TAKE THE RISK OF INVESTING IN OUR STATE.

WE HAVE ALL KINDS OF AGENCIES THAT ARE RESPONSIBLE FOR REGULATING RESOURCE DEVELOPMENT AND EXPORTS - BUT WHO IN GOVERNMENT HAS THE RESPONSIBILITY OF CUTTING RED TAPE AND PROMOTING NEW EXPORTS -- OF MAKING THINGS HAPPEN?

CONSIDER FOR A MOMENT THE COAL MINE BEING DEVELOPED AT BELUGA, A PLANNED WORLD-CLASS MINE CAPABLE OF PRODUCING STEAM COAL AT COMPETITIVE PRICES.

WE IN THE DELEGATION HAVE ACTIVELY PROMOTED STEAM COAL EXPORTS TO PACIFIC RIM NATIONS. I HAVE PERSONALLY MET WITH DECISION MAKERS IN TAIWAN, KOREA, AND JAPAN ABOUT BUYING ALASKA COAL.

OUR GOVERNOR, AS DID HIS PREDECESSORS, PUBLICLY ANNOUNCED THAT COAL EXPORT IS A PRIORITY FOR ALASKA. MANY OF YOU HAVE DONE LIKEWISE.

YET, RIGHT NOW THE DEVELOPER OF THE MINE AT BELUGA CANNOT GET STATE PERMITS TO PROCEED. 600 JOBS AND SUBSTANTIAL ECONOMIC ACTIVITY HANG IN THE BALANCE. ONE PROBLEM INVOLVES RECLAMATION POLICY THAT WILL NOT ALLOW MIXING OF TOPSOIL AND SUBSOIL AFTER MINING. STATE LAW APPEARS TO REQUIRE ANY SUBSTITUTE MATERIAL TO BE OF A QUALITY EQUAL TO OR BETTER THAN TOPSOIL. IT SOUNDS LIKE THE PLACER MINERS CASE ON WATER QUALITY ALL OVER AGAIN. ONE WONDERS IF WE CAN REALLY GET THERE FROM HERE.

WE HAVE PUT UP ONE BARRIER AFTER ANOTHER, DISCOURAGING, RATHER THAN ENCOURAGING DEVELOPMENT. IN THIS INSTANCE, AFTER A TWO YEAR PROCESS THE APPLICATIONS FOR PERMITS FILL 26 VOLUMES, WEIGHING SOME 400 POUNDS, TAKING UP ABOUT 10 FEET OF SHELF SPACE.

IT'S PRETTY OBVIOUS THAT ONLY LARGE MULTI-NATIONALS NEED APPLY TO DEVELOP ALASKA RESOURCES. THE LITTLE GUY DOESN'T STAND A CHANCE.

THE COAL MINE AT BELUGA IS JUST ONE EXAMPLE -- THERE ARE OTHERS FACING SIMILAR OBSTACLES AS WELL.

ON BOTH THE STATE AND THE FEDERAL LEVEL, IT IS CRITICAL THAT WE CONTINUE TO REVIEW THE REGULATORY PROCESS, REMOVING REDUNDANT REQUIREMENTS WHICH INCREASE THE COMPETITIVE PRICE AND INHIBIT THE EXPORT OF OUR RESOURCES. I BELIEVE WE CAN DO THIS WHILE MAINTAINING ADEQUATE ENVIRONMENTAL SAFEGUARDS THAT ENSURE OUR AIR AND WATER ARE OF THE HIGHEST QUALITY, AND THAT OUR SPECIAL ALASKA LIFESTYLE IS MAINTAINED.

OF COURSE, OUR ECONOMIC POTENTIAL NEED NOT TOTALLY DEPEND ON RESOURCE DEVELOPMENT... WE'RE MAKING OTHER SIGNIFICANT FEDERAL CONTRIBUTIONS TO ALASKA'S ECONOMIC OUTLOOK. CONSIDER MILITARY SPENDING...

ALASKA BENEFITS FROM MORE THAN A BILLION DOLLARS OF ECONOMIC ACTIVITY EACH YEAR AS A RESULT OF THE LIGHT INFANTRY DIVISION, THE F-15'S, AWACS, KC-135'S, A-10'S, MILITARY PAYROLL, AND LOCALLY-AWARDED MILITARY CONTRACTS.

ROUGHLY \$100 MILLION IN NEW MILITARY CONSTRUCTION IN SUPPORT OF THE LIGHT INFANTRY DIVISION WILL SOON BE UNDERWAY, WITH ANOTHER \$100 MILLION TO FOLLOW NEXT YEAR.

NEXT YEAR, WE HOPE TO BEGIN THE FIRST SIGNIFICANT CONSTRUCTION OF A \$450 MILLION "BACKSCATTER" RADAR PROJECT.

THIS KIND OF FEDERAL INVESTMENT IN ALASKA IS HELPING OUR ECONOMIC SITUATION, AND WE WILL CONTINUE TO PURSUE THESE INITIATIVES -- NOT ONLY BECAUSE THEY HELP ALASKA, BUT BECAUSE THEY'RE IN THE NATIONAL INTEREST.

FINALLY, I'D LIKE TO DISCUSS A MATTER OF PARTICULAR INTEREST TO MANY ALASKANS -- THE ISSUE OF DRUG AND ALCOHOL ABUSE.

NANCY AND I HAVE VISITED MANY ALASKA COMMUNITIES OVER THE YEARS. AND WE'VE SEEN FIRST HAND THE TREMENDOUS AMOUNT OF ANGER, FRUSTRATION AND HEARTACHE OVER DRUG AND ALCOHOL ABUSE -- PARTICULARLY IN THE SMALL BUSH COMMUNITIES.

ALASKANS ARE BECOMING INCREASINGLY AWARE THAT OUR CHILDREN ARE DAILY BEING PLACED IN DANGER BY CASUAL DRUG USE AND ALCOHOL ABUSE. ALASKA'S PER CAPITA CONSUMPTION OF DRUGS IS ABOVE THE NATIONAL AVERAGE -- AND THAT'S A TRAGEDY!

CONGRESS PASSED A MAJOR DRUG BILL LAST YEAR THAT WILL PROVIDE BLOCK GRANTS TO ALASKA TOTALING ALMOST \$2 MILLION TO ASSIST LOCAL LAW ENFORCEMENT, PROVIDE REHABILITATION SERVICES AND ASSIST IN EDUCATIONAL PROGRAMS.

BUT WE ALMOST LOST THAT MONEY.

ALASKANS SHOULD KNOW THAT SOME OFFICIALS IN WASHINGTON WANTED TO BLOCK FEDERAL FUNDING FOR ALASKA BECAUSE OF OUR LIBERAL MARIJUANA LAWS.

THAT PUT THE DELEGATION IN AN AWKWARD POSITION. WE DIDN'T WANT ALASKA TO LOSE OUR FAIR SHARE OF FEDERAL FUNDING, SO WE FOUGHT THAT PROPOSAL AND MADE SURE ALASKA RECEIVED OUR GRANTS. HOWEVER, AT THE SAME TIME I PERSONALLY DIDN'T WANT TO SUGGEST THAT I SUPPORT OUR STATE MARIJUANA POSSESSION LAW...BECAUSE I DON'T. IT'S A BAD LAW -- ONE WE CAN HARDLY BE PROUD OF.

I REMEMBER WHAT PUBLIC SAFETY COMMISSIONER BOB SUNDBERG SAID AT MY DRUG HEARING IN ANCHORAGE LAST YEAR. HE TESTIFIED THAT OUR STATE LAW ENCOURAGES VIOLATIONS OF FEDERAL LAW. (I QUOTE) "ONLY IN ALASKA CAN ONE SIT AT HOME AND SMOKE MARIJUANA SECURE IN THE KNOWLEDGE THAT YOU ARE BREAKING FEDERAL LAW WITH THE BLESSING OF THE STATE SUPREME COURT." (UNQUOTE)

NO ONE WANTS TO SEE A CHANGE IN OUR LAWS THAT WOULD TAKE AWAY OUR RIGHT TO PRIVACY. BUT THE RIGHT OF A MATURE INDIVIDUAL TO EXERCISE FREE CHOICE IS ONE THING... AND POT BEING PUSHED ON 9 YEAR OLDS IS ANOTHER.

KEEP IN MIND, AS ADULTS OUR OVERRIDING RESPONSIBILITY IS TO SET WORTHY EXAMPLES TO OUR YOUNG PEOPLE.

THIS IS ONE CONSTITUENT THAT WOULD BE PLEASED IF YOU FIND A GOOD WAY TO CHANGE OUR DRUG LAW. IF, IN DOING SO, WE HAVE TO MAKE A CHOICE BETWEEN A DUBIOUS ARGUMENT THAT WE ENDANGER CERTAIN PRIVACY RIGHTS ON ONE HAND, OR THE WELL BEING OF ALASKA'S YOUTH ON THE OTHER, I DON'T THINK THERE'S A CHOICE AT ALL.

I KNOW THAT YOUNG ALASKANS HAVE RECOGNIZED THE DOUBLE STANDARD. IN OCTOBER, THE ALASKA ASSOCIATION OF SCHOOL GOVERNMENTS -- MADE UP OF STUDENTS FROM ALL OVER ALASKA -- UNANIMOUSLY ADOPTED A RESOLUTION CALLING FOR THE RECRIMINALIZATION OF MARIJUANA. THIS GROUP FELT THAT THE STATE'S MARIJUANA LAW CREATED A CLEAR DOUBLE STANDARD THAT WAS MAKING THE FIGHT AGAINST DRUG ABUSE IN THE SCHOOLS MORE DIFFICULT.

I BELIEVE ALL OF US NEED TO LISTEN TO THE VOICES OF YOUNG ALASKANS.

DRUG AND ALCOHOL ABUSE IS AMONG THE HUMAN CONCERNS THAT WE MUST NOT FORGET AS WE SEEK TO ADDRESS THE ECONOMIC ISSUES THAT TEND TO PREOCCUPY US IN TIMES LIKE THESE.

WE ARE HERE BECAUSE ALASKANS CHOSE US TO BE THE ONES TO ATTACK ALASKA'S PROBLEMS HEAD ON. IF WE ACT WITH STRENGTH, PURPOSE, AND UNITY, WE WILL SUCCEED.

IF WE ALASKANS CAN ACT WITH SINGLE-MINDED PURPOSE ON THE CHALLENGES CONFRONTING US... ANSWER, TRADE OPPORTUNITIES, AND THE HUMAN NEEDS OF OUR CITIZENS... WE WILL PROVE OURSELVES WORTHY OF THE PUBLIC TRUST PLACED IN US.

THANK YOU FOR INVITING ME TO ADDRESS YOU.

I'D LIKE TO STOP NOW AND TAKE YOUR QUESTIONS...

U. S. Senator Frank H. Murkowski, Question & Answer Session,
February 13, 1987 - Joint Session

President Faiks: "The Senator has agreed to take questions from the floor. Representative Sam Cotten."

Representative Cotten: "Thank you, Senator. Welcome Senator Murkowski. On the subject of ANWR, I think there has been a lot of interest not only in the legislature but throughout Alaska and we all recognize there is a wide range of benefits that might be available to Alaska should that area be opened to development. I think its our responsibility to represent the interests of all people in Alaska. I was very encouraged by your remarks about the possibility that the state would retain an overriding royalty should any lands be transferred to private ownership. I think that would go a long way toward assuring fair treatment for Alaska and I'm wondering if you're going to support that. I want to ask you a direct question and find out, because the only other way to get there from here is for us to concede on the 90/10 split and just assume that we're only going to get 50% and then we could ask you to try to convince Congress to take that other 40% and use it for the purposes of say purchasing some of those refuge lands that other people are interested in."

Senator Murkowski: "Thank you, Sam. First of all, I don't want to concede anything and we're going into the negotiations on a 90/10 split but as I pointed out, we need to have flexibility and as we begin to negotiate from a tactical point of view, make a determination, what, if any, of the 90/10 we might have to give to obtain our objective which is to open ANWR. Now, on the overriding royalty, I'm glad you asked that question because I think its something that perhaps has been overlooked. The state is the primary dictator, if there is a dictator in this type of arrangement, because it would be very difficult for the delegation to support a position contrary to the state's wish. In other words, if the legislature and the governor said, 'Hey, we don't want to take a position', why we'd have a difficult time and the corporations that are negotiating on their own and the Department of Interior would have a difficult time doing something that the state felt was contrary to their best interests. So my point is, the state has a strong position of leverage on overriding royalty and as it goes into the negotiations it can simply say, 'Look, unless we get something that we feel is in our best interest we're not going to support the process'. Theoretically, you're saying well, you know, we would lose the 90/10 by allowing the trades to take place. But you can negotiate from a leverage point of view, a position on overriding royalties; its a matter of saying, 'O.k., to get the state aboard, what do we have to give?' And its quite appropriate

that an overriding royalty be part of that consideration. But its difficult to pinpoint; its part of the negotiation process but I would certainly encourage you to consider that. Did that answer in general the frame of questioning that you had in mind?"

Representative Cotten: "Well, I don't guess I really need to pin you down too tight."

Senator Murkowski: "Yeah, I'd support it, yes, I'm suggesting it."

President Faiks: "Senator Rick Uehling."

Senator Rick Uehling: "Thank you. Senator, you talked about a higher tariff on surimi. Maybe you could give us a little bit of something also on what's going to be happening with the trade deficit and what Congress plans to do with the trade imbalance right now; and with possibly the decline in dollars are we actually going to have a better trade situation and one that will not be a deficit situation?"

Senator Murkowski: "That's a long question and you're going to get a longer answer. I don't support tariffs in my effort to put the tariff on surimi, as to catch the attention of the Japanese because there's no justification for them to have a tariff on imported surimi and I have reason to believe that they're going to recognize that and pull their tariff off. The trade legislation before Congress is going to be a priority. Its going to be a very hot and heavy debate because protectionism comes into the picture and we have lost markets and market shares all over the world and there's a great concern about it. But, I would prefer to take a tact and there are several of us who support this concept of demanding market access in those countries that enjoy full market access in the United States. Now, Congress is not going to stand still for a \$70 billion trade deficit with Japan and that's what we're facing. The total trade deficit of the United States today is about \$165 billion. Its pretty hard to expect Korea and Taiwan to get in line when Japan obviously has been able to accumulate this and its done so in an extraordinary environment because we have leverage, because we are the best customer of Japan and we are their largest market. The value of having total market access to the United States is what makes Japan such a significant world power. So we're going to relate in the debate process; I think we're going to have to take a stand - the issue has been identified. The construction of an airport in Osaka Bay at a cost of \$8 billion is going to be one of the construction wonders of the world. Its approximately three miles out in the bay - its two miles long when its built and about one-half mile wide and its going to be built in ninety feet of water so you get some idea of the magnitude of it. I was over there in December and went out to the sight - I was the first American on the site - it happened to be December 7 but that was strictly by accident. The point I want to make is that it represents the first of \$62 billion of public works

projects in Japan over the next decade. We've been trying to get involved in that construction project for the last six years; haven't made a dent in it. The point is there is an inequity because Japanese construction firms did \$1.8 billion dollars of construction in the United States last year. We can't break into the Japanese market. We did an appropriation of about \$300 million for military construction on our air bases in Japan, \$285 million was done by Japanese contractors. So, we're going to retaliate but we're going to do it in a responsible manner and some of the things we're considering include an FAA appropriation of \$10 billion dollars over the next ten years to upgrade our airports and air traffic control. We would preclude those countries that don't allow us access into their markets. That's one particular phase. There's another 301, which is an unfair trade filing with the U.S. Transportation in the Department of Commerce. No member of Congress has ever filed one. You have to be an interested party; I contend that I, as an individual, am an interested party - we have one ready to go. We've had a lot of fun watching the Administration decide what they're going to do. We are going to take a stand on the issue in a responsible manner and I hope it will be towards the issue of encouraging countries to open up their markets so we can compete, but it's a tough set of facts. We've become a debtor nation - first time since the first World War. There's more foreign ownerships in the United States today than there is U.S. ownerships overseas. We're seeing foreigners basically finance our deficit. I was a banker for awhile and I can tell you the power and influence of one who holds another's debt. And it's significant because much of our debt is being financed by foreign investment and it's important - nothing wrong with it - but we better darn well know what's going on."

President Faiks: "Representative Red Boucher then Senator Sturgulewski:"

Representative Red Boucher: "A historical comment and a question, Senator. You talked about our mounting an effort on ANWR and I was involved in the pipeline and the D-2 and when you indicated that the New York Times was firing its editorial, that usually would be followed by the Los Angeles Times and the Chicago Tribune and the Dallas Herald who said no to everything from statehood on. But one of the things that we found in the D-2 battle was that the legislature - ironically, Governor Cowper headed up the D-2 steering council - and we took a surgical approach to where we went. Instead of letting Wichita, Kansas clip the New York Times and fill it in, we took the story of Alaska to individual editorial boards. In fact, I was looking through the file of that the other day and I found that for middle America there was a great response. When we started out it was about 110 editorials nationally against Alaska and we ended up and there were 400 for. I think one of the things that might be done here early on is to identify by name and district those members of the House and Senate who are not necessarily opposed but might not have enough information.

and are relying on the Times and the other people. So I would ask you the question, 'First of all, do you think a surgical approach like that might be the best approach to take and second, would your office and Congressman Young and Senator Stevens supply this body with the particular states?' There may be somebody here from Toledo or what have you that could build that bridge."

Senator Murkowski: "I think that's very appropriate and as you recall, during those days, there were weekly meetings held in Washington and the troops went out and made the specific contacts. It's going to take that kind of an effort as you refer to as a surgical effort to make it happen. This time it's going to take a very sophisticated public relations effort zeroed in to telling the story, into telling the facts, to getting people up to Prudhoe Bay so they can see for themselves. Some of them, you're not going to change their minds, others you are. They're going to be surprised and you know, Don Young introduced the House Bill because he had to offset Udall's bill because the psychology of Udall's bill is to close ANWR. His is to open. In the Senate, we're going to wait. We're going to wait; we're going to wait for your input and it's very important we have it within appropriate parameters. And then the process is going to have to be very orderly and it's going to have to be very effective and those kind of efforts pinpointing in specific areas - editorial boards and so forth. If we had an energy crisis in this country it wouldn't be much of a problem, but we don't; we may and we will - the question is when."

President Faiks: "Senator Sturgulewski then Representative Koponen."

Senator Sturgulewski: "A bread and butter question. How are we doing on your negotiations with the House on the federal highway aid package. There's a substantial difference there and we'd benefit from the Senate side of it. Do you have any idea how it will come out? It means as much as \$100 million to Alaska."

Senator Murkowski: "Yeah, well they're trying to break that log jam, Senator and I have every reason to believe it will come. As far as where it is now, everybody is going through the agonizing realities that they need the funds released and the process continues and I can find out specifically where the legislation is. But I think it is going to come out and it is going to be turned loose. Of course, we have a different situation in that we've got to have it early for our planning and we just can't do a lot of the work anytime. But fortunately there are a few other states that share a similar, not quite as severe a strategic location but I feel confident that the highway legislation will be available in the sense of its application to Alaska in the manner that it has been because there's always been efforts to change the formula which is detrimental to Alaska. I'll try to find out for you the specifics of where it is though. So far we've been able to maintain the existing formula and I think we will continue to do so. I've tried to give you briefly as full an answer as I can."

Representative Koponen: "Thank you. Senator, one of the economic questions in regard to ANWR is what is going to happen to the price of Alaskan oil in the American market, especially in view of the continued prohibition to export North Slope crude. Essentially, the ANWR oil would also go into the same restricted California market - or can we open up the export?"

Senator Murkowski: "Well, I think from a strategic tactical position to be committed to the ANWR issue, which is the challenge before us and at the same time push for the export of Alaskan oil, would be inappropriate. The reason for that, is those that are looking for an excuse to oppose ANWR would take that issue and simply say, 'Well, we're going to open an area and sacrifice the caribou for the benefit of our friendly neighboring nations who are going to receive the oil'. We will may benefit from the standpoint of offsetting the trade imbalance but we're still going to have to buy that like amount of oil from Mexico or Canada so the trade imbalance argument really doesn't hold water and I think you dampen your argument on ANWR if you have two issues going down the pike at the same time. Furthermore, in spite of some of the thoughts to the contrary, the owners of the oil; namely, the three major companies: ARCO, Standard of Alaska and Exxon, have not yet officially changed their position and promote the change in the law. They are not against Congress changing the law, but they are not willing to come out and support an active lobbying effort necessary to allow the export of the oil. Now, obviously when you own something, you have something to say about it. The state owns 1/8 of the oil as royalty oil and they claim a number of specific reasons. Among them, they have long term contracts for ships in compliance with the Jones Act because half the oil is consumed on the West Coast and the other half moves through the Panama Canal and moves around in small ships into the Gulf. Furthermore, these refineries in the Gulf are set up to use the low sulphur Alaskan crude. If you bring in the Mexican crude, you have to change over the refineries and so forth. So unless we can get the owner companies behind the effort, its going to be pretty hard to do. Particularly, as we go down the stream with ANWR on one side and the export issue on the other. I'm committed to it, I think it will happen at some point in time but it has to be in the economic interest of the owner. There is a transportation savings but they claim its not sufficient enough to offset impact of moving a specific amount of North Slope oil out and finding another source to bring in. As a consequence, that's where the issue currently stands. I've tried to give you briefly as full an answer as I can."

President Faiks: "Senator Duncan then Representative Menard:"

Senator Duncan: "Thank you. Senator Murkowski, one of the issues that recently surfaced of course that has great impact on this community, that of the Coast Guard realignment. I know that you're aware of that issue and I

publicly want to thank you for your statements of concern and support on that issue. What I'd like to ask is, what do you see coming down the road in your negotiations with what might be happening with the Coast Guard as we attempt to minimize the economic impact, not only in this community, but throughout the state - while also maintaining a strong Coast Guard presence in this state."

Senator Murkowski: "Well, first of all let me cover it on a statewide basis. I've had several meetings with the Coast Guard. I've contacted Admiral Yost and he's contacted me. The overall long-term roll and mission of the Coast Guard will be one of expansion in the State of Alaska. They are bringing in another C-130 into Kodiak that will bring about another 30 in support of that. Their plans for Cold Bay and utilization of a facility there would include about 50 additional personnel. There are two ships, one coming into Ketchikan and one coming into Seward that will be larger than the ships they replaced. That doesn't offset the situation here in Juneau. First of all, I think the Coast Guard has not done an adequate job of evaluating the economic efficiencies and they promised us that information and they've not given it to us. Now, as a consequence, legislation was introduced over in the House to stop the authorization until such time as we can address the issue in some detail and with reasonable justification. The Coast Guard, again, has promised they're pursuing it. I got a report today with some detail where they attempted to provide us with a specific number of houses that were owned by both civilians and military personnel in Juneau, whether they were married or single. They indicated that they would look at a natural attrition; initially they indicated that perhaps they could address those that did not have families, initially and that's all fine and good - its part of the process. The issue is not cast in concrete but the cement is being mixed so as a consequence I think we have to recognize that the Coast Guard went into this as a consequence of the Congress and the public demanding an expanded mission and what they did was give the Coast Guard a budget that was inadequate to complete the mission. So the Coast Guard looked at ways of increasing efficiency and they basically changed the district structure in New York and San Francisco and took something from each district that's going to get a Congressional response and put the logistics and engineering in San Francisco and New York. And they claim they're efficiencies. Well they may be, but by the same token we're not satisfied that they asked for the adequate number of billets necessary to meet the mission expansion of the Coast Guard and we're going through that process and asking them why they didn't do it. The issue is still very much alive but it is a serious issue and its certainly serious for Juneau and I don't want to underestimate it by any means but we're very much involved in the process and I would hope that whatever comes down is given in adequate detail to basically support the recommendation currently espoused by the Coast Guard."

President Faiks: "Representative Menard, then Representative Taylor:"

Representative Menard: "Thank you. Senator I want to applaud you for your support on the drug problem in Alaska. (tape was inaudible - paraphrased) Hopefully, we can follow through and re-criminalize marijuana. My question is, one of the resolutions we are dealing with is on a nuclear free Arctic; a nuclear free Alaska. It was on a referendum, it did pass, it went out to the public and did pass by a majority. The POM's coming in to myself and my other colleagues are strongly in favor of this resolution. If we pass this resolution, what would it say to you and our delegation back in Washington?"

Senator Murkowski: "Well, if you pass the resolution, its going to say just what the resolution says and there's an awful lot of misconceptions over the issue of nuclear freeze. What is meant, is there a reciprocal action from the Soviets and others who have nuclear capabilities, are there other proposals that have merits such as build-out which reduces the nuclear threat. And so, I think whatever your disposition is after you address the issue is an appropriate measure of your evaluation of what kind of a stand you want to take. If every state obviously took that kind of a position it would eliminate testing and everybody has an opinion on the merits of testing. Everybody has an opinion on the merits of our national security and what a nuclear capability means to our national security. So, I think these are things that you have to reflect on in your debates on the issue. I briefly saw the telegram Secretary Schultz sent, I guess, to each of you - I'm frankly quite surprised that the resolution would be noted because it seems to me that there's an awful lot of things that happen that they don't respond to. As a consequence, I'm going to find out a little bit more about this and why they responded. I think it raises the elevation of the interest and that's good in one sense. On the other hand if the State of Alaska takes a position against opposing any nuclear exposure of any kind - why you know that puts significant military considerations in - because we have certain military capabilities off our coast. We have certain military capabilities in certain areas of our state from time to time. The effect of that, and the responsibility of the Federal government on the Constitution, which is the safety of the populous; these all come into part of the agonization of addressing the issue and I wish you good luck."

President Faiks: "Representative Taylor then Representative Davidson:"

Representative Taylor: "Thank you. I would also like to thank you Senator for your candid comments and the answers that you've made today to this body that have been

fascinating. I really appreciate that and also your strong support for the private sector indicated in your speech. I would however, like to ask: 'What can you do on the national level to remove some of the foundations and bases for this intricate and involved permitting process that we are now embroiled in?' Most of the permits that you were discussing both for the coal production and also our mineral production in this state, are based upon a state reaction to Federal law where we have implemented here through the legislative process a duplicate system of laws that as you know has to be either the same as, or more strict than, Federal law. How can we, working with you, eliminate some of these processes and get the private sector in Alaska moving again?"

Senator Murkowski: "Thanks, Robin. Well, I wouldn't agree with you entirely. I think in some instances Alaska has gone beyond Federal law. For example, EPA water quality is an issue that has been debated among many of you for an extended period of time and there's a certain group from the private sector that feels pretty strongly about what position the state should take. The state has an option there. Most states have taken over, and that's your call, and I'm sure that you'd find EPA most willing to relinquish not their overall responsibilities to see that the state meets the Federal guidelines but to take over the response because you know a lot more about placer mining than somebody out of Washington, D.C. What we do in Washington on the permitting process, and its unfortunate, but we do do it - we take them by the hand and lead them through the agencies. Its a tiresome but a successful process because you just can't change the system but you can say, alright, what do you need next. And if they know that we're there and going to out sit them they have a tendency to begin to move the process. I think that the state can be a little more direct because you know, you're here, you're cohesive, but Ted, Don and I do an awful lot of that. We just take them by the hand and walk through the agencies and pretty soon they know that we're going to show up. We've spent an awful lot of time with the Forest Service, is one agency."

President Faiks: "Representative Davidson then Representative Martin:"

Representative Davidson: "Thank you Madame President. Senator, thank you for your words and the comments that you had to bring before us; we appreciate your remarks. My question is on the matter of land exchanges in ANWR. I feel that we have a special obligation to acknowledge and protect the land and the Native people of the State of Alaska and their relationship to that land. If we use the yardstick; the land exchange is good, if it is good for your children's grandchildren. Would you please comment on the land exchanges in that context?"

Senator Murkowski: "Well, I think you almost have to go back and identify what we know and we don't know. All the exchanges are proposed - but we have an idea. Lets take the Koniag, which has received a good deal of notoriety and most people are generally aware of the area. My understanding is it was selected by Koniag. It is a bare habitat that has a great significance from the standpoint of Fish & Wildlife management of the Kodiak brown bear resource. The wisdom of the Native people within Koniag communicated to us is that they are willing to put up a portion of that for the right to take the risk or a position in ANWR. I think this process needs a little greater examination because in the risk process what happens if there's no oil? Is the Department of Interior going to say, well here's your land back? The Department of Interior's obligation is to the Federal treasury in the sense that there is allegedly a resource there. If its put up for a cash bid and there's no oil, you don't get your cash back. So, you know, these are concerns that I'm sharing with you that I think deserve your examination and certainly the examination of any private corporation, Native corporation, that would propose an exchange. Because you know there was one proposal suggested that, well, we don't get oil we're going to give the land back. Well, the Department of Interior is going to accept that. Now there are other alternatives and the negotiation process can start, but by the same token there is certainly a risk in this kind of a game. Because remember, you don't usually find oil; remember, we were going to look for oil off Seward; we were going to look for oil off Yakutat and it speaks for itself."

President Faiks: "Representative Martin:"

Representative Martin: "Madame Chairman. Senator Murkowski, I too, want to thank you very much for acknowledging the wisdom of our youth in Alaska. I'm sure that you'd be very proud to know that someone's listening even though you may be in Washington. Also, I would like to bring up another point in what we previously talked about and that is what's in our nuclear disarmament and our nuclear freeze in Alaska. (faded in and out - paraphrased) I feel that we owe it to you to give you more information which I'm going to give you. You touched upon that when we talked about other sources of energy and I just caught you off guard and I'll give you that information."

Senator Murkowski: "Well, I'm not trying to duck the question but when you consider a nuclear free Alaska and you're also considering a responsibility to the national security of our nation, you have to include all the appropriate aspects or else ignore them, because you know we do have nuclear submarines and its no secret that they're in various vicinities at various times. We have other military capabilities in Alaska that are significant - we don't talk about them for obvious reasons. Its like a situation that I guess, only our neighbors in Japan can handle this but the

law says in Japan that they're required to inquire as to whether any ship coming into a Japanese port carries a nuclear device. And they inquire, and we say we never give an answer to that question. But see, they've asked and that's the extent of their technical obligation so that's how its handled. Good luck."

President Faiks: "The last question, Senator; Representative Barnes:"

Representative Barnes: "Thank you. Senator Murkowski, I'd like to say that I very much appreciate your remarks on drug abuse and our youth. And in that vein, I know that you've held hearings in Alaska on drug abuse. I don't know that you're aware that the context of the Raven Decision which helped that marijuana smoking could be re-criminalized if it was a hazard to our health, by the Legislature. I would like to know if in your hearings that you do not believe that there was enough evidence to suggest that the smoking of marijuana is a hazard to your health?"

Senator Murkowski: "Our hearings, Representative Barnes, didn't get into that area. It got into primarily overall drug use in Alaska and the significance of what the threat means. I would have to defer any resolve of just what the health hazards are to appropriate experts, and I'm sure you're going to find a wide variety of views on the issue. I think it fair to say, there is becoming enough historical evidence now that certain conclusions are attempting to be drawn and I could just leave you with that, because if you take it up in debate, obviously that is a major factor in your consideration. I just happen to believe that I'll stand on the rights of privacy. But when it comes to a higher cause, its just my inclination that the youth of Alaska are a higher cause, and they're entitled to every possible support, and I'm willing to give up my individual right of privacy in that sense for the youth if indeed it will help the cause of reducing the drug problem and the drug threat in our state."

President Faiks: "Senator, thank you very much."

Senator Murkowski: "Thanks very much."