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THE HONORABLE FRANK MURKOWSKI

U.S. SENATOR

Address to the Joint Session of the
Seventeenth Alaska State Legislature
First Session

The following speech was submitted for publication in the joint journal supplement.

Last year I stood before this body and reflected on the promising events that were occurring around the globe. While significant progress has been made along the road of freedom and democracy, the last few months reminded us that freedom is never cheap or easy.

In 1990 we saw the coming of three major events in this state and in this country. War broke out in the Persian Gulf; the cornerstone of a "new world order" was laid; and a familiar face returned to the Governor's mansion.

Each of these events present opportunities and challenges for Alaska.

WAR IN THE PERSIAN GULF

No one liked the thought of young American men and women risking all in the sands of the Middle East. But there comes a time when each nation must look into its soul and decide where it stands. For the United States, that time was January 15, 1991 -- and we stood for freedom.

I am absolutely confident that I made the right decision. I believed then, and believe today, that sanctions were effective in many ways. They cut off the flow of oil from Iraq and eliminated the \$60 million per day in oil revenues Saddam Hussein had used to fuel his war machine. What sanctions could not do was remove Hussein's troops from Kuwait. And the longer Hussein could remain in Kuwait, the more dangerous he became.

Unfortunately, the war in the Persian Gulf was not without cost. Some young Americans, including one of our own here in Alaska -- Sergeant David Douthit, made the ultimate sacrifice. We will always honor David's courage and memory.

In the final analysis, we must remember one thing. Our victory was assured because this nation's resolve was firm. The fact that Alaskan units like the 228th aviation regiment from Wainwright were in the Gulf along with others from around the nation helped to underscore this resolve.

ALASKA MILITARY

In the years ahead, the trend in America will be to reduce our military presence both at home and abroad. The U.S. can no longer afford to be all things for all people, and part of that means scaling back our security umbrella.

This will eventually mean a reduced presence in South Korea, Japan, and the Philippines. But it may also mean an increased military presence in Alaska. The Air Force recently indicated that it will station a new squadron of F-15's at Elmendorf and new F-16's at Eielson. I favor this move and will continue to work with Senator Stevens to see that more U.S. military units find a home in Alaska.

VETERANS

As a result of the war in the Persian Gulf, Alaska and the country as a whole will soon have a new generation of Veterans. Our commitment to these brave soldiers must be as firm and as lasting as the blow they delivered to Saddam's forces.

In January, I was with President Bush as he signed into law two important pieces of legislation -- one providing benefits to Vietnam Veterans exposed to Agent Orange, and the other providing COLA's for veterans receiving disability compensation.

Alaska's veterans have received other benefits as well. The Department of Defense has announced plans to build a new 125 bed hospital at Elmendorf. And the Veterans Administration is in the process of constructing an outpatient clinic in Anchorage that will provide comprehensive medical treatment for Alaska's veterans.

And now our friend Bert Hall will help lead the VA in Alaska. We are committed to continue our impressive record of taking care of our veterans.

ANWR

The war also highlighted the question of America's energy dependence and America's lack of an energy policy. The protestors across the street from the White House shouted "No blood for oil." But no one shouted, "No oil for growth"-- "No fuel for industry"-- "No gas for cars"-- "No lights for homes."

Ted and I have introduced legislation that would open ANWR to environmentally sound exploration and development, with 90 percent of the revenues going to the state. Don has introduced similar legislation in the House. We are committed to making lease sales in ANWR a reality -- and doing it on terms that are acceptable to the people of Alaska.

Alaskans need to educate the Lower 48 on the merits of our claims under the Statehood Act. Alaska's 90% share of revenues under the Mineral Leasing Act is similar to that of other Western states, which receive 50% of the revenues directly, and benefit from another 40% deposited in the reclamation fund -- in other words, they benefit from 90% of the revenue.

Alaska receives its 90% of mineral lease sale revenues from federal lands because Alaska does not benefit from the reclamation fund. Also, so much of Alaska is owned by the federal government and withdrawn from mineral development that we need a larger share of revenue from lands still available for leasing. We're not asking for special treatment, just equal treatment -- and that's our case.

Our friends in the environmental community face an interesting dilemma. If they kill ANWR, they kill the entire national energy strategy. Secretary Watkins testified at a recent Energy Committee hearing that the President might veto the entire national energy strategy if it does not include ANWR development -- ANWR is that important!

The first vote on ANWR will occur in the Senate Energy Committee in late April. We can anticipate support from 7 of the 9 Republicans on the Committee and 2 of the 11 Democrats. The 2 remaining Republicans are undecided -- but we are working to persuade them to come our way. Of the remaining 9 Democrats we may get one. The vote will be very close and I will need to make a full-court press to make sure we clear this first hurdle. (I've got one Republican from the Sunshine State visiting Prudhoe Bay next week.)

Organized labor, veterans and other interested groups need to join with us and speak out to make ANWR a top legislative priority. ANWR development could bring thousands of jobs to Alaska and tens of thousands of jobs nationwide, adding to our nation's GNP.

Alaska also needs to be heard. The Governor has proposed an appropriation to lobby for ANWR. It's the Legislature's decision, but I urge quick action. The ANWR train is leaving the station, and if Alaskans do not speak out there may not be another chance. Prudhoe Bay is now decreasing at a rate of 10% per year. DOE estimates that at 300,000 barrels per day, the pipeline will shut down. Nearly 85% of Alaskans support opening ANWR, and 84% of our State revenues are generated by oil. To for the 15% who do not support opening ANWR, I'd give a reminder -- of the quality of life oil brings -- things like dividends, subsidized home loans and student loans.

NEW WORLD ORDER

I began today by pointing out three major events addressing us in 1991. The first was the war in the Gulf, and the second is the New World Order. President Bush embraced this idea to pull allies together during the Persian Gulf crisis. The new world order also entails multilateral cooperation on economic issues.

Alaska is positioned perfectly to play a key role in the new economic world order. As cooperation and interdependence grow, so will opportunities for Alaskans.

Basic is the need to attract outside capital -- that is the only way to guarantee long-term economic growth. The legislature should discard Alaska's outdated unitary tax system. By attracting capital we will fulfill our potential as a natural jumping-off point for corporations doing business in our part of the world.

PACIFIC RIM

There are two specific trends in the Pacific Rim which will enable Alaskans to prosper. The first relates again to the Persian Gulf -- a realization that Asian nations are also overly dependent on Mideast oil.

The delivery of Alaska's low-sulphur coal and LNG to these markets is not a question of "whether" but of "when." It is a natural marriage.

The Trans Alaska Gas System tentatively plans to deliver LNG by 1997. Korea has signed a letter of intent to purchase LNG from this project; I am urging Japan and Taiwan to do the same.

Resolving the mental health lands issue could also free up coal for export from the Wishbone Hill mine, and provided needed jobs for the Matanuska Valley area.

Finding markets is not the only hurdle to be overcome in finding trade opportunities for our products. In fisheries, we have problems such as high-seas driftnetting which make the cooperative element of the New World Order even more important.

Despite tremendous strides made through international agreements governing Asian driftnet fisheries, and by the adoption of my certificate of legal origin bill to address the blackmarket trade in pirated salmon, the driftnetting issue is not yet solved. By utilizing new intelligence-gathering capabilities we can develop surveillance coverage like we've never had before. As the Vice-Chairman of the Intelligence Committee I'm committed to make this happen. I met to discuss this with fishermen in Kodiak last Sunday.

Economic factors within the Asian fishing and trading nations will inevitably create further roadblocks, however. We must remain on guard, and continue our work toward a lasting solution.

SOVIET UNION

Another neighbor sits at Alaska's borders, the Soviet Union.

Last year we were all full of hope that President Gorbachev was committed to a path of reform -- both economically and politically. Today, the prospects are not nearly as bright.

However, I am a firm believer that change has already occurred in the Soviet Union. The path of reform cannot be reversed.

In June, Alaska Airlines will open direct flights to the Soviet Far East. And Aeroflot will soon be starting reciprocal flights to Anchorage.

To foster closer ties, I have been working with the Department of State and the Congress to exchange Consular offices between the Soviet Far East and Alaska. At a recent White House meeting, I determined that our best shot may be for a consulate in Vladivostok. The State Department may be very excited about a post there.

Soviets and Alaskans share many interests, particularly in the area of the Arctic and northern-ocean environment. We are addressing these issues, through the Arctic Research Commission we established in 1985.

Ending the unregulated fisheries in the central Bering Sea, or "Doughnut Hole" is one area that promises significant Alaska/Soviet cooperation.

Ultimately, the challenges ahead in the Soviet Union are for the Soviets themselves to meet (and they are in trouble). But I believe Alaska has a role to play. We Alaskans are fiercely independent people that recognize the importance of protecting individual rights and liberty. Our example will be a hard influence for Soviets to resist.

NEW ADMINISTRATION

The third major event of the past year was the election of a new administration in Juneau. The congressional delegation is working with the Governor and you to meet the legislative challenges ahead.

The Governor and Attorney General Charlie Cole stood tall for all Alaskans with the settlement of the Exxon Valdez litigation. Remember that the litigation over the Amoco Cadiz spill lasted 11 years and the final settlement was for about \$400 million.

With the spill behind us we must refocus our attention on the environmentally sound development of Alaska's renewable resources. This past year Congress enacted legislation that put to rest, for the time being at least, demands for more wilderness in the Tongass.

A bill designed to shut down our timber industry came out of the legislative sausage grinder addressing many concerns of the small communities, protecting our salmon resource, and preserving jobs in the forest. Now the burden is squarely on the Forest Service to make sufficient timber available.

But before we become complacent, note the recent announcement from the national environmental lobby. Their goal, made clear at the "Celebrate Wild Alaska" conference in Washington, is 100 million additional wilderness acres in Alaska.

FISHERIES

Attention is also needed in another renewable resource industry. Alaska's fisheries have been a constant source of jobs and revenue throughout Alaska's history. This is another area where we cannot allow ourselves to become complacent.

In recent years we have seen out-of-state factory-trawlers taking huge amounts of fish off our shores, and returning almost nothing to the state. They pay nothing like the "pack tax" to the state. The very existence of communities along our coast are in serious danger from the floaters' domination of fisheries for groundfish.

The state must throw its entire weight behind efforts to adopt fair and equitable allocations to protect the onshore segments of the groundfish fleet.

Once that is accomplished, we should turn our attention to another pressing issue -- the need to find a solution to fishery bycatch problems. Over 7,000 tons of halibut alone is currently being taken as bycatch and thrown over the side. Unless we find a solution at home, one will be forced upon us by outside interests. That's clearly unacceptable. (Just like the environmental pressure placed on the tuna industry as a result of dolphin catches.)

But protecting the fish is not enough. We must also protect the fisheries.

We should carefully review the impacts of the oil spill in Prince William Sound and the results of the ongoing study of potential oil impacts on Bristol Bay before going forward with oil development. Buy-back proposals should be seriously considered. Getting federal funding is just not realistic -- but trades may be something else to consider.

MINERALS

Similarly, in the development of Alaska's huge mineral resources, Alaska must take the lead. It is absolutely indefensible that a state the size of Alaska has only three operating mines.

Red Dog, Greens Creek and Usibelli are all impressive operations, but they represent a small fraction of the State's true mineral resource potential. What is the State waiting for? We need infrastructure capable of supporting the development of our resources, and we need it now.

We also need to let industry know that environmentally sound resource development is welcome in Alaska. The fact that U.S. Borax put its operation on hold had as much to do with mixed signals from Juneau as it did with EPA and the economics of the world market.

HUMAN RESOURCES

As we go about addressing the complicated issues surrounding natural resource development, we must not overlook the most impressive resource we have -- the people of Alaska.

One of the lessons we learned from the oil spill in Prince William Sound is that we must never become complacent again. In order to combat complacency, I authored a provision contained in the Oil Pollution Act of 1990 that requires that Citizens' Advisory Councils be established at Alaska's two major crude oil terminals -- Prince William Sound and Cook Inlet.

On Saturday the President officially certified that the Prince William Sound council meets the oversight requirements of the Oil Pollution Act. The Cook Inlet council is in the formative stage right now and should be fully operational by summer.

We'll help prevent future oil spills by putting responsibility back in the hands of people in the local community -- not Juneau or Washington, D.C.

Putting control over their own destiny back in the hands of Alaskans was what we did when we successfully passed the so-called "1991 Amendments" to the Native Claims Settlement Act in February of 1988. For five years, beginning in 1983, the coming of 1991 brought great fear that the property held in Native hands by ANCSA corporations would pass out of their control when stock could be freely sold or transferred. But now that 1991 has finally arrived, the takeover of Native corporations and their property by outside interests is no longer an issue.

At the 1982 AFN Convention, delegates made the "1991" issue the top priority. After years of work, including 15 Congressional hearings, final passage of the "1991" amendments provided Alaska Natives with the legal authority to protect both their land and control of their corporations.

Once the "1991" amendments became a reality, the Alaska Federation of Natives turned its attention to the health, social and economic needs of Alaska's Natives, producing a report titled "A Call for Action." AFN's principal recommendation was to establish a federal-state commission to look into the status of policies and programs addressing the needs of Alaska's Natives. A hearing was held on the report and its recommendations in March, 1989.

The same philosophy led me to author legislation enacted last Congress to establish a Native Commission to review the policies and programs affecting Alaska Natives. Alaska Natives must be given the self-determination they deserve.

CONCLUSION

All in all, the future holds great promise for the people of Alaska. We stand at the crossroads of a new world order and we should be prepared to take bold steps forward. Let us take control of our internal affairs.

We have the potential -- our task must be to unlock it!