

January 29, 1970

Republican Caucus

Committee Room 3

9:00 a.m.

January 30, 1970

Special Committee on
Recent Anchorage Hotel
Fire

Speakers' Room

9:00 p.m.

January 29, 1970

ADJOURNMENT

Mr. Guess moved and asked unanimous consent that the House adjourn until 10:00 a.m., January 30, 1970. There being no objection, the House adjourned at 12:30 a.m.

Constance H. Paddock
Chief Clerk

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SUPPLEMENT

SENATE AND HOUSE - SUPPLEMENT NO. 4

January 29, 1970

ADDRESS BY U. S. SENATOR MIKE GRAVEL

TO THE ALASKA STATE LEGISLATURE

Mr. President, Mr. Speaker, Members of the Alaska State Legislature:

Most Americans know that something big is happening in Alaska. Much has been said in recent months about our new wealth.

On paper, Alaska is the richest state in the United States. Alaskans are the richest people in the world. Our bank statement, with its huge balance, looks spectacular.

But figures can be made to lie. Bank statements are not the only indicators of economic well being.

Look around.

You will see that Alaska's unemployment rate is one of the highest in the nation. Many people who want to work, can't find work. Many can't qualify for a good job.

Check this winter's statistics on welfare and unemployment and food stamps.

Look around.

You will see that nearly every community in Alaska has a housing crisis.

Our communities do not have enough power, or water, or sewers, fire and police protection, or other basic services. And the way things are today, they are hard-pressed to buy those services. And so power runs out, and water is marginal, and sewage gets dumped raw into our waterways.

Our health situation, in many areas, is constantly on the brink of danger.

Alaska does not have even the basic rudiments of an adequate communications system. We do not have sufficient circuitry. We do not have direct television. We have a poor excuse for an educational television system.

Vast areas of Alaska have no reliable transportation system. The types of goods and supplies shipped to many communities are determined by the cube of a Cessna 180. Inventories are built up every summer by boat and stored at exorbitant cost. This is what contributes to the high cost of living. This is one price Alaskans pay for their remoteness. In our urban areas, the existing system doesn't begin to meet traffic needs, much less satisfy potential demand.

Despite the advances in education since statehood, we still have monumental problems. High dropout rates. Illiteracy. Minimum attention to pre-school education and vocational education.

We still have a chicken and feathers economy in our fisheries--a good year now and then sandwiched between many lean years.

The list goes on and on.

Look around.

Everyone who lives in Alaska knows the problems--or ought to know them. We live with them every day.

Our bank statement looks great. But that bank statement will not provide a Fairbanks family a house to buy. Or the Wrangell homeowner reliable electric power. Or a telephone for Tuntatuliak.

The problems today are greater than they will ever be. The challenge today is as great as it will ever be. We must begin attacking these problems today, not tomorrow.

The present generation of Alaskans is the poorest generation that will ever live in Alaska. Every succeeding generation will have more wealth. To deny this generation of Alaskans the right to share in the blessings of our legacy, is to discriminate against the poorest generation of Alaskans who will ever live.

We have the opportunity. We have an unprecedented opportunity. Alaska isn't the only state with problems. But it's the only state with money in the bank to solve those problems.

Even more, the projections show that in the years immediately ahead, our annual revenue will increase by tens of millions of dollars. The \$900 million oil lease sale wasn't a once in a lifetime windfall. It was a downpayment. We have every reason to raise our sights. To build better lives for ourselves and our children.

To make investments in ourselves.

Our biggest problem is not whether to keep \$900 million in the bank, or \$800 million or \$500 million. Our biggest problem isn't whether we get six per cent interest in our money, or eight per cent interest.

Our biggest job, as elected leaders of the people of Alaska, is to develop the programs necessary to help people solve their individual and community problems as rapidly as possible.

Most people don't want give-aways. They don't want hand-outs. Nor do they want our wealth spent haphazardly. But they do want government to do its job. To develop responsible programs. And to get them in motion right away.

Nearly every problem we have can be solved. The information and expertise exists. What is needed is a high degree of responsible leadership. Leadership that understands the problems, and is able to apply the necessary expert administration to their solution.

In the absence of such leadership, it is reasonable that people would prefer a safe investment of their money rather than its uncertain use for questionable purposes.

Let's talk about investments. But let's talk about investments in ourselves. I can't judge the return on our investment in our educational system, but I promise you it is higher than any other investment we can make. My parents gave me no money. But they gave me an education. And because of it I am better able to build a worthwhile life for my family.

I don't know how to gauge the return on an investment in fresh drinking water for Petersburg. But I suspect that in importance to that community's way of life, and its ability to expand its fisheries industry, that investment would pay off handsomely.

And what is it worth to install educational television in a village where the problem is as basic as developing the use of the English language? Or what is it worth to open a new residential area of Fairbanks or the Kenai Peninsula with water and sewer installations? What is the return on investment when a child of a working mother can go to an excellent day care center in Anchorage or any other community?

Money won't solve all our problems. It has to be matched in equal parts by leadership and commitment.

Leadership that can spend the money wisely. To get the programs moving quickly. To get a dollar's worth for a dollar spent.

And commitment to a cause, to a purpose.

Today I would like to suggest a purpose.

A ten-year program to make Alaska a model society. To eliminate the problems of poverty. To extend opportunity. To permit people to build better lives for themselves. To help communities solve urgent problems now and to plan realistically for the future.

Most states and cities in America are plagued with problems of traffic and smog and substandard housing. Most are confronted with enormous costs to restore their streams and seashores. I see these problems every day in Washington. They affect the way tens of millions of people live--the quality of life they enjoy.

We can do more than others have done. Our bank statement is the best there is. We have the money. Our land is rich.

With the proper investments, it can produce more. Alaska has a bountiful environment, most of it unspoiled. We have the obligation and the opportunity to protect this environment and enjoy this environment.

Furthermore, we have a small population, and it will likely remain small, in terms relative to the other states.

And so, in this rich, bountiful, unspoiled land, we can build a society others dream about. If that is what we choose to do.

That's what I am suggesting today. A ten-year program. A program for the seventies. To make of Alaska, in this decade, the model state.

Let me propose a three-phase effort, all of which we can launch concurrently:

One, we must zero in on the causes of poverty. The depressing factors that keep incomes low. We must vastly expand vocational training, and job placement and retraining efforts. We must help small business expand. We must give necessary support to industries such as fishing, tourism, mining, forestry and agriculture. To help those who depend upon them to prosper.

Two, we must rapidly build basic community facilities. Facilities so many Alaskans have for so long gone without. Good water. Sewage systems. Reliable power supplies. Fire and police protection. Sufficient housing.

Three, we must build those facilities and programs that can best be handled through direct attention by the state government. Every community, including every village, must have a complete, modern communications system. We must have a rapid, low cost, reliable transportation system. We must have the finest educational system money can buy. We must have parks and wilderness areas and a wide variety of recreational and cultural opportunities.

Now I would like to offer some specific proposals for legislation. Some I will describe in detail. Others I will merely mention, because time does not permit me to go into all recommendations at length in this address. But I will make them available to your appropriate committees.

First off, in the field of education, conventional wisdom notwithstanding, Alaska gives education the lowest priority of all other states.

Recent figures indicate that in Alaska, local and state governments spend only twenty-seven per cent of their budget on education. In the nation as a whole, more than forty per cent of combined state and local spending is for schools, and in some states the figure reaches about fifty percent.

Every other state does better than we do. Achievement figures reflect the problem.

Thirty-five states have a lower illiteracy rate than we do. Over ten per cent of Alaskans fail their Selective Service mental tests. Our non-white adult Alaskans have less schooling than non-white citizens in all but six states.

Alaska's elementary school dropout rate is shocking. Our twenty-one per cent high school dropout rate is simply unacceptable. Forty-three states spend more per student in vocational-technical programs than we do.

During the last decade, almost half the states increased teachers' salaries more adequately than did Alaska.

Alaska's school population is exploding at a rate five times the national average.

The dangerous incongruity between Alaska's effort and its need is the hidden time bomb that we must defuse.

One would have thought that with a nine hundred million dollar windfall the state would at least begin moving toward upgrading our educational system. But despite the barrage of press releases proudly announcing that the state is assuming ninety per cent of school costs, nothing of the sort seems to be happening. As a matter of fact, long overdue salary increases to teachers should absorb more than the entire proposed state increase in funding, leaving not a penny for other improvements in our educational system.

The proposed increase in state funding is not half enough to begin doing the job so urgently needed to upgrade Alaskan schools.

If we are serious about building a modern society in Alaska, the salaries of teachers and all public employees must be dramatically raised to attract and to retain top people. Retirement benefits for teachers and other public employees must be upgraded.

Preschool and vocational education need special emphasis in Alaska. We are way behind in these areas. The transfer to the state of BIA schools must be accelerated.

A classic example of leadership would be the state takeover of Mt. Edgecumbe. The native students should be absorbed into a regional high school status, contracted, in this particular case, with the Sitka school district.

What a wonderful opportunity would then present itself for the state. With the facilities at Mt. Edgecumbe, we could create a marine research, training and placement center for all Southeast Alaska.

This same opportunity presents itself in another part of Alaska. We could establish a marine research training and placement center utilizing facilities at the Naval Base at Kodiak.

Teachers are not hired hands performing chores. They must become involved in the full spectrum of educational decision making. As all other professionals, they should be given every opportunity to bring their expertise to bear on all school issues, not just on matters of teacher salaries or welfare. This is the only avenue that will lead to staffing all our schools with true professionals.

The State of Alaska must assume its proper share of the responsibility in the field of school construction. The state should bear at least fifty per cent of the cost of all new school buildings throughout Alaska and, on the basis of an equitable equalization formula, up to ninety per cent where necessary.

The state should absorb a portion of all outstanding school indebtedness on a realistic declining formula basis. Such a program would achieve the twin goals of stimulating needed school construction in communities which otherwise would not be able to build necessary schools, while sharing the existing debt burden in instances where communities have met school construction needs in the past.

The time is here to guarantee every Alaskan high school graduate two years of free post-high school education as close to his home as possible. This can be academic, or

vocational, or technical. It should be available at a university campus or at one of the campuses of a much expanded and strengthened community college system. It needs to be coupled with a comprehensive scholarship-loan program that would have a ten per cent forgiveness feature for every year a student becomes a full-time wage earner and taxpayer in our state.

Qualified students should be given scholarship-loans to attend professional and graduate schools in other states, if they cannot pursue their studies in Alaska. These students should also have a ten per cent annual loan cancellation for each year they practice their profession in Alaska. But they should have the loan in any state elsewhere.

Alaska can have a model school system. To get it we will need to make teaching in Alaska more attractive than anywhere in the country. This will take ideal working conditions, good salaries, modern equipment and up-to-date schools. It will take the finest educational television system in the nation. But most of all, it will take creative and innovative leadership in state government.

How important is this effort? Just ask yourself, what do you have when an undereducated child comes to maturity in an inadequate environment, but with a legacy that earns him lots of money he is ill-equipped to handle? Think of the waste in not giving every child the opportunity to develop to his fullest potential.

Now let us look at communications. And when we do we find ourselves in the midst of an exciting new era.

The technology exists today to provide every community in Alaska with a complete range of communications services--telephone, television, bio-medical information, high speed data movement. Ecological measuring devices, marine navigational aids, forest fire detection, fishery run patterns. This technology is available today at a price we can afford.

All that is required is a government decision to move into such a program. Within three years, ninety per cent of those living in Alaska can have the finest communication system available anywhere in the world.

This legislature can make the necessary decision to launch us on such a program.

I propose that you make \$650,000 available this year to finance the nation's first satellite public broadcasting system.

That money would fund a pilot program that would bring services to Kodiak, Fairbanks, Fort Yukon and Nome--the communities selected for this initial experiment. Ground stations in each community would be connected with one another and with a satellite now in orbit.

The system would carry educational and cultural broadcasts, most of which would be originated at the Fairbanks station. Utilizing facilities and talents available at the University of Alaska, educators could transmit experimental programs and sample their impact on youngsters in a wide variety of situations. Our educators would learn how educational TV operates. Then they will be able to tailor it for the Alaska situation.

One added ingredient to this program, would be the establishment of an earth station at Juneau. This can be acquired for \$165,000, and is included in the \$650,000 budget.

With the Juneau station, all Alaska would have a direct window on the seat of state government. Legislative hearings, and perhaps legislative sessions themselves could be televised statewide. So could other important events in the capital.

I proposed this pilot program in July, 1969, and have been working diligently on it ever since. I am distressed that the state administration has not aggressively pursued this program. But the experts think it will work.

RCA thinks this system will work. It has donated a ground station free of charge, and that station is on its way to Alaska.

COMSAT thinks the system will work. It likewise has donated a ground station. The federal government apparently is satisfied that it will work. The U. S. Navy is transporting the RCA station from Guam and the Air Force has agreed to transport the COMSAT station from the Philippines.

Furthermore, the kind of system I proposed last July now fits into the proposal made by President Nixon last week for domestic satellite policy. He said that no one entity has a monopoly on domestic satellites and that any government entity, such as Alaska, can own earth stations and participate in domestic satellite services.

The President is doing administratively what I proposed in my legislation last July. That is, permitting those who want to apply satellite technology to do so.

Beyond the pilot program, I recommend that we move into a two-year lease program for channels from the Canadian satellite which will be launched into orbit in 1971. Canada's satellite will have channels for educational and cultural television. Programming will be especially designed to serve remote communities in the Canadian North, many of which have problems identical to our own.

I have discussed with the Canadians a joint arrangement and the prospects are favorable for a lease at relatively low cost. With such a program, I anticipate a budget of about \$1.4 million in Fiscal Year 1972; and leveling out at \$1.9 million thereafter.

An agreement with Canada would give us more time to study our options for a permanent system to serve Alaska.

Imagine the impact on our educational system. It would be like adding an army of excellent new teachers to our teaching rosters.

Imagine the impact on our way of life, having low-cost telephone service to anywhere in Alaska as well as anywhere in the nation.

When a signal is beamed to a satellite, it may travel 40,000 miles on the up-leg, and then another 40,000 back to the ground. Whether the reception point is five miles from the point of transmission or 2,000 miles from the point of transmission, makes little difference.

There is no additional cost. And so, as far as satellite communications is concerned, Alaska no longer needs to be remote within its own vastness or needs to be remote from the rest of the United States. The costs should be relatively equal whether one is in Alaska, or California or New York. Ground distance ceases to be a factor.

This system can provide direct, regular television service between Alaska and the rest of the world. The COMSAT station now under construction at Talkeetna won't provide such service except for monumental events that merit exceptional treatment.

The program I propose will bring in the same of the week, each and every week, before anyone in Alaska knows the final score.

And consider the other services the program will make available: high speed data transmission for business, newspapers and radio and TV stations. Imagine the impact of instant, reliable biomedical communications to doctors working in all areas of Alaska.

There is no existing agency of government to administer what I have proposed. And so I propose the establishment of an Alaska public broadcasting authority. Its budget is included in the \$650,000 suggested earlier. It would be structured like the Alaska State Housing Authority, with the ability to issue bonds and be self-financing.

Also, included in my recommended budget is \$45,000 to buy the necessary television retransmission equipment at Naknek and Dillingham, which would beam throughout the Bristol Bay area, Armed Forces television programs now restricted to the King Salmon Air Force Base. In so doing, at least some people in Alaska would receive direct television this year.

Finally, I was successful in securing a donation of \$10,000 from a private foundation to buy a ground station at Bethel. The budget I submit would pay the cost of operating a radio network between the University of Alaska at Fairbanks and Bethel, utilizing an A T S satellite now in orbit.

When discussing communications it is easy to get lost in the terminology. And to expect equipment this sophisticated and revolutionary to be also high-priced equipment. That is not necessarily so. The last few years have produced dramatic breakthroughs.

Alaska can afford complete satellite communications. There are few decisions we can make that would have more impact on more people for so few dollars, than to move strongly into the communication system of the 21st Century I am proposing.

Before leaving the subject of communications, I want to say just a word about a study in which the state is participating. This study, on Alaska communications, will cost \$365,000. The state is paying \$100,000 of that amount. The U.S. Department of Commerce, which is conducting the study, pays the remaining cost.

The Department of Commerce has never before conducted a study on satellite communications. The agency will be starting from scratch. It will have to hire personnel and learn the business as it is studying Alaska.

I am concerned about the expenditure of money for this study. Many of us are working on detailed plans, detailed budgets. We are working on ways to apply existing technology in Alaska as soon as possible. The cost of this study is more than half the amount necessary to fund the whole first year's effort that will bring direct television and better communications to tens of thousands of Alaskans.

Personally, as an Alaskan, I feel quite studied out. We have seen so many studies that were nothing more than substitutes for action. The State of Alaska would be better advised to save that one hundred thousand dollars.

If that \$365,000 is to be used for a study, I'd say let's use it to record what we do in Alaska. The Department of Commerce could observe our plans and our actions and then make a report available to other states who wish to follow our example.

Now let me turn to problems of our urban and rural communities.

State support of local communities must be dramatically increased. This is no longer an option to exercise when the mood strikes us. Most of our communities today face crisis problems of housing and community development. We must face up to this situation.

Rising prices, heavy local tax burdens, rapid expansion, expensive technological developments--these have all taken their toll. It is increasingly difficult if not impossible for local governments to cope with present circumstances.

In 1968 in Anchorage a family of four with a \$10,000 income paid \$459 in property taxes. In 1968 in Seattle that same family would have paid \$288. In Honolulu, \$150. And in the face of this intolerable disparity, the city of Anchorage is facing a fifty per cent increase in property taxes within the next five years, if present trends continue.

The urgent need in almost every Alaska community is for basic utilities and housing.

First, let's deal with housing.

Some 8,000 housing units must be built or replaced in Alaska annually over the next five years. This will not happen unless the state moves on a massive scale and without further delay to provide incentives and assistance to all segments of the home building industry--conventional, manufactured and modular.

In spite of this crying need, Alaska is participating in only 18 of the 73 programs available through HUD.

Programs are available to provide interest free loans to non-profit corporations interested in building low and middle income housing. Rent and mortgage supplements, rent subsidies and credit assistance are also available.

The communities cannot do it themselves. The state, through the Alaska State Housing Authority, has pre-empted the field.

There is no way our communities can solve their urgent need for housing without some kind of immediate, aggressive planning and assistance from the state government. This does not necessar-

ily mean a larger burden in administrative overhead. It means redirecting the agency's efforts to available programs that meet our immediate needs.

Housing is not a problem unto itself. Basic utility problems are directly related.

Nearly every community in Alaska has a water or sewer or power problem that can be classified as "urgent."

And today, with bond interest rates high and loan money scarce, few Alaska communities can raise the funds necessary to deal with their problems. Those that can, pay an outrageous price.

Recognizing this problem, the Alaska Municipal League asks for the establishment of a state agency to handle the sale of local bonds.

I think this is a reasonable approach and should be enacted. But it is not enough. I don't think we will really solve our urgent utility problems until we move into a grant program.

Years ago, recognizing a similar problem, the federal government launched the Alaska Public Works Program. Generally, this program provided fifty per cent federal matching money, and offered low interest loans for the local matching portion.

I suggest that it is time for another program of this nature, this time sponsored by the state.

Such a program would permit our communities to build sewage treatment plants before drinking water is polluted. To buy the necessary power generating equipment before the first brown-out. To recognize the needs and the opportunities for future growth. To plan ahead in an orderly manner.

A water and sewer system expansion for Fairbanks would return far more to Alaska than Alaska's dollars invested in San Diego water and sewer bonds. Alaska will benefit more from the installation of new power generators at Wrangell and Hoonah than it will from the interest it earns on Little Rock, Arkansas utility bonds.

I have no quarrel with those who say invest our money. But I say let's invest it right here in Alaska. In ourselves. In our own communities.

Now let me speak for a moment about our rural areas.

You are all familiar with the statistics. Rural problems in Alaska are as great or greater than anywhere else in the nation.

Efforts at improvement now underway by state and local agencies hardly begin to match the task. The Native land claims settlement, if it is generous, will be of considerable help. But the problems of rural Alaska will be solved with nothing short of an all-out commitment by the State of Alaska to solve these problems. And then an aggressive program of action directed toward that purpose.

The Rural Community Action Agency, representing virtually every governmental group at work in rural Alaska today has a proposal that would establish areawide rural government, directed by elected representatives of the people served. The proposal would establish a special development fund and the money would be directed toward development projects.

I endorse both of these concepts and hope that they will be enacted.

Now let's turn to transportation and its impact on our cost of living.

Changing transportation technology was one of the principal reasons for the wasteful, inefficient, overlapping transportation development in much of the United States. Heavy investments in turn pikes and canals were made obsolete by the coming of the railroad. Airports throughout the country have been in a near-constant pattern of rebuilding to adapt to unexpected traffic growth and bigger aircraft. The lack of adequate mass urban transit systems is a national fiasco.

Here in Alaska we now have the chance of a lifetime to develop an integrated statewide transportation system predicated upon uniform criteria for both capital investment and operations. The haphazard, uncoordinated and often counterproductive transportation gestures of the recent past must come to an end. We may have some money in the bank, but we have no money in the bank to waste on Swedish-built, Panamanian registered white elephants.

A key component of our long-overdue statewide integrated transportation masterplan must be a workable marine transportation system that would finally meet both the individual and business requirements of all Alaskans.

While traveling through many Southeastern communities this past week, I was shocked to learn that school officials are considering chartering a jet plane to transport hundreds of youngsters to Ketchikan for the Southeast highschool basketball tournament. The prime function of our ferry system must be to enable people to travel on a regular, convenient schedule.

Yet today, seven years after the inauguration of ferry service, high school students still cannot depend upon the ferry to take them to another community for a basketball tournament.

This mess must be straightened out.

For all Alaska, the economics of transportation point to a dramatic upsurge in the development of air travel. Given Alaska's demographic and topographic realities, we must develop a comprehensive statewide air highway system.

There is both the need and the opportunity for improving uneconomical load factors through creative state-private corporation.

The Southeast and Kodiak ferry systems were launched to provide those areas with a reliable, acceptable substitute for an ordinary road system. Both investments have paid off. Our annual costs of operation and maintenance are less than they would have been if we had built roads throughout the Panhandle.

That same approach will work in the rest of Alaska utilizing the right kind of aircraft.

Communities such as Bethel and Unalakleet, Kotzebue, Nome and Barrow would reap enormous benefits. No longer would merchants be required to anticipate needs a year ahead of time and then carry the cost of large inventories over long periods.

As a result of regular and frequent supply patterns, costs of living would be dramatically lowered in all the communities served.

Dramatic application of this concept will be in the benefits that will accrue to the citizens of Ketchikan with the completion of their airport.

I hope the state will show imaginative leadership through advance funding of the Ketchikan project so that the hiatus created by the delay in federal funding will not cause us to lose the upcoming construction season.

The most dramatic growth in the air transportation field will be in the cargo segment.

What signaled to the nation the dawn of this new era in air cargo potential was the monumental utilization of cargo aircraft required to sustain the developing North Slope oil activity.

More cargo was transported to the Arctic shore last year than was transported in the Berlin airlift.

The aerospace industry has noted this event and has a new perspective of its opportunity.

We can capitalize on these national developments.

Earlier in this address I mentioned a communications study. I want now to point out that Alaska also is participating in a transportation study. The cost is about \$3 million. \$2 million of that amount comes from the State of Alaska's highway maintenance fund. The study is being conducted by the Department of Transportation at the request of the Secretary of the Interior. The study will only concern itself with a rail and highway corridor to the North Slope.

Mind you, a \$3 million study, to and in an area that is presently served only by air and water. This study only concerns itself with a road and a possible railroad.

I would hope that this legislature would see that the study is unduly narrow in scope. And pass a resolution requesting that the Department of Transportation use this money to study not only a highway and a transportation corridor to the North Slope, but a transportation study of all Alaska.

To include a look at our existing highways, our ferry system, our air passenger system, our air cargo system, our water-borne freight system and a railroad link between Seward, Kenai, Homer and Soldotna.

\$3 million will produce the most comprehensive transportation study in the history of Alaska.

It's not too late to correct the scope of a study which will be an embarrassment to us all.

Now let's talk about jobs.

If we are serious about building a model school system, our unemployment problem is a one-generation problem. If we provide every school child in Alaska with the skills, the

education, the motivation and the opportunity to become self-sufficient, self-supporting, self-respecting members of our society, unemployment as an extraordinary problem will disappear from the Alaska landscape.

There will be some seasonal and cyclical problems of unemployment from time to time, but they will be kept within manageable bounds and will be of a different order of magnitude than the disgracefully high level of unemployment we are experiencing at present.

Unemployment and underemployment is not only expensive economically, but it is debilitating socially and psychologically. Investing a small fraction of our new-found wealth in manpower training and development will yield not only measurable economic returns but a fundamental strengthening of our entire social structure. The state must step up its manpower training and development efforts in all areas: planning information, recruiting, counseling, placement and follow-up work. Lack of skills, lack of information, lack of follow-up, lack of preparation for culture shock, lack of motivation techniques that are sensitive cross culturally, lack of adequate provisions to enhance geographic mobility, all hang together.

State initiative, planning and coordination in orchestrating all available manpower training and development opportunities and facilitating their fullest utilization need much strengthening.

American enterprise has performed superbly in manpower training and development programs throughout the world, under far less favorable circumstances than the ones prevailing in Alaska.

State government must recognize that many Alaskans in key industries, such as fisheries, face this clear-cut alternative: welfare or a carefully structured opportunity for adequate gainful employment. State policy must be consciously geared towards providing incentives and aid to activities with a high resident-labor component. Highly automated extractive industries by themselves will not solve Alaska's unemployment problem. Advance planning for training in high labor-content activities in service fields, such as tourism, will do much to reduce chronic unemployment patterns.

Here I specifically recommend the use of tax incentives and tax penalties geared to the employment of resident Alaskans. Enterprises operating in Alaska should train and employ resident Alaskans in all capacities.

The need is evident, and the state has the capacity to set up this year, in-residence type job centers in all four judicial districts.

If what I have said concerning unemployment will not increase the thrust of our efforts, perhaps the following figures will truly bring home the full dimension of this social problem.

For the last year that comparative figures are available, Alaska had 1,970 major known crimes per 100,000 population. Among other sparsely populated states, the comparable figures are 1,304 for Montana and 1,269 for Wyoming.

The most distressing single aspect of Alaska's crime picture is the growing number of young people committing major crimes. It is particularly disturbing to note that such more heavily urbanized states have lower crime rates than Alaska.

Connecticut, Ohio, Pennsylvania, Minnesota, Washington are among the many states with lower crime rates than ours.

Thirty-eight states have a lower crime rate than we do. Alaska's crime rate is unacceptably high.

A modern statewide system of training, research and information is needed to cope with our growing crime problem. Alaska can be transformed from a high-crime to a minimum-crime society with the technology and resources at our command.

Our state trooper force should be increased by at least 100 additional uniformed troopers and necessary support personnel. State and local law enforcement officers must be equipped with modern crime-fighting tools.

This state simply will not tolerate being engulfed by a crime wave that has crippled ordinary processes of life in many communities, including the nation's capital. We have the means, we have the technology, and we'd better have the will to reverse the trend of criminality in Alaska.

Now I would like to turn to a subject that is certainly the most important matter concerning Alaska in Congress, the native land claims.

On many occasions I have stated my support for the position adopted by the Alaska Federation of Natives. I want to reaffirm that support here today. There is legal justice to the claims, legality recognized by our federal government and state government.

There is moral justice to the claims. For centuries the Alaska native has occupied and used the land of Alaska. If his traditions had been different, if our non-native law had not imposed restrictions, the Alaska native today would own outright much of Alaska and be the undisputed inheritor of much of its wealth.

It is time to correct the wrongs of the past, and in so doing help a people who need more opportunity than our non-native culture has ever afforded them.

I support the bill proposed by the Alaska Federation of Natives. I sponsored its introduction in the Senate. But realistically, I know, and the AFN knows, and the other members of the Alaska Delegation in Congress know, that that bill will not pass in its present form. To gain the approval of Congress, many changes will have to be made.

I cannot tell you what the final product will include. Many variations have been discussed. I hope that the Senate Interior Committee, on which Senator Stevens and I sit as members, will report out a bill during the next month to six weeks. If that occurs, and we have reason to be optimistic about the chances for such prompt action, then we will have the broad guidelines of the final settlement.

As you know, one committee report, or action by one legislative body, does not always indicate the final terms of the legislation. And that's where we find ourselves today on the land claims question. We are in the preliminary negotiating stage.

The most controversial of the settlement proposals has been the question of the two per cent royalty. Much anxiety has resulted from a misunderstanding of this issue.

The two per cent is not an over-ride. It is part of the state and federal shares. There would be no additional cost to the companies or businesses concerned.

Only through the use of the two per cent provision do I see any hope for salvaging Alaska's favorable 90-10 sharing arrangement with the federal government on revenue from federal mineral leasing.

Alaska is the only state that receives 90 per cent. All other states receive thirty-seven and one-half per cent. The Bureau of the Budget in Washington wants to change the formula to bring Alaska in line with other states.

The Department of Interior estimates that over the next ten years, rent, royalty and bonus income from federal lands in Alaska will produce \$4.2 billion. If Alaska's share were changed from 90 per cent to thirty-seven and one-half per cent, Alaska would lose, during this period, an estimated \$2.2 billion.

If the federal administration attempts to change the formula, the only countering argument the Alaska Delegation now has is that we need the money. I don't think that will be good enough, in the face of the fact that Alaska's continuing revenue will be dramatically increased, and not when Alaska stands alone among all the states in the 90-10 bracket.

However, if two per cent in the land claims legislation is tied to the 90-10 formula, I doubt seriously whether the formula would be changed during the life of the native land claims settlement.

This could give us a logical argument and I think our view would prevail.

I urge the legislature to pass a resolution, recognizing the participation of the State of Alaska in a land claims settlement, and specifically endorsing the two per cent revenue sharing concept on both state and federal lands.

The projected cost to the state would be about \$177 million. This is readily offset by \$200 million federal revenue, while still leaving the State of Alaska and all of its citizens the happy recipients of two billion dollars.

We should have some indication of the framework of the settlement while this legislature is still in session. At that time we may have to call upon you to consider state legislation that would implement or be compatible with the terms of the federal settlement. I will stay in close touch with your leadership as we move toward a decision on this extremely vital question.

Now let me come directly to the issue facing all Alaskans. What to do with \$900 million. I have just sketched some programs that should be undertaken now, and can only be undertaken if we begin to use wealth. What is at our disposal.

It is a mere coincidence that at the end of Fiscal Year 1971, the present state administration will have \$900 million of uncommitted and unappropriated wealth?

Or is it the fear of this administration based upon a lack of imaginative leadership and an insensitivity to the pressing problems of the people of Alaska?

For certainly, great problems exist and opportunities are at hand. I am flabbergasted at what the recently submitted budget to this legislature does and does not do.

Let me cover some of the illustrative items which I feel reflect the twisted priorities and unimaginative bureaucratic increases proposed by this administration.

The budget in the Governor's Office for contractual services was increased from last year's \$42,000 to next year's \$190,000. The budget for Alaska native housing for a comparable period shows a cut of thirty-five per cent. There is not one additional dime in the budget for the mentally retarded.

In this election year the travel budget in the Governor's Office will rise to \$46,000, compared to last year's budget of \$19,000. It appears that the Governor's Office needs one hundred and forty per cent more travel this year.

Meanwhile, the Rural Development Agency takes a cut of \$37,000. And the extreme problem of alcoholism is attacked with a \$100,000 cut.

Apart from the details of the budget, a cruel hoax is the making; there is either colossal ignorance or deliberate distortion in the claim that the \$900 million will be worth \$900 million a year after the lease sale.

At the current rate of inflation of over six per cent, the \$900 million received in the fall of 1969 will be worth \$846 million in the fall of 1970.

Assuming the same rate of inflation, by the end of the budget year you are presently considering, the \$900 million will be worth \$800 million.

At this point all I can do is admonish this administration to go to the Bible and re-read the lesson and moral of the buried talents.

I'm astounded that the state's high-priced financial advisers have not advised this administration concerning a practice employed in most financial institutions in this country as a hedge against inflation. That practice is to demand a piece of the action in order to provide the debt capital needed to undertake any enterprise.

Ladies and Gentlemen, may I suggest that the only way Alaska can acquire a hedge against eroding inflation is for the State of Alaska to acquire a piece of the action. Yes,

a piece of the action on Fourth Avenue. A piece of the action on Franklin Street. A piece of the action on Cushman Street. A piece of the action on Main Street, Alaska.

I am sure you all realize that our nine hundred million dollars was only a down payment, not a final settlement. Oil royalties will jump from less than twenty million dollars this year to an annual rate of over one-quarter billion dollars before the end of this decade. With proper leadership, our mineral industry faces a future no less promising than oil. Fisheries, forestry, agriculture, tourism--all have a secure and bright tomorrow within the framework of bold and creative state leadership.

In the past, the federal government held the key to Alaska's welfare. This was not because of any particular wisdom that Washington possessed. Far from it. Alaska's fate was determined by Washington because Washington had money and we did not.

We now have wealth. We can now determine and guide our own destiny. We will no longer be at the mercy of distant decision-makers. We can be finally masters in our own house.

I predict that as we demonstrate our ability to build the model society in this decade, the response from Washington will be supportive and positive beyond our expectations. The more effectively we succeed here in Alaska the more responsive the federal government is likely to be in expanding its cooperation with us.

Alaska is at a hinge of history. We are connected to the past but we are swinging in new directions. Neither old cliches, nor new platitudes will supply us with thrust or direction. A bold willingness to grasp our unprecedented opportunities will.

The years ahead are turbulent with the excitement of rapid and complex change. Anyone can hold the helm when the sea is calm. But our ship of state is headed for the stormy weather of unknown horizons. With leadership that cares about people and leadership that understand the complexity of issues, we shall reach our goal.