

State Affairs
HB 160,161,207,267 Capitol 123-A

1:15 p.m., 3/2

ADJOURNMENT

Mr. Anderson moved and asked unanimous consent that the House adjourn until 10:00 a.m., March 2, 1979. There being no objection, the House adjourned at 3:06 p.m.

Irene Cashen
Chief Clerk

SENATE AND HOUSE JOINT
JOURNAL SUPPLEMENT

March 1, 1979

Thursday

No. 4

ADDRESS BY SENATOR TED STEVENS
ALASKA STATE LEGISLATURE

JUNEAU, ALASKA
MARCH 1, 1979

PRESIDENT TILLION, SPEAKER GARDINER, MEMBERS OF THE LEGISLATURE, I APPRECIATE THE OPPORTUNITY TO AGAIN MEET WITH YOU IN JOINT SESSION. I ALSO WANT TO THANK YOU FOR SENDING A BIPARTISAN GROUP FROM THE LEGISLATURE TO D. C. EARLIER THIS WEEK. A SERIES OF MEETINGS WERE ARRANGED WITH MEMBERS OF CONGRESS ON BOTH SIDES OF THE D-2 ISSUE AND I'M SURE THOSE WHO WENT TO WASHINGTON WILL SOON PROVIDE YOU WITH A REPORT ON THEIR IMPRESSIONS OF OUR CHANCES THIS YEAR.

EVENTS ARE MOVING VERY RAPIDLY ON THE ALASKAN ISSUE IN WASHINGTON. THE HOUSE BEGAN MARK-UP THIS WEEK. WORK ON THE SENATE BILL SHOULD BEGIN AS SOON AS APRIL. IT IS VERY CLEAR TO US THAT A BILL WILL PASS THE SENATE THIS YEAR, PROBABLY IN AUGUST. BECAUSE WE HAVE SO LITTLE TIME, WE MUST BE REALISTIC AND CANDID ABOUT OUR SITUATION.

WE ARE MAKING POSITIVE PROGRESS TOWARD GETTING A LIVEABLE BILL. I BELIEVE WE CAN GET A BILL THAT IS SIMILAR TO OR BETTER THAN THE ONE WE WORKED OUT IN THE AD-HOC CONFERENCE LAST YEAR. BUT WE MUST REMEMBER THAT NO MATTER WHAT BILL COMES OUT, IT WILL NOT BE PERFECT -- IT WILL NOT PLEASE EVERYONE COMPLETELY.

DON YOUNG HAS BEEN WORKING VERY HARD WITH CONGRESSMEN BREAUX AND HUCKABY TO TRY TO GET A BETTER BILL OUT OF THE HOUSE SIDE. THE HOUSE INTERIOR AND INSULAR AFFAIRS COMMITTEE BEGAN MARK-UP EARLIER THIS WEEK AND I AM HOPEFUL WE CAN GET A GOOD BILL. HUCKABY'S BILL IS REALLY THE AD-HOC BILL THAT WE WORKED ON LAST YEAR.

MY STAFF HAS BRIEFED EVERY NEW SENATOR INVOLVED, AND JUST THIS WEEK, I CUT A TAPE WITH CONGRESSMAN MURPHEY OF PENNSYLVANIA EXPLAINING TO HIS CONSTITUENTS THE IMPORTANCE OF THIS ISSUE TO US. THE TURN OF EVENTS IN IRAN HAS BROUGHT NATIONAL ATTENTION TO THE DANGER OF OUR DEPENDING ON FOREIGN ENERGY SOURCES AND HAS CAUSED SOME MEMBERS OF CONGRESS TO MORE CLOSELY EXAMINE WHAT CARTER IS TRYING TO DO WITH OUR RESOURCES IN ALASKA. THIS WILL GIVE US A LITTLE EXTRA LEVERAGE IN THE MARK-UP OF THE BILL, BUT I CAUTION YOU -- IT WILL NOT STOP ALASKA LANDS LEGISLATION.

I HAVE TRIED TO TALK WITH EVERY ALASKAN WHO COMES TO MY OFFICE IN WASHINGTON AND I'M HERE THIS WEEK TO HEAR FROM AS MANY OF YOU AS POSSIBLE. THE BEST THING WE CAN DO IS TO WORK TOGETHER IN THE PRECIOUS LITTLE TIME WE HAVE LEFT TO MOLD A BILL TO PROTECT OUR LIFESTYLE AND OUR ECONOMY.

IN ADDITION TO D-2, THERE ARE MANY OTHER AREAS WHERE IT IS IMPORTANT THAT WE KEEP IN TOUCH. AS MANY OF YOU KNOW, THE LEGISLATIVE TELECONFERENCE NETWORK HAS A TERMINAL IN MY WASHINGTON OFFICE. I WOULD URGE YOU TO FEEL FREE TO CALL UPON ME OR MY STAFF WHENEVER YOU FEEL THAT WE CAN PROVIDE INFORMATION OR ASSISTANCE.

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LAST YEAR, I DEVOTED MOST OF MY REMARKS TO A DISCUSSION OF THE PROBLEMS FACING ALASKA IN REACHING A SETTLEMENT OF THE D-2 ISSUE. KNOWING YOU WILL HAVE QUESTIONS CONCERNING THIS ISSUE OF MONUMENTAL IMPORTANCE TO ALL ALASKANS, I WOULD LIKE TO TAKE THIS TIME TODAY TO DISCUSS OTHER AREAS OF MUTUAL CONCERN.

ONE-FIFTH OF THE UNITED STATES SENATE IS COMPOSED OF NEW MEMBERS. LAST YEAR MORE MEMBERS RETIRED AND WERE DEFEATED THAN EVER BEFORE IN HISTORY. IF MY READING IS CORRECT, THIS WILL BE A VERY CONSERVATIVE CONGRESS. NOT CONSERVATIVE IN TERMS OF A POSITION ON THE POLITICAL SPECTRUM, BUT CONSERVATIVE IN THE TYPES OF ISSUES IT WILL CONSIDER -- PARTICULARLY WITH RESPECT TO DOMESTIC PROGRAMS. SIGNIFICANTLY, IN THE FIRST 23 DAYS OF THIS CONGRESS, 476 BILLS WERE INTRODUCED, COMPARED TO 762 IN A LIKE PERIOD IN 1977. EVERYONE IS MORE CAUTIOUS IN CONGRESS NOW.

IN LINE WITH THE EXTENDED DEBATE DURING THE LAST CONGRESS ON RATIFICATION OF THE PANAMA CANAL TREATIES, A GREAT DEAL OF OUR TIME WILL BE SPENT ON OUR RELATIONS WITH MAINLAND CHINA, OUR CONTINUED COMMITMENT TO TAIWAN, AND THE TREATY WHICH IS EXPECTED TO BE FORWARDED TO THE SENATE AS A RESULT OF THE SALT NEGOTIATIONS. A COUPLE OF YEARS AGO I VISITED CHINA AND LAST FALL I JOINED WITH A GROUP OF SENATORS ON A TRIP TO EUROPE TO MEET WITH OUR NATO ALLIES AND DISCUSSED THE SALT TALKS. SHOULD YOU BE INTERESTED, I WILL BE GLAD TO DISCUSS OUR NATION'S FOREIGN POLICIES WITH YOU DURING THE QUESTION AND ANSWER SESSION.

ON THE DOMESTIC SCENE, FEDERAL SPENDING, INFLATION AND TAXATION ARE SURE TO BE THE MAJOR TOPICS OF DISCUSSION. I VOTED AGAINST THE TAX BILL LAST YEAR. IT DID NOT GO FAR ENOUGH TO REDUCE FEDERAL INCOME TAXES. IT DID NOT MAKE ANY SIGNIFICANT IMPACT WHEN ONE TAKES INTO ACCOUNT INCREASED SOCIAL SECURITY TAXES AND THE HIGHER BRACKETS AMERICANS ARE FORCED INTO WHEN THEIR SALARY IS SIMPLY KEEPING PACE WITH INFLATION. ALASKANS ARE CERTAINLY THE HARDEST HIT IN THIS AREA AS OUR PER CAPITA TAX PAYMENTS ARE MORE THAN TWICE THE NATIONAL AVERAGE. INDEED, WE PAY ALMOST 100 PERCENT MORE THAN THE NEXT MOST HEAVILY TAXED STATE--CONNECTICUT--WHICH HAS A DISPROPORTIONATELY LARGE SHARE OF WEALTHY INDIVIDUALS WITHIN ITS BORDERS.

WHILE I UNDERSTAND THE PUBLIC FRUSTRATION WITH WHAT IS SEEN AS UNCONTROLLED GOVERNMENT SPENDING ADDING TO THE INFLATION PROBLEM, I DO NOT SUPPORT THE CALLING OF A CONSTITUTIONAL CONVENTION TO DEAL WITH THE ISSUE OF A BALANCED BUDGET. I HAVE NOTICED THAT A FEW RESOLUTIONS HAVE BEEN INTRODUCED IN THIS LEGISLATURE IN SUPPORT OF SUCH A CONVENTION, AND I WOULD URGE EACH OF YOU TO CAREFULLY STUDY THIS QUESTION. IN MY VIEW, CALLING SUCH A CONVENTION WOULD BE AN ADMINISTRATIVE NIGHTMARE. THERE IS NO PRECEDENT. THERE ARE NO PROVISIONS ON THE SELECTION OF DELEGATES. AND THERE WOULD CERTAINLY BE A COMPLICATED BATTLE AS TO WHAT CONSTITUTES A VALID RESOLUTION FROM THE STATES...AS SOME RESOLUTIONS HAVE PROPOSED THE EXACT WORDING THE AMENDMENT SHOULD CONTAIN AND OTHERS HAVE PROVISIONS ATTACHED WHICH MAKE THEM INVALID SHOULD CONGRESS ACT ON A BUDGET BALANCING AMENDMENT. THERE ALSO DOES NOT APPEAR TO BE A WAY TO LIMIT ANY CONVENTION. A CONSTITUTIONAL CONVENTION COULD, FOR INSTANCE, CHANGE THE CONSTITUTION AND ELIMINATE EQUAL REPRESENTATION IN THE SENATE--STATES WITH SMALL POPULATIONS TAKE GREAT RISKS UNDER SUCH A PROCEDURE.

IT APPEARS THAT CONGRESS WILL ALMOST CERTAINLY ACT TO TIGHTEN THE PURSE STRINGS. OVER THE PAST SEVERAL YEARS, WE HAVE CONSISTENTLY REDUCED THE ADMINISTRATION'S BUDGET REQUEST BY ANYWHERE FROM \$5 TO \$10 BILLION.

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DESPITE THE ADMINISTRATION CLAIMS OF A LEAN BUDGET FOR THE COMING FISCAL YEAR, THERE IS APPROXIMATELY A \$12 BILLION INCREASE FOR SOCIAL PROGRAMS. AS YOU KNOW, THE ADMINISTRATION HAS ALSO PROPOSED TERMINATING THE DRILLING PROGRAM IN NPR-A WHICH SEEMS PARTICULARLY ILL-TIMED WHEN WE HAVE SO VIVIDLY AND SO RECENTLY BEEN REMINDED OF THE FOLLY OF OUR EVER-INCREASING RELIANCE ON FOREIGN SUPPLIES OF OIL.

IN MY POSITION ON THE APPROPRIATIONS COMMITTEE, I WILL MAKE EVERY ATTEMPT TO OBTAIN A BUDGET THAT IS BALANCED INsofar AS IT RECOGNIZES VALID COMPETING CLAIMS FOR FEDERAL SUPPORT AND THAT DOES NOT DISPROPORTIONATELY FAVOR ONE SECTION OF THE NATION OVER ANOTHER. IT IS POSSIBLE THAT MANY FEDERAL GRANT PROGRAMS CAN BE REDUCED RATHER SUBSTANTIALLY WITHOUT ADVERSELY AFFECTING ALASKA BECAUSE MOST OF THESE PROGRAMS HAVE A "FUNDING FLOOR" BELOW WHICH FUNDING CANNOT BE REDUCED FOR ANY ONE STATE. ALASKA, FOR INSTANCE, RECEIVES ONLY ONE-TENTH OF ONE PERCENT OF THE MONEY AVAILABLE NATIONWIDE FOR PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE.

I HAVE BROUGHT ALONG A SUPPLY OF "BUDGET IN BRIEF" WHICH WILL PROVIDE YOU WITH ADDITIONAL INFORMATION ON THE ADMINISTRATION'S REQUEST FOR THE COMING YEAR.

FOR THE PAST SEVERAL WEEKS, WASHINGTON, D.C. HAS BEEN A SOMEWHAT UNWILLING HOST TO THOUSANDS OF FARMERS SEEKING NATIONAL ATTENTION AND NATIONAL SUPPORT FOR THEIR GOALS. THE LOCAL CITIZENS HAVE BEEN ALTERNATELY HOSTILE DUE TO MASSIVE TRAFFIC JAMS CAUSED BY THE SLOW-MOVING TRACTORCADE AND THANKFUL WHEN THESE SAME TRACTORS ASSISTED IN CLEARING THE STREETS OF SEVERAL FEET OF SNOW. THIS AMBIVALENCE TOWARD FARMERS IN WASHINGTON IS SOMEWHAT ANALOGOUS TO THE AGRICULTURE MOVEMENT IN ALASKA. INDEED, IT WAS A PRESIDENTIAL LAND WITHDRAWAL IN 1906 WHICH DEALT THE FIRST BLOW TO ALASKAN AGRICULTURE MUCH AS THE CURRENT WITHDRAWALS ARE IMPACTING OTHER RESOURCE BASED ECONOMIES IN THE STATE.

THE STATE-INITIATED DELTA PROJECT WILL GREATLY INCREASE ALASKAN LANDS UNDER CULTIVATION AND THERE IS NO QUESTION IN MY MIND THAT WE ARE STANDING AT A CRITICAL JUNCTURE WITH RESPECT TO AGRICULTURAL DEVELOPMENT IN THE STATE. THE BENEFITS ARE OBVIOUS: STABILIZATION OF FOOD COSTS, INCREASED JOBS, ADDITIONAL REVENUES THROUGH EXPORTS AND RURAL DEVELOPMENT. THE PROBLEMS ARE NO DOUBT EQUALLY OBVIOUS: THE NEED TO DEVELOP ON A SCALE THAT WILL BE COMPETITIVE IN THE WORLD MARKET, ESTABLISHMENT OF A TRANSPORTATION NETWORK TO MARKET THE PRODUCTS, AND THE ABILITY TO MAINTAIN THE MOMENTUM AND SUPPORT FOR DEVELOPMENT OF AGRICULTURAL PRODUCTION IN THE STATE.

ALASKA PRESENTLY LACKS RESEARCH CAPACITY IN SEVERAL VITAL AREAS, AND THESE NEEDS ARE NOT BEING MET BY THE CURRENT LEVEL OF FEDERAL SUPPORT. RESEARCH FUNDS ARE PRESENTLY ALLOCATED ON THE BASIS OF "EXISTING DEVELOPMENT", SO WE FARE RATHER POORLY IN COMPARISON TO THE MID-WEST AND WESTERN PART OF THE NATION. I WILL WORK TO REVITALIZE THE DEPARTMENT OF AGRICULTURE IN ALASKA AND TO BEEF UP THE FARMERS HOME ADMINISTRATION PROGRAMS WHICH CAN PROVIDE FINANCING FOR NEW FARM DEVELOPMENT AND COMMUNITY SERVICES IN RURAL AREAS. TO ATTRACT ADDITIONAL FEDERAL SUPPORT, IT IS NECESSARY TO GET THE LAND IN PRODUCTION AS SOON AS POSSIBLE AND TO DEMONSTRATE A CONTINUING HIGH LEVEL OF SUPPORT AT THE STATE LEVEL.

THE ENERGY QUESTION, MORE THAN ANY OTHER SINGLE ISSUE, IS--OR SHOULD BE--A PERVASIVE CONSIDERATION IN BOTH OUR DOMESTIC AND FOREIGN POLICY. THE CREATION OF A HUGE DEPARTMENT OF ENERGY DOES NOT SEEM TO HAVE BROUGHT US ONE STEP CLOSER TO THE GOAL OF DEVELOPING A COMPREHENSIVE, SENSIBLE POLICY IN THIS AREA.

A FEW YEARS AGO, LARGE USERS OF NATURAL GAS WERE COMPELLED TO SWITCH TO ALTERNATIVE FUELS BECAUSE OF THE WINTER SHORTAGES WHICH LED TO ALLOCATION PROGRAMS. THE ADMINISTRATION LABELED NATURAL GAS AS A "PREMIUM FUEL IN SHORT SUPPLY." NOW, ACCORDING TO SECRETARY OF ENERGY, SCHLESINGER, WE HAVE A "TEMPORARY SURPLUS" AND NEW SUPPLIES POTENTIALLY AVAILABLE FROM CANADA, MEXICO, AND ALASKA ALONG WITH MORE LIBERAL PRICING STRUCTURES FOR NEW NATURAL GAS, LEAD THE SECRETARY TO CONCLUDE THAT BY 1985 PRODUCTION MAY BE UP BY 2 TRILLION CUBIC FEET. WHILE SCHLESINGER HAS STATED HIS PREFERENCE TO PRODUCE ALASKAN GAS OVER IMPORTING GAS FROM MEXICO, IT APPEARS THAT HE MAY BE AT ODDS WITH THE PRESIDENT IN THIS REGARD.

WHILE THE PRESIDENT TRIES TO ENCOURAGE THE SAUDIS TO CONTINUE INCREASED PRODUCTION TO OFFSET THE IRANIAN CUT-OFF AND GOES TO MEXICO IN AN ATTEMPT TO BUY SOME OF THEIR OIL, ADMINISTRATION POLICIES STILL LARGELY INHIBIT INCREASING DOMESTIC SUPPLIES. ONE OF THE LOCAL NEWS PROGRAMS IN WASHINGTON LAST WEEK CONCERNED ALASKAN OIL AND GAS RESERVES. THE CLOSING LINE WAS THAT ALASKAN OIL AND GAS ARE TOO EXPENSIVE AND SHOULD NOT BE CONSIDERED FOR DOMESTIC USE UNTIL A CHEAPER WAY CAN BE FOUND TO BRING THESE RESOURCES TO MARKET.

THE "ROLLED-IN" PRICING PROVISION WE GOT IN THE GAS BILL LAST YEAR WILL CERTAINLY HELP SELL OUR GAS, BUT WE STILL SHOULD ASK "TOO EXPENSIVE COMPARED TO WHAT?" A VALUE MUST BE PLACED ON THE ASSURANCE OF A STEADY SUPPLY. WE ARE PRESENTLY IMPORTING SEVEN TIMES MORE CRUDE OIL FROM OPEC NATIONS THAN WE WERE IN 1971. THE ADMINISTRATION IS CONSIDERING MILITARY INVOLVEMENT IN THE MIDDLE EAST TO SHOW THEM JUST HOW MUCH WE RELY ON THEIR SUPPLIES. VENEZUELA AND KUWAIT HAVE TAKEN ADVANTAGE OF THE SITUATION AND HAVE ANNOUNCED A 15 PERCENT INCREASE IN THE PRICE OF THEIR OIL EXPORTS.

IF WE MAKE A DEAL TO BUY MEXICAN OIL, CHANCES ARE EXCELLENT THAT WE WILL BE REQUIRED TO SOFTEN OUR LIMITATIONS ON ILLEGAL MEXICAN IMMIGRANTS. HOW MUCH WILL THAT COST IN TERMS OF SOCIAL PROGRAMS AND UNEMPLOYMENT IN THE SOUTHWEST?

THE FACT IS THAT NO MATTER HOW RELIABLE A FOREIGN SOURCE MAY APPEAR, WE ARE STILL IN A POSITION OF DEPENDENCY AND THAT DEPENDENCY CAN AND HAS SUBJECTED US TO SEVERE CONSEQUENCES. IT GROWS EVER MORE APPARENT THAT WE MUST DO ALL WE CAN TO ENSURE OUR NATION'S POTENTIAL ENERGY RESOURCES ARE LOCATED, THOROUGHLY EVALUATED AND TO THE MAXIMUM EXTENT POSSIBLE, IN KEEPING WITH SOUND ENVIRONMENTAL PRACTICES, DEVELOPED. CLEARLY, ALASKA HOLDS THE GREATEST DOMESTIC PROMISE. YET, THE DEPARTMENT OF THE INTERIOR, AS I MENTIONED PREVIOUSLY, SEEKS TO TERMINATE EXPLORATION IN NPR-A. ACCORDING TO SECRETARY ANDRUS WE SHOULD WAIT AND SEE IF WE REALLY NEED THOSE RESOURCES. I DON'T KNOW HOW MUCH MORE EVIDENCE WE NEED TO PLACE IN FRONT OF HIM, BUT I WILL DO ALL THAT I CAN THIS YEAR TO SEE THAT THE EXPLORATION PROGRAM CONTINUES UNIMPEDED BY ADMINISTRATIVE INDECISION ON AN ENERGY POLICY.

IT APPEARS THAT NORTHWEST PIPELINE COMPANY COULD USE SOME HELP IN GETTING THE GASLINE PROJECT OFF THE GROUND. AS I NOTED LAST YEAR, THE FINAL DECISION CONCERNING STATE FINANCIAL PARTICIPATION IS FOR THE GOVERNOR AND LEGISLATURE TO MAKE. I STILL BELIEVE IT IS POSSIBLE TO COMMIT REVENUES DERIVED EXCLUSIVELY FROM THE SALE OF NORTH SLOPE GAS TO GUARANTEE EQUITY PARTICIPATION BY OUR STATE IN THIS PROJECT AND THAT PARTICIPATION IS ESSENTIAL TO THE FINANCING OF THIS PROJECT THROUGH THE PRIVATE MARKET. SHOULD NEGOTIATIONS BEGIN IN EARNEST IN MEXICO, IT IS POSSIBLE THAT ALASKAN GAS COULD BECOME LESS ATTRACTIVE AND LESS ESSENTIAL IN MEETING THE ENERGY REQUIREMENTS OF THE "LOWER 48." AS A MEMBER OF THE SENATE ENERGY COMMITTEE, I PLAN TO BECOME MORE ACTIVELY INVOLVED IN WORKING TO SOLVE THESE CRUCIAL PROBLEMS.

FOREIGN RELATIONS, TAXES, INFLATION, REDUCED SPENDING, AND OBTAINING THE ENERGY REQUIRED TO MAINTAIN OUR ECONOMY WILL BE THE MAJOR THEMES IN CONGRESS THIS YEAR. AS ALWAYS, YOUR SUGGESTIONS AND RECOMMENDATIONS IN THESE AND OTHER AREAS WILL BE GREATLY VALUED IN THE COMING MONTHS.