

## APPENDIX E



2/11/88

THURSDAY

No. 14

PREPARED ADDRESS

BY

THE HONORABLE FRANK MURKOWSKI

U. S. SENATOR

BEFORE THE JOINT SESSION

OF THE

SECOND SESSION

FIFTEENTH ALASKA STATE LEGISLATURE

February 11, 1988

Juneau, Alaska

REMARKS OF SENATOR FRANK MURKOWSKI  
BEFORE THE  
ALASKA STATE LEGISLATURE  
FEBRUARY 11, 1988"THE ANNUAL REPORT"

OVERALL, THE FIRST SESSION OF THE 100TH CONGRESS WAS A SOLID RECORD OF ACCOMPLISHMENT FOR ALASKA. THE HIGHLIGHTS BEGIN WITH...

THE 1991 ISSUE... PRESIDENT REAGAN SIGNED THE 1991 AMENDMENTS LAST WEDNESDAY. THIS WAS THE #1 PRIORITY OF OUR NATIVE PEOPLE WHO SOUGHT SOME PROTECTION FROM THE LOSS OF THEIR LAND.

THE FINAL COMPROMISE LEGISLATION PROVIDES A MENU OF OPTIONS TO MAINTAIN NATIVE OWNERSHIP OF ANCSA SETTLEMENT LANDS... AND IT IS NEUTRAL ON THE QUESTION OF NATIVE SOVEREIGNTY.

THE ANWR ISSUE... WE'VE MADE GOOD PROGRESS ON WHAT HAS BECOME THE ENVIRONMENTAL ISSUE OF THE DECADE... LEGISLATION TO OPEN ANWR.

THE SENATE HEARING PROCESS IS COMPLETED. WE HAVE A WORKING DRAFT IN MARK-UP... THE SENATE ENERGY COMMITTEE MAY REPORT ITS LEASING BILL IN THE NEXT FEW WEEKS.

BUT THE FIGHT HAS JUST BEGUN... THE ENVIRONMENTAL LOBBY IS PULLING NO PUNCHES.

- A LARGE NUMBER OF SINCERE BUT MISINFORMED YOUNG PEOPLE, ENERGIZED BY MISLEADING, EMOTIONAL WARNINGS OF ENDANGERED CARIBOU AND SPOILED WILDERNESS, ARE JOINING THE CAMPAIGN AGAINST LEASING...

- THOUSANDS OF LETTERS AND POST CARDS OPPOSING LEASING ARE POURING INTO SENATE OFFICES...

- ALSO, A "PROCEDURAL POWER PLAY" IS UNDERWAY. A BILL TO LOCK UP ANWR WAS REFERRED TO A SYMPATHETIC ENVIRONMENT AND PUBLIC WORKS COMMITTEE... THE FIRST TIME A WILDERNESS BILL HAS EVER BEEN REFERRED OUTSIDE THE ENERGY COMMITTEE.

MEANWHILE, IN ALASKA WE'RE DIVIDED BY DISPUTES OVER SIDE ISSUES LIKE THE REVENUE SHARING FORMULA AND LAND EXCHANGES. WHILE IMPORTANT, THEY DON'T MEAN A THING IF THE COASTAL PLAIN ISN'T OPENED.

MANY HAVE FLATLY OPPOSED LAND EXCHANGES BECAUSE THEY ASSUME THEY'RE NOT IN THE BEST INTERESTS OF THE STATE. BUT CAN THEY BE MADE ADVANTAGEOUS FOR THE STATE BY GUARANTEEING REVENUES

THROUGH AN OVERRIDING STATE ROYALTY SHARE NEGOTIATED AS A PART OF ANY EXCHANGE LEGISLATION?

ISN'T IT WORTH A GOOD, HARD LOOK? THERE IS A LOT TO BE SAID FOR RESIDENT OWNERSHIP OF A SMALL PORTION OF THESE PROPOSED LEASES.

EVEN IF THE CURRENT LAND EXCHANGE PROPOSAL IS APPROVED BY CONGRESS, NEARLY 90% OF THE 1002 AREA WOULD REMAIN AVAILABLE FOR LEASING.

THE POINT IS, IF WE EXPECT TO WIN THIS FIGHT, WE CAN'T FIGHT AMONG OURSELVES. LET'S FOCUS ALL OUR ATTENTION AND EFFORTS ON THE NUMBER ONE PRIORITY - PASSING A LEASING BILL - AND THEN WE'LL DEAL WITH THE SIDE ISSUES.

TRANS ALASKA GAS LINE... JUST BEFORE PRIME MINISTER TAKESHTA'S VISIT TO WASHINGTON LAST MONTH, PRESIDENT REAGAN DECLARED THAT NORTH SLOPE GAS CAN BE EXPORTED... A BOON TO THE TAGS PROJECT.

TONGASS... THE OPPONENTS OF THE TONGASS TIMBER SUPPLY FUND MADE A SERIOUS RUN AT IT LAST YEAR, BUT WE WERE ABLE TO HOLD THE FUNDING LEVEL WHILE THE FUND WILL BE SUBJECT TO THE REGULAR APPROPRIATIONS PROCESS FOR TWO YEARS, WE HAVE A STRONG GUARANTEE THAT FULL FUNDING WILL OCCUR.

A MORE SERIOUS CHALLENGE IS A BILL MOVING FORWARD IN THE HOUSE THAT WOULD PERMANENTLY REVAMP THE TONGASS TIMBER SUPPLY FUND, CANCEL THE LONG TERM TIMBER CONTRACTS, AND LEAD US TOWARD MORE WILDERNESS DESIGNATIONS IN THE FOREST.

DON'T DONE A GREAT JOB FIGHTING THOSE WHO WOULD TRADE JOBS FOR MORE WILDERNESS IN ALASKA... BUT HE'S HAD VERY LITTLE SUPPORT FROM HIS COLLEAGUES WHO'VE LEARNED THAT IT'S EASY TO SCORE A QUICK ENVIRONMENTAL VOTE AT ALASKA'S EXPENSE.

FISHING INDUSTRY... OUR OBJECTIVE TO AMERICANIZE THE FISHING INDUSTRY OFF ALASKA PROGRESSED WHEN THE PRESIDENT SIGNED LEGISLATION TO PREVENT FOREIGN-BUILT, OWNED, OR CONVERTED FISH PROCESSORS FROM REFLAGGING AS U.S. VESSELS TO GAIN U.S. FISH ALLOCATIONS.

THIS LAW ALSO INCLUDES MY AMENDMENT ENSURING THAT U.S. CITIZENS OWN CONTROLLING INTEREST IN ALL VESSELS RECEIVING FISHERY LICENSES.

PLUTONIUM... ANOTHER SUBJECT HOLDING THE INTEREST OF MOST ALASKANS IS THE PROPOSAL TO FLY PLUTONIUM ACROSS OUR STATE. WE'VE FOUGHT THAT PROPOSAL, AND I CAN TODAY REPORT THAT THE PLUTONIUM, IF IT FLIES AT ALL, WON'T FLY OVER ALASKA.

OPENING THE ALASKA-SIBERIA "BACKDOOR"... THE SO-CALLED "FORGOTTEN FRONTIER" BETWEEN THE U.S. AND THE SOVIET UNION WASN'T FORGOTTEN AT THE RECENT REAGAN-GORBACHEV SUMMIT MEETING.

OUR LEADERS FINALLY RECOGNIZED ALASKA'S ROLE IN BRINGING OUR NATIONS CLOSER THROUGH NEW SCIENTIFIC, CULTURAL AND COMMERCIAL AGREEMENTS.

EXAMPLES OF PROGRESS INCLUDE:

- ALASKA AIRLINES' APPLICATION TO FLY REGULARLY SCHEDULED FLIGHTS BETWEEN NOME AND PROVIDENYA BEGINNING IN THE SUMMER OF 1989.

- JIM STIMPFLER AND THE NOME CHAMBER OF COMMERCE ARE PLANNING CHARTER FLIGHTS BETWEEN NOME AND PROVIDENYA CARRYING TEACHERS, CHILDREN, ESKIMO ELDERS, AND OTHERS.

- ANOTHER AREA OF GREAT PROMISE IS ARCTIC SCIENTIFIC EXCHANGE. SEVERAL ARCTIC RESEARCH AGREEMENTS, INCLUDING AN ARCTIC OCEANS SCIENCES AGREEMENT, MAY BE READY FOR SIGNATURE AT THE NEXT SUMMIT.

THESE AND MANY OTHER IDEAS ARE BEING EXPLORED, AND WE'RE BEHIND THEM... THEIR SUCCESS OR FAILURE IS NOW IN THE HANDS OF THE SOVIETS.

TRADE... I'M PARTICULARLY PROUD OF ONE PIECE OF LEGISLATION ADOPTED LAST YEAR... THE "MURKOWSKI-BROOKS" AMENDMENT... WITH MAJOR IMPLICATIONS FOR THE U.S. TRADE DEFICIT.

THIS WAS THE ONLY SIGNIFICANT TRADE LEGISLATION TO PASS LAST YEAR.

IT BANS FROM ALL FEDERAL PUBLIC WORKS PROJECTS ANY CONSTRUCTION, ARCHITECTURE, ENGINEERING AND BUILDING PRODUCT SUPPLY FIRMS FROM COUNTRIES THAT DISCRIMINATE AGAINST U.S. FIRMS IN THEIR PUBLIC WORKS CONSTRUCTION.

JAPAN, SPECIFICALLY, IS ON THE LIST OF THE COUNTRIES THAT DISCRIMINATE.

I'M NOT PROMOTING PROTECTIONISM, BUT I AM SENDING THE CLEAR MESSAGE THAT WE WON'T TOLERATE FOREIGN TRADE BARRIERS ANY LONGER. ONCE JAPAN AND OTHERS REMOVE THEIR BARRIERS, THEY'RE WELCOME TO BID AGAIN.

MILITARY... THE MILITARY BUILDUP IN ALASKA CONTINUED... THANKS TO THE FINE JOB THAT TED STEVENS DID ON THE DEFENSE APPROPRIATIONS SUBCOMMITTEE.

- THE ARMY'S SIXTH INFANTRY DIVISION DEPLOYMENT IS BRINGING NEW JOBS AND ECONOMIC ACTIVITY. NEXT YEAR, WE'LL SEE OVER \$250 MILLION IN NEW MILITARY CONSTRUCTION IN ALASKA... \$75 MILLION OF THAT FOR THE DIVISION...

- LAST YEAR, THE \$450 MILLION BACKSCATTER RADAR PROJECT MOVED CLOSER TO REALITY... THIS PROJECT ALONE WILL BRING 400 CONSTRUCTION JOBS AND PERMANENT EMPLOYMENT FOR ANOTHER 120.

- IN 1987, NAVAL ACTIVITY NEAR ALASKA INCREASED DRAMATICALLY. IN 1988, WE'LL SEE THE NAVY WORK TO HOMEPORT SEVERAL SHIPS AND THEIR CREWS IN ALASKA, REQUIRING CONSTRUCTION OF 800-1000 NEW HOUSING UNITS. AGAIN, THAT MEANS HUNDREDS OF NEW JOBS AND ECONOMIC ACTIVITY.

- FINALLY, FOR THE THIRD YEAR IN A ROW, WE INSERTED A PROVISION IN THE APPROPRIATIONS BILL REQUIRING ALASKANS TO BE HIRED FIRST ON ALL MILITARY CONSTRUCTION PERFORMED IN ALASKA.

YOU MAY NOTICE THE THEME THAT RUNS THROUGH MANY OF MY EFFORTS... TO USE ALL AVAILABLE FEDERAL "TOOLS" TO CREATE JOBS AND PROMOTE NEW ECONOMIC ACTIVITY IN ALASKA.

MILITARY CONSTRUCTION... TRADE INITIATIVES... MARKETING ASSISTANCE... THE PROMOTION OF NEW TECHNOLOGY... REQUIREMENTS TO PROMOTE ALASKA HIRE... THESE ARE ALL TOOLS THAT CAN BE EMPLOYED AT THE FEDERAL LEVEL TO HELP ALASKANS BUILD THE ECONOMY WE SEEK.

I DON'T HAVE TO DWELL ON THE STATE OF OUR ECONOMY... A QUICK LOOK AT SEVERAL LEADING INDICATORS TELLS ALL...

- IN 1987, ALASKA SUFFERED THE NATION'S HIGHEST PERCENTAGE INCREASE IN BANKRUPTCIES...

- SIX BANK FAILURES IN LESS THAN TWO YEARS...

- PLUMMETING PROPERTY VALUES AND A RECORD NUMBER OF FORECLOSURES — 6000 OVER THE PAST 2 YEARS...

ANY HAPHAZARD EFFORT TO LIQUIDATE THESE FORECLOSED PROPERTIES WILL FURTHER DEPRESS PROPERTY VALUES. I WANT TO MAKE SURE THAT DOESN'T HAPPEN.

HUD HOLDS 1100 FORECLOSED ALASKA PROPERTIES. THE FDIC HOLDS 650, AND THE VA AND "FANNIE MAE" HOLD 1000. THEREFORE, I'VE DIRECTED MY STAFF TO MEET THIS WEEK WITH EACH OF THESE AGENCIES TO CONSIDER HOW THESE PROPERTIES CAN BE HANDLED TO STABILIZE ALASKA'S REAL ESTATE MARKET.

THIS IS JUST A FIRST STEP TO DETERMINE WHAT CAN BE DONE...

BUT WE MUST DO MUCH MORE TO BREAK THIS CRUEL CYCLE THAT ROBS ALASKANS OF ECONOMIC PROSPERITY.

WE HAVE A CHOICE. WE CAN SIMPLY WAIT FOR AN UPTURN IN OIL PRICES. OR WE COULD LEAD ALASKANS DOWN THE PATHWAY OF INNOVATIVE ECONOMIC DEVELOPMENT.

ALASKA CAN "LEAPFROG" INTO THE 21ST CENTURY

LOOK AT THE WAY WE HANDLE OUR VAST NATURAL RESOURCE WEALTH.

• WE EXTRACT AND EXPORT RESOURCES DIRECTLY. THERE IS LITTLE PRIMARY OR SECONDARY MANUFACTURING...

• WE'RE KIND OF A "THIRD WORLD STATE." WE HAVE RAW MATERIALS, BUT OUR FUTURE RESTS ON WORLD MARKET PRICES WE CAN'T CONTROL.

• WE'VE ALLOWED A GREAT DEAL OF NON-RESIDENT CAPITAL TO BE AT WORK IN ALASKA, AND ALL TOO OFTEN THE WORK FORCE IS AN OUTSIDE, TRANSIENT ONE.

WE NEED TO EMBRACE A NEW WAY OF THINKING. WE MUST BOLDLY "LEAPFROG" INTO THE 21ST CENTURY.

I WANT TO EXPLORE TWO AVENUES TO ACCOMPLISH THIS: THE DEVELOPMENT OF NEW TECHNOLOGY, AND INCENTIVES TO PRIVATE INDUSTRY.

TECHNOLOGY

TECHNOLOGY IS A TOOL THAT CAN REKINDLE THE ALASKAN SPIRIT AS WE FORGE AHEAD INTO NEW FRONTIERS... ONLY THIS TIME, SCIENCE IS THE FRONTIER.

THROUGH TECHNOLOGY, WE CAN DEVELOP NEW PRODUCTS FROM OUR RAW MATERIALS... PROTECT OUR RESOURCES... CREATE NEW MARKETING STRATEGIES... DEVELOP NEW TRANSPORTATION METHODS. AFTER ALL:

• TECHNOLOGY TRANSFORMED AN UNUSED BOTTOMFISH RESOURCE INTO HIGH-VALUE SURIMI...

• TECHNOLOGY ALLOWED NORTH AMERICA'S LARGEST OIL FIELD TO BE SAFELY PRODUCED WITH LITTLE DISRUPTION TO A FRAGILE ARCTIC ECOLOGY...

• TECHNOLOGY ALLOWED THE ENDICOTT FIELD TO BE DEVELOPED USING SMALLER DRILLING PADS THAN THOSE USED AT PRUDHOE BAY.

• TECHNOLOGY ALLOWS TAPS - A WORLD-CLASS ENGINEERING MARVEL - TO CARRY ALMOST TWO MILLION BARRELS OF HOT OIL ACROSS FROZEN TUNDRA EVERY DAY...

• WITH NEW TECHNOLOGY, WE CAN EXTRACT OVER 100,000 BARRELS PER DAY OF NATURAL GAS LIQUIDS LIKE

PROPANE AND BUTANE FROM PRUDHOE BAY WITHOUT DECREASING THE AMOUNT OF NATURAL GAS AVAILABLE FOR A NATURAL GAS PIPELINE. THESE LIQUIDS CAN BE BATCHED WITH THE OIL THROUGH THE PIPELINE, THEN SEPARATED AND MARKETED IN THE U.S. AND OVERSEAS.

• WITH NEW TECHNOLOGY, WE CAN TRACK AND CATCH FOREIGN FISHERMEN POACHING IN ALASKA WATERS POTENTIAL TECHNOLOGIES INCLUDE...

• RELOCATABLE OVER-THE-HORIZON RADARS NOW UNDER CONSTRUCTION IN THE ALEUTIANS...

• HIGH FREQUENCY DIRECTION FINDING NETWORKS DIRECTED AT COMMUNICATIONS BETWEEN THE FLEETS AND THEIR HOME BASE...

• TECHNOLOGIES FOR INTERCEPTING AND LOCATING UHF AND VHF SIGNALS WITHIN THE FLEETS...

• RADARS MOUNTED ON HIGH PLATFORMS FOR SCANNING THE OCEAN SURFACE...

• TRANSPONDERS THAT WOULD BE REQUIRED ON ALL SHIPS OPERATING INSIDE OUR 200 MILE ECONOMIC ZONE...

I AM TALKING TO BOTH THE DEFENSE INTELLIGENCE AGENCY AND THE COAST GUARD ABOUT THE USE OF THESE NEW TECHNOLOGIES, WE WILL STOP THIS ILLEGAL POACHING, AND TECHNOLOGY IS LIKELY TO BE OUR KEY TO SUCCESS.

• WITH NEW TECHNOLOGY, WE COULD EXTRACT HEAVY OIL THAT CURRENTLY LIES TOO CLOSE TO THE PERMAFROST LAYER TO EXTRACT WITH CONVENTIONAL STEAM INJECTION.

FIBER OPTICS AND A WHOLE HOST OF NEW TECHNOLOGIES RELATED TO SDI RESEARCH ALSO HAVE GREAT PROMISE FOR ALASKA.

ALASKA'S FUTURE DEMANDS CONTINUED INNOVATION AND NEW TECHNOLOGY. SO WE MUST NURTURE AND SUSTAIN THE DEVELOPMENT OF NEW TECHNOLOGIES.

THE PRESIDENT'S ARCTIC RESEARCH COMMISSION WILL PLAY A PRE-EMINENT ROLE IN ARCTIC SCIENCE AND TECHNOLOGY. THAT COMMISSION IS NOW HEADED BY DR. JUAN ROEDERER - AN ALASKAN... THREE OF THE FIVE COMMISSION MEMBERS ARE ALASKANS... SO YOU CAN COUNT ON TECHNOLOGICAL SPINOFFS BENEFITTING ALASKANS.

AT THE STATE LEVEL, THE CREATION OF AN ALASKA SCIENCE FOUNDATION, AS PROPOSED BY OUR GOVERNOR, IS VITAL. I HOPE THE IDEA CAN BE CONSIDERED AND EMBRACED, IN A BIPARTISAN SPIRIT, THIS SESSION.

IN FACT, FUNDING FOR STATE RESEARCH INITIATIVES AT ALL LEVELS IS CRITICALLY IMPORTANT.

WHY, FOR INSTANCE, DOES COLORADO, KANSAS, MONTANA, OKLAHOMA, NEW MEXICO, PENNSYLVANIA, TEXAS AND WYOMING SPEND MORE THAN ALASKA DOES ON OIL AND GAS RESEARCH WHEN THEY HAVE LESS AT STAKE?

THE PETROLEUM DEVELOPMENT LAB AT THE UNIVERSITY OF ALASKA FAIRBANKS OPERATES ON A BUDGET OF ONLY \$148,000. YET, THE DEVELOPMENT OF NEW ENHANCED OIL RECOVERY TECHNIQUES, OR A PROCESS TO COMBINE OUR LOW BTU COAL WITH RESIDUAL FUEL OIL, COULD BRING BILLIONS IN NEW REVENUES TO THE TREASURY.

RESEARCH COSTS MONEY. KNOWLEDGE IS EXPENSIVE... BUT YOU'D HAVE TO AGREE THAT IT ISN'T NEARLY AS COSTLY AS IGNORANCE.

SCIENCE IS A NEW FRONTIER - AND THERE IS NO REASON WHY ALASKANS CAN'T FORGE AHEAD INTO IT AS WE HAVE WITH EVERY NEW FRONTIER WE'VE FACED BEFORE.

ECONOMIC INCENTIVES

THE NEXT QUESTION WE MUST FACE IS: HOW DO WE ATTRACT INDUSTRY TO ALASKA?

WHILE ALASKA IS RICH IN NATURAL RESOURCES, THEY CAN'T BE DEVELOPED IF THE ECONOMICS DON'T WORK.

IT TAKES CAPITAL TO DEVELOP RESOURCES AND BRING THEM TO MARKET.

WHILE ALASKA GETS AN "A" FOR SPREADING THE GOOD NEWS ABOUT ITS VAST NATURAL RESOURCES, WE DON'T ATTRACT AND SUSTAIN PRIVATE INVESTMENT TO DEVELOP THOSE RESOURCES.

I BELIEVE IT'S TIME TO CREATE A REGULATORY CLIMATE FAVORABLE TO DEVELOPMENT... A CLIMATE THAT CREATES JOBS.

FOR INSTANCE:

• CAN WE OFFER INCENTIVES TO BRING IN INVESTMENT DOLLARS AND GIVE OUR RESOURCES A COMPETITIVE EDGE IN THE MARKET PLACE?

• SHOULD WE ROLL BACK COAL ROYALTIES SO THAT ALASKA COAL CAN COMPETE IN THE PACIFIC RIM?

• SHOULD WE DEVELOP CHEAP ELECTRICAL POWER TO ATTRACT MANUFACTURING INDUSTRIES? ELECTRIC POWER HAS BEEN SOLD AT COST IN CANADA AND NEW ZEALAND TO ATTRACT INDUSTRY AND CREATE JOBS.

• CAN WE SAVE 1500 ALASKAN JOBS DIRECTLY DEPENDENT ON PLACER MINING BY TAKING OVER THE FEDERAL WATER QUALITY PROGRAM GOVERNING ALASKA'S STREAMS?

• FINALLY, CAN WE GET MORE OUT OF OUR VALUABLE RESOURCES BY CREATING OPPORTUNITIES FOR IN-STATE PRIMARY AND SECONDARY PROCESSING?

MANY OTHER STATES ARE PROMOTING IN-STATE ECONOMIC DEVELOPMENT THROUGH A VARIETY OF INITIATIVES.

• IN MONTANA, 1/4 OF THE PROCEEDS FROM MONTANA'S COAL TAX TRUST FUND ARE EARMARKED FOR IN-STATE INVESTMENTS THAT PROVIDE LONG-TERM ECONOMIC BENEFITS TO MONTANA.

• IN OREGON, COMPETITIVE APPLIED RESEARCH GRANTS ARE MADE TO EDUCATIONAL INSTITUTIONS AND PRIVATE ENTERPRISES IN KEY AREAS OF SPECIAL IMPORTANCE TO OREGON'S ECONOMY.

• IN WYOMING, THEY CUT SEVERANCE TAXES AND ROYALTIES ON COAL TO MAKE IT GLOBALLY COMPETITIVE.

AND CONSIDER WHAT THEY DID IN CANADA, IN BEAUCOUR, ALONG THE ST. LAWRENCE RIVER.

THE PROVINCIAL GOVERNMENT BUILT A LARGE HYDRO-ELECTRIC POWER OPERATION AND OFFERED ELECTRIC POWER TO NEW INDUSTRY AT COST.

PRIVATE FIRMS BECAME PARTNERS WITH THE PROVINCIAL GOVERNMENT IN A LARGE, CLEAN, MODERN, ALUMINUM SMELTER THAT PROCESSES ALUMINA... REFINED IN TEXAS FROM BAUXITE MINED IN BRAZIL... INTO A HIGH QUALITY ALUMINUM INGOT.

THAT SMELTER CAN BE LOCATED SO FAR FROM ITS SOURCE OF CONCENTRATE FOR ONE REASON ONLY - THE LOWEST COST POWER AVAILABLE IN THE WORLD.

OF COURSE, ALASKA HAS HYDROELECTRIC POTENTIAL THAT'S SECOND TO NONE. WHAT WE DON'T HAVE IS A MAJOR POWER USER THAT CAN HELP MAKE IT A REALITY.

BUT IT DOESN'T NEED TO BE THAT WAY. WHY MUST CONCENTRATES FROM THE RED DOG MINE, GREENS CREEK, AND QUARTZ HILL BYPASS OUR POTENTIAL POWER GRIDS ON THE WAY TO CANADA FOR PROCESSING?

WHAT WOULD POWER COSTS HAVE TO BE TO ATTRACT A MODERN, CLEAN SMELTER TO ALASKA?

HOW MANY JOBS MIGHT BE CREATED?

YOU SEE WHAT I'M GETTING AT WITH THESE QUESTIONS...

THE TIME HAS ARRIVED WHERE WE CAN DECIDE... WE MUST DECIDE... HOW TO HELP OURSELVES.

IN THE PAST, WE'VE FOCUSED MORE ON THE EXTRACTION OF RESOURCES RATHER THAN THEIR PROCESSING. AS A CONSEQUENCE, WE'VE NEVER ENJOYED THEIR FULL VALUE IN TERMS OF JOBS AND STATE REVENUES.

AND WE CAN MAKE THINGS HAPPEN. WE HAVE TOOLS, FOR INSTANCE, LIKE A RAILROAD AND A FERRY SYSTEM THAT CAN BECOME PARTNERS IN BRINGING DOWN TRANSPORTATION COSTS.

WE CAN ALSO HELP OURSELVES BY STREAMLINING RESTRICTIVE REGULATIONS THAT HINDER DEVELOPMENT.

LOOK AT THE YUKON TERRITORY, WHERE MINING REVENUES LAST YEAR FAR EXCEEDED OURS. WE SHARE MANY OF THE SAME ENVIRONMENTAL CONCERNS... WE SUFFER FROM THE SAME LACK OF INFRASTRUCTURE... BUT THEIR MINING INDUSTRY IS BOOMING.

ALASKA NEEDS TO ARTICULATE ITS PHILOSOPHY TOWARD RESOURCE DEVELOPMENT AND JOBS WHICH ENHANCE THE QUALITY OF OUR LIVES. OUR OFTEN OVERLY CAUTIOUS, RESTRICTIVE PHILOSOPHY SHOULD BE REPLACED BY A "CAN-DO" ATTITUDE THAT MAKES THE STATE A PARTNER IN RESPONSIBLE RESOURCE DEVELOPMENT COMPATIBLE WITH OUR ECOLOGY.

IT ISN'T ENOUGH TO ADOPT THE "CAN-DO" PHILOSOPHY IN OUR SPEECHES, PRESS RELEASES, AND PLATFORMS. WE MUST EXPRESS THIS PHILOSOPHY IN OUR REGULATORY DECISIONS AND POLICIES AS WELL.

NOW I'M NOT SUGGESTING THAT ALASKA'S ASLEEP AT THE SWITCH. I KNOW YOU ARE ALREADY CONSIDERING POSSIBILITIES IN THIS AREA.

I APPLAUD THE RECENT DECISION BY THE STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION TO MODIFY WATER CLASSIFICATION STANDARDS TO THE BENEFIT OF OUR PLACER MINERS.

AND THE DECISION BY THE STATE DIVISION OF OIL AND GAS TO OFFER A ROYALTY INCENTIVE IN RECENT LEASING. THAT'S THE KIND OF THINKING THAT HELPS KEEP OUR ECONOMY ALIVE...KEEPS PEOPLE EMPLOYED...AND OFFERS OUR PEOPLE SOME KIND OF ECONOMIC SECURITY.

BUT WE CAN DO MORE IF WE CHOOSE TO LEAD ALASKA TOWARD A BRIGHT FUTURE, RATHER THAN SIMPLY HOPING THAT HIGHER OIL PRICES WILL HAND US THAT FUTURE ON A SILVER PLATTER.

ONE FINAL THOUGHT: SOMETIMES WE PUT SO MUCH ATTENTION ON OUR LEGISLATIVE PRIORITIES THAT WE FORGET TO MENTION THE REAL REASON FOR THOSE PRIORITIES IN THE FIRST PLACE.

MY DESIRE TO STIMULATE OUR ECONOMY IS TO MAKE IT POSSIBLE FOR EVERY ALASKAN WHO WANTS TO WORK, TO HAVE A JOB, TO HAVE ECONOMIC SECURITY AND TO BE ABLE TO LIVE IN REASONABLE COMFORT.

I WANT EVERY PARENT TO BE ABLE TO PROVIDE THE KIND OF HOME, EDUCATION AND CARE THAT THEY WANT FOR THEIR CHILDREN.

LET'S NOT FORGET THAT FAMILIES ARE THE FOUNDATION FOR MEETING HUMAN CHALLENGES. THEY PROVIDE LOVE, ENCOURAGEMENT, AND EDUCATION; THEY ARE THE SUPPORT SYSTEM TO ACHIEVING PERSONAL GROWTH. AND AS WE EMBRACE OUR NEW AMBITIONS AND PRIORITIES, LET'S MAKE SURE WE CREATE CONDITIONS UNDER WHICH THE FAMILY CAN FLOURISH!

I THINK A DRUG-FREE FUTURE IS A PREREQUISITE FOR THE KIND OF FUTURE I'M TALKING ABOUT.

LAST YEAR, MORE THAN \$2 MILLION FEDERAL DOLLARS WERE DISTRIBUTED TO ASSIST ALASKA'S STATE AND LOCAL DRUG ABUSE TREATMENT, EDUCATION AND ENFORCEMENT PROGRAMS. THAT MAY SOUND LIKE A LOT, BUT IT'S SMALL CHANGE COMPARED TO THE PROFITS REaped BY THE DRUG RUNNERS AND RACKETEERS.

WE CAN NEVER MATCH THE ILLEGAL DOLLARS, BUT WE CAN DO SOMETHING ABOUT THE MESSAGE WE GIVE OUR CHILDREN ABOUT DRUGS.

AS I'VE DISCUSSED WITH YOU IN THE PAST, I AM CONVINCED THAT THE STATE'S POLICY ON MARIJUANA SENDS OUR CHILDREN THE WRONG MESSAGE, AND I AGAIN CHALLENGE YOU TO SEEK THE RECRIMINALIZATION OF MARIJUANA FOR THE SAKE OF ALASKA'S FUTURE.

BECAUSE OUR CHILDREN... OUR FAMILIES... ARE ALASKA'S GREATEST SINGLE RESOURCE WITH THE GREATEST BEARING ON ALASKA'S FUTURE. LET'S NOT JEOPARDIZE OUR GREATEST ASSET.

STATE OF THE JUDICIARY

BY

THE HONORABLE WARREN H. MATTHEWS  
CHIEF JUSTICE  
STATE OF ALASKA

Before a Joint Session  
of the  
Second Session  
Fifteenth Alaska State Legislature

JUNEAU, ALASKA