

April 1, 1974

JOINT SENATE AND HOUSE

No. 5

STATEMENT OF
TED STEVENS, UNITED STATES SENATOR
BEFORE JOINT SESSION OF
ALASKA LEGISLATURE
APRIL 1, 1974

INTRODUCTION:

Mr. President, Mr. Speaker, fellow legislators, good friends all, thank you for permitting me again to address your joint session as I have each year since I occupied a seat here in the 5th Legislature. This is the 6th opportunity I've had to report to you about federal actions affecting our state.

It saddens me to note that Representative Earl Hillstrand, a good friend, and a skilled legislator, is no longer with us. Chuck, you have large shoes to fill.

I will try to be brief and, recognizing that Congressman Young was here last week, not repetitive.

Incidentally, I am proud to tell you that our Congressman has taken firm hold of Alaskan interests in the U.S. House of Representatives. While I continue to mourn the loss of Nick Begich, another good personal friend and colleague, Don Young is doing a great job for Alaska in Congress.

WATERGATE:

I intend to speak about legislative matters of mutual interest, but there is a less tangible subject that requires our attention; it is the crisis in confidence of government. Public skepticism, in some cases cynicism, is not confined

to one branch of one level of government near the Potomac River. Watergate has seriously accentuated public disillusionment-- but the crisis was there before. Centralization of economic and political power has been an emerging challenge throughout the past decade. Applied technology - still outpaces the ability of our social system to adapt. Watergate, not to be minimized for its own travesty, has become a symbol of far deeper dissatisfaction.

There is talk in many quarters of America that the wheels of government in Washington have screeched to a halt this last year because of the "Watergate mess." I hope that my position on Watergate is known - because of the possibility of action by the House of Representatives I have not discussed any matter that might be considered as evidence in an impeachment proceeding. I want to be able to do my duty as a juror in the fairest possible manner on the basis of the evidence actually presented in the Senate, should that ultimate process of democracy take place.

GENERAL LEGISLATION

The wheels of Government still turn near the Potomac. So far, the Senate in the 93rd Congress has seen 3,812 bills introduced, 370 passed the Senate, and 117 have become Public Law.

Bills passed by the Senate this Session have:

- 1) authorized major public works projects to the tune of \$21.3 million for Alaska in FY 75;
- 2) implemented recommendations of the International Convention on High Seas Oil Pollution. This measure permits the Secretary of Commerce or whatever Department the Coast Guard is operating in to

- take whatever action he deems necessary to prevent or mitigate the threat of oil pollution resulting from a maritime accident beyond the coastal states territorial sea.
- 3) directed that Educational Funds appropriated by Congress in FY '74 be made available for expenditure by local school districts in FY '75;
 - 4) established a new Federal minimum wage of \$2.30 by the end of next year;
 - 5) included the new Housing and Community Development Act. This bill included \$15 million which was set aside for Indian housing; provided for the development of viable urban communities, and simplified grant application procedures and provided flexibility in use of community development funds;
 - 6) provided a comprehensive overhaul of the current congressional budget review process. This bill established procedures giving Congress greater control over Federal economic and spending policies.
 - 7) authorized additional funds for the research and eradication of cancer.

EMERGENCY ENERGY ACT

The Senate also passed the Emergency Energy Act which would have given the Administration broad powers and directives to combat the energy crisis as well as to roll back the wellhead price of old oil. This bill passed the Senate but was vetoed by the President. I voted both for the original bill and to override the President's veto, because I believe that the price roll back was in the best interest of the Nation and Alaska.

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No oil prices in Alaska would have been affected by the roll back. The President's veto was, unfortunately, sustained by Congress.

I say unfortunately because we all realized price controls would expire on April 30. What has occurred is that stripper wells (15% of U.S. production) have dominated the market price of oil and escalated foreign prices and foreign taxes on oil destined for the U.S.

CRIME MEASURES

The 93rd Congress has passed measures aiding crime victims, amended the Crime Control Act, adopted a more effective program to prevent aircraft piracy, as well as passed a bill which established a rational criteria for the imposition of the death penalty by establishing conditions under which the death penalty may be imposed for crimes which already called for the death penalty.

During consideration of the death penalty bill, an amendment was offered calling for the establishment of a national registration and permit system for all handguns. I strongly opposed this measure because I believe it was nothing more than another step by the anti-gun forces towards complete Federal control of all firearms. This amendment was defeated when the Senate voted to table it by a margin of 68-21, but we will face it again and again and again.

Still under consideration by this Session of the Senate are measures to reform Federal political campaign financing; create a national no-fault insurance program, and a measure to expand benefits for Vietnam Era veterans. Bills have also been introduced both on behalf of the Department of the Interior and the Sierra Club to lock up vast areas of Alaska. I'll get to that subject in a moment.

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FISHING

Of particular importance to Alaska is the continuing consideration by Congress of measures to protect the American fishing industry. The reason I was in Alaska last weekend, as some of you know, was to hold Senate Commerce Committee hearings on extension of the U.S. fishing jurisdiction to 200 miles.

The sooner our fisheries zone can be extended the better. I still have some hope for the law of the Sea Conference but, it will take several years for the nations to ratify and implement any Law of the Sea Treaty. Widespread immediate territorial seas expansion could be imposed unilaterally by the coastal nations if sanctioned at Caracas. If it is not, then it will be difficult for the diplomats to prevent unilateral expansion by the United States and other coastal nations having valuable resources off their shores. And our Senate bill should be passed to meet that eventuality.

Also under consideration by Congress is my bill which would adopt a species approach for the protection of coastal and anadromous fish. Another pending bill, already passed by the House is the straight baseline method for the measurement of U.S. fishing jurisdiction in lieu of the arc of the circle method. I introduced similar legislation in the Senate.

LAND CLAIMS

I should also comment on the status of the Native Land Claims Settlement Act. The preliminary roll was signed on December 17 and the Bureau of Indian Affairs reports that the complete final roll with all changes should be ready for the Regional Corporations by June 1, 1974.

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Already 185 villages have been declared eligible for land selections. On December 19th, \$122 million was disbursed from the Alaska Native Fund. By the end of this month another \$500,000 will be disbursed from BLM mineral payments. Pending Congressional appropriations, \$70 million should be distributed on July 1, 1974. Although there have been some delays, I am confident that this complex piece of legislation, involving the largest payment of public funds and transfer lands to private ownership in the Nation's history, will be carried out on schedule.

COOK INLET - ENERGY

On the energy front, since the Ninth Circuit Court of Appeals ruled in favor of the State of Alaska in our controversy with the Federal Government over ownership of the Lower Cook Inlet, I have spoken to Rogers Morton, Secretary of the Interior, and asked that this case not be appealed to the Supreme Court. In any event the State is now in a strong bargaining position to work out an interim leasing agreement with terms very favorable to Alaska. Both FEO Administrator Bill Simon and Secretary Morton share my hope that we may have producing oil wells in the Lower Cook Inlet by this fall. Existing oil platforms with drilling rigs can be floated down immediately from sites in the upper Cook Inlet. The State could begin receiving additional oil revenues from the Cook Inlet before the revenues from Prudhoe Bay become available in late 1977. The development of the Lower Cook Inlet could also be a key short-term solution to the energy crisis facing the United States. Even with the resumption of oil shipments from the Mid-East, the production of this oil can go a long way towards easing the balance of payments deficit that will

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result from our continued dependence on Arab oil, and assure the Nation that we will no longer be subject to blackmail by foreign nations. The foreign policy of the United States must continue to be made in Washington, not in the Middle East.

MINING

There is also major legislation being considered involving changes in the present mining law. Recently the strip mining bill passed the United States Senate. I opposed the Mansfield amendment which withdrew from strip mining all lands where the Federal Government owns the mineral rights but not the surface rights; unfortunately, this amendment did pass the Senate. This bill needs revision and I am sure that with the diligent efforts and leadership of our Congressman Don Young in the House Interior and Insular Affairs Committee this strip mining legislation when enacted into law will be more acceptable to Alaskans.

There are bills before Congress which propose other "reforms" in the existing mineral laws. These range from proposals to establish a permit and lease system for hard rock minerals to a proposal which would establish a National Oil Company to develop the petroleum resources on Federal lands. I opposed both of those bills.

I am pleased to report that Senator Lee Metcalf, Chairman of the Subcommittee on Minerals, Materials and Fuels has informed me that hearings would be held on my bill, S.2389, shortly after the Easter recess. This legislation would give states a share in the revenue from Outer Continental Shelf mineral leases. I believe that this measure would alleviate the unfair burden currently placed on adjacent coastal states.

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Any "reform" of the present mining laws must be scrutinized very carefully. I believe new mining laws must be consistent with the free enterprise system. It is free enterprise that made the American mining industry sound. Unreasonable government regulations will hamper the needed flow of raw materials to American industry. In my view, new laws or regulations should not weaken the small prospector in relation to the giant conglomerates. It is the small prospector in Alaska who has made very important discoveries - he will continue to be the backbone of the Alaska mining industry as we approach the period of the metals and minerals crises.

PRICE CONTROLS AND TAX CUT

There are two other developments in Washington that should be of interest. First, the experiment of a controlled peacetime economy is over. On March 26, the Senate Banking Committee voted not to extend authority for wage and price controls. The legislation authorizing them expires on April 30th of this year.

Secondly, it is my reading of Congress that a tax cut will be considered this election year. There have been six tax cuts in the last 20 years -- in 1954, 1962, 1964, 1965, 1969 and 1971. I believe that there will be another this year. If this occurs, of course, you will have to consider the impact of a decrease in Federal revenues and adjust the State budget or tax rate accordingly.

D-2 LANDS

As you're all aware, the most important issue facing Alaska to be decided in Washington-- is that of the so-called D-2 lands.

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Two withdrawal bills are before the Senate now. One is the Interior Department's proposal to withdraw 83 million acres. The other, which reflects the views of major environmental groups, would withdraw about 106 million acres.

Both bills are before the Senate Interior Committee. No hearings have yet been scheduled, and no action has been taken on the proposals yet. But two important decisions have been made.

One is that through a special arrangement between the Interior and Commerce Committees, I will be able to participate in Interior Committee consideration of the bills as a representative of the Commerce Committee. Secondly, there is a general agreement that the committee will not act on any of the withdrawals during this session of Congress. This gives us more time to study the proposals and look into alternative ways to manage this land-- systems which might better fit the natural qualities and resource potential of Alaska.

MINERALS SURVEY

Earlier this year I asked the Interior Department for a full appraisal of the mineral potential of the 83 million acres, and for an estimate of funds needed to survey those lands which have not been adequately studied for mineralization.

The Bureau of Mines and the U.S. Geological Survey came back with a 70-page report which makes several very important points. First, they estimate it will take \$22 million over a four-year period to adequately study the mineral potential of Interior's 28 separate proposed withdrawals. Secondly, the report points out that although the agencies don't know enough about that land right now to

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say exactly what minerals are there, they do know enough to estimate total mineral value of those 83 million acres at \$40 billion over the next century.

I'm trying to assure that the upcoming budget includes funds to accelerate the mineral surveys.

If we play our cards right-- in Washington and here in Alaska-- we can convince Congress of the absolute folly of locking up Alaska's vast resource storehouse at a time when the nation will soon face a real crisis in mineral supply.

What we need is time-- time to make the necessary studies, to look into alternative management systems, to develop more acceptable withdrawal proposals than we have now. Above all, I warn against emotional reactions which could force the hand of extreme environmental groups, who could in turn pressure Congress into hasty action on the present bills.

COMMUNICATIONS

There's another subject I'd like to discuss with you-- a service without which modern Alaska cannot progress-- a system of modern communications.

Historically, Alaska is communications poor. Many areas of the state, of course, can't even get telephone service, let alone television.

This isn't news to any of you, I know, especially Milo Fritz and Johnny Sackett and members of the communications subcommittees. And the way to solve much of Alaska's problem technologically isn't news either-- we've all known about the communications satellite for a long time: how it can provide communications of good quality to areas geographically remote, separated by mountain ranges, plagued by unusual atmospheric conditions, and sparsely populated.

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Not until now, have we been so close to realizing a goal of total communications, both intra-and inter-state. There are four main areas dealing with communications that require our joint attention.

WHITE ALICE

First, the issue of the White Alice communications system owned and operated by the military. I protested the military proposal to close down the A Route-- that link down through Southeastern to the Lower 48-- and to raise rates on its leases to RCA, July first of this year.

I am very much opposed to the inclusion of the obsolete and expensive equipment in the already-high rate base for Alaskan users. I have urged the Secretary of Defense for a delay of one year in the closure of the A route. This would allow RCA enough time to construct a modern network through southeastern. As an alternative, I am seeking approval of a \$1 lease fee for the military to lease its A route to RCA. This would allow communications to continue uninterrupted, at a minimal cost to RCA-- and thus the Alaska customer-- while RCA completes its new system.

EARTH STATIONS

Secondly, last fall, I arranged for an official of the Federal Communications Commission, Walter Minchman, to come to Alaska, and suggest some possible solutions to Alaska's communications problems. He recommended the extensive use of small earth stations so every community could at least talk to every other one at as low a cost as possible.

Stanford University engineers have been working for some time on just such equipment, which I saw demonstrated last February in California. And I was pleased that Milo Fritz, Larry Peterson and Dick Eliason represented you

there. This tiny, inexpensive earth station could change the communications picture in Alaska-- BY THIS SUMMER.

At a cost of \$15,000, completely installed, for each station, this system could provide telephone service to as many as 50 villages by the end of this summer.

The key is RCA, and how fast it decides it can practically proceed. Depending also on RCA's satellite design, these same earth stations could also provide television when RCA orbits its own satellite in 1976.

Third, as you know, a task force is presently studying the State's requirements in communications. I arranged for military and Department of Health Education and Welfare engineers to join RCA, Stanford and Alaska representatives on the panel. We must continue our watchdogging in this area, to assure that all Alaskans needs are served, regardless of where they live.

The fourth facet of our communication needs is the issue of telephone rates. Back in December 1972, the FCC ordered that Alaska's telephone rates must be integrated with those of the Lower 48 as soon as satellite communications become operable.

I wrote to the FCC last September, when RCA filed for use of the Canadian satellite -- urging that rate integration be started. The FCC established a six month deadline for proposals to do this. Plans submitted for lowering these rates are - I'm told - satisfactory to the FCC. I've been informed that Walter Hinchman, now chief of the common carrier bureau, will be meeting with the companies in the near future to review these proposals. There is no reason why Alaska's long distance telephone rates shouldn't go down as soon as our rates are integrated with the Lower 48.

In closing, I want to thank you once again for the opportunity to appear before you and share some of my thoughts with you.