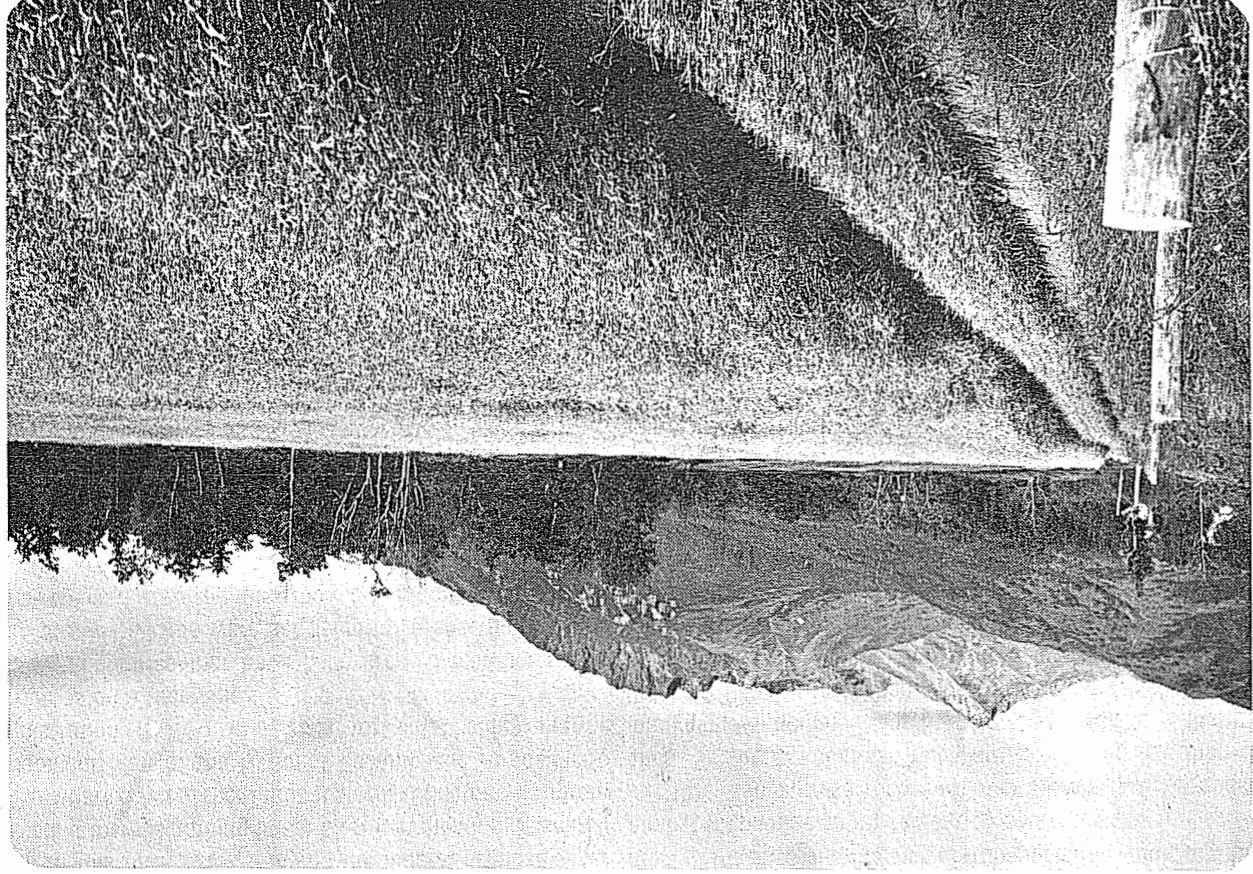


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Resource Review

October 1982

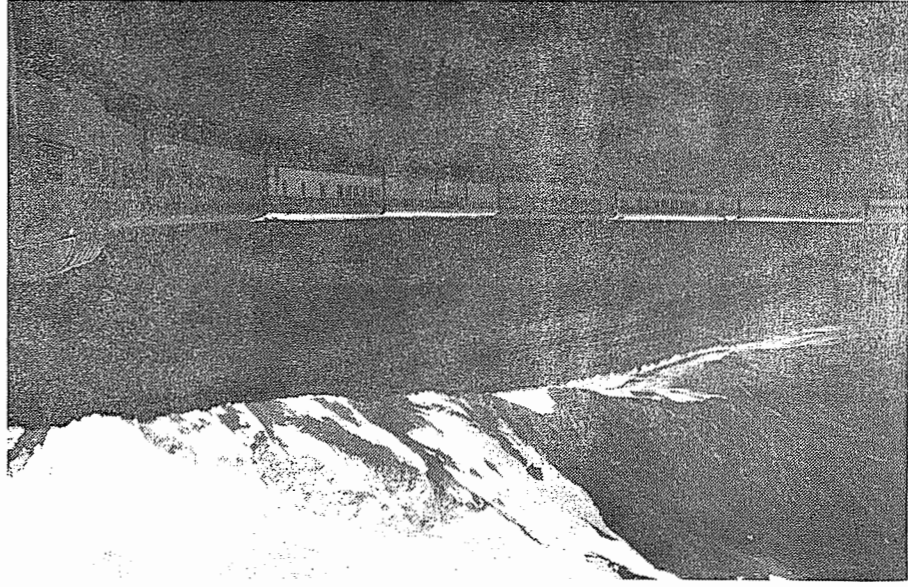


Alaskan Agriculture -- inside feature

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Resource Development Council
for Alaska, Inc.
Box 516, Anchorage, Alaska 99510



Scenic glaciers and mountains provided a beautiful backdrop for the 1982 Roaring Twenties Express to Seward September 11.

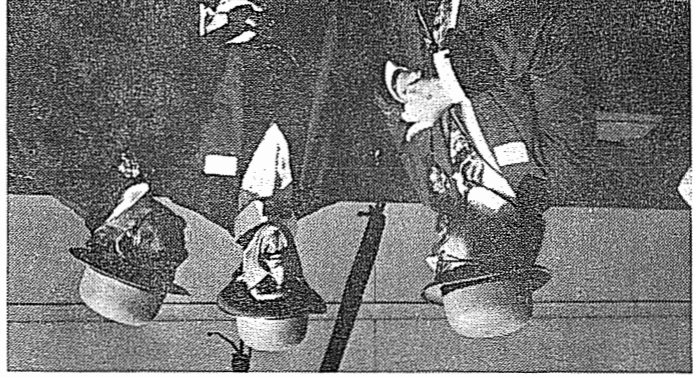
Fun For All Aboard Roaring Twenties Express



RDC President Mano Frey was outfitted in the finest Roaring Twenties tradition.



The Roaring Twenties Express would never be the same without hard-working and fun-loving Katie O'Toole of Western Airlines.



The Roaring 20s clowns — KFQD's Dr. J., Marcus and Anchorage Legislator Mitch Abood.



Costume contestants Wende Irick, Mary Pignaberi and Train Trip Coordinator Bridget Baker.



Message From The Executive Director

By Paula P. Easley

Marine Sanctuaries

The Resource Development Council (RDC) has concluded that there is no need for marine sanctuaries to be created in Alaska at this time. After studying the federal proposals, we have found there is nothing in the Marine Protection, Research and Sanctuaries Act or the National Marine Sanctuary Program Development Plan of the National Oceanic and Atmospheric Administration (NOAA) that calls for establishing marine sanctuaries on a timetable.

Six sanctuaries that have been created in other states during the last decade were set aside for a specific purpose, such as the waters surrounding the U.S.S. Monitor off the coast of North Carolina. Eighteen sites are being studied in Alaska, encompassing millions of the state's coastal acreage. The Council believes none of the sites is appropriate for sanctuary designations.

The National Marine Sanctuary Program would complicate development of marine resources, especially oil, gas and minerals. By slapping a sanctuary designation around these areas, there would likely be conflicts with existing oil and gas leases as well as potential exploration and development areas on both state and federal lands. In our opinion, resources in the proposed sanctuaries are adequately protected by existing laws and regulations without establishing another layer of protection. The Marine Sanctuary Program appears to give no consideration for the fact that much of Alaska is already managed by federal, state or local government programs.

Absent from the proposal is any detailed description of the features which make the sites distinctive from other areas similarly situated. There is no description of the impacts of present or prospective uses of the sites nor any discussion on management of the proposed sites. The proposal also fails to mention how existing or potential activities must be regulated to ensure protection of distinctive features.

Also absent from the proposal are measures that would be taken within the sanctuaries to preserve or restore conservation, recreation, ecological or aesthetic values.

We also questioned whether the specifically proposed sites would be more appropriately designated than other similar sites. The sites selected are not unique as they are

representative of Alaska's coastline and would not provide significant or unique marine research. The very remoteness of most of the sites and the lack of transportation would preclude almost all public use for recreation and research.

RDC also expressed concern over the size of the proposed sites. Six of the eighteen sites are greater in size than the maximum anticipated in the National Marine Sanctuary Program Development Plan. The remaining twelve sites lean more toward maximum than a medium size designation. Three to five sites could eventually achieve sanctuary status.

Unlike the Alaska sites, Lower 48 sanctuaries are much smaller and are easily accessible, promoting public recreation, awareness and research. Since the State of Alaska will have its own preference for the proper use of the waters within these areas, the establishment of a management program for the sanctuaries would likely be very difficult.

In a letter to the Regional Evaluation Team, which is reviewing proposed sanctuaries in Alaska, we indicated our support for protection of unique marine areas. "However," the letter said, "these areas must be carefully chosen as to their truly unique and valuable marine life, research and recreational characteristics. These characteristics must be compatible with overall national needs."

The Resource Development Council has received a number of inquiries about the proposals, many of which expressed alarm and outrage that their areas were being considered for sanctuary designation and that few Alaskans had been informed of the selection process that is under way.

To our knowledge, the only public notice of this exercise appeared in the Federal Register. The state's largest private citizens group was not even given the proposal for review.

It is important NOAA, through the contractor, be made aware of the significant opposition that would be generated by creation of large sanctuaries in Alaska. The public comment period has been extended to November 1. Please send a short letter or telegram to: Ms. Jean Packard, Public Participation Coordinator, Chelsea International Corporation, 1724 H. Street, N.W., Suite 300, Washington, D.C. 20006.

Roaring Twenties Express

Healthy, Happy And Wise Earl Pilgrim Celebrates 90th Aboard Roaring 20s



Earl Pilgrim

It's easy to understand why Earl Pilgrim is healthy, happy and wise. At ninety year young, Pilgrim continues to live a colorful life common to many oldtime Alaskan pioneers.

Pilgrim celebrated his 90th birthday Saturday, September 11, as guest of honor aboard the Roaring Twenties Jazz Express to Seward. Sponsored by the Resource Development Council, this year's charter attracted several hundred persons in a train that was said to be one of the longest passenger expresses in the United States this year.

Pilgrim came to Alaska in 1915 from his home state of Colorado looking for adventure and opportunity. He found it and today he still possesses the energy and enthusiasm that motivated him 67 years ago.

Pilgrim launched his mining career shortly after his arrival by working long summer hours digging for gold at the Treadwell Mine in Southeast Alaska. From 1922 to 1926, he concentrated on teaching mining technology to others as the first professor of mines at the territory's new land grant college in Fairbanks.

Gold is wonderful because it is the "prince of metals," said Pilgrim, but it was the pursuit of antimony, a silver-white brittle element used in alloys and medicine, that dominated his career.

In the early 1930s, the National Lead Company grubstaked him to get 380 tons of ore out of prospect on Stampede Creek in the Kantishna District. His crew dug the 380 tons of high-grade ore with hand drills and moved it 75 miles over rugged terrain by horse and carriage to the Alaska Railroad. It was at Stampede where he later built the second largest private airstrip to fly out the ore, which was sold to foreign and American companies.

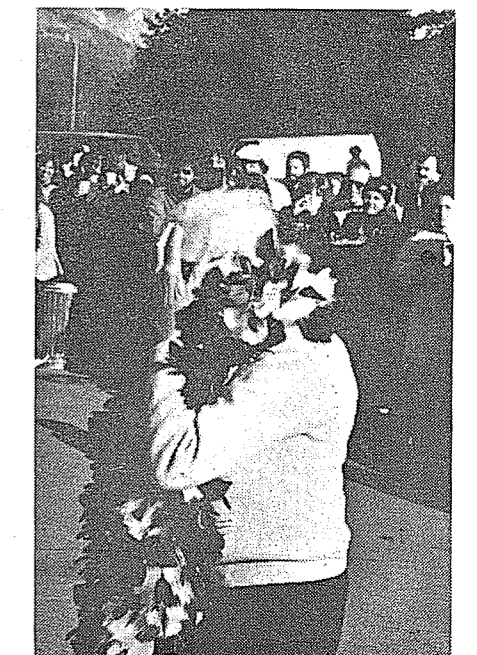
Pilgrim owned and operated the mine from 1938 to 1979. Yet he still refuses to sit idle. Today he is owner of the News Boy Mine at Cleary Summit north of Fairbanks.

In Seward last month, Pilgrim danced with over a dozen ladies in Roaring Twenties costumes, was the "victim" of a "stripagram" and was presented a huge birthday cake before the crowd at the Roaring Twenties Express Barbecue.

On tap for the scenic train ride were two California jazz bands, The World Famous Desolation Jazz Ensemble and Mess Kit Repair Battalion of Pismo Beach and East Guadalajara Ironworks Marching Brass Band of Sacramento.

Besides the lively dancing and singing, passengers found lots of action in two colorful casino cars prepared in the finest '20s style. Once the train arrived in sunny Seward, costume contests, an auction and a zany softball game were held along with a barbecue at the Alaska Vocational Technical Center.

The Resource Development Council wishes to thank the hundreds of persons who volunteered their time and talents to make this year's trip such a success. Very special recognition is due Tasks Unlimited and L&J Music Store.



Roaring Twenties Express guest of honor Earl Pilgrim was slightly embarrassed by a special surprise at his 90th birthday in Seward. Nearly 400 persons were present when Earl was given a strip-a-gram, compliments of the Resource Development Council.

Miners Gain Approval For Road Access

The U.S. Forest Service has approved the application for a permit to construct a mining road on the Kenai Peninsula, but miners may find problems building the road along the route chosen by the Forest Service.

Tom and Clyde Holbrock of Anchorage were given permission to build a five-mile access road to their placer mine near Crescent Lake after the Forest Service completed an Environmental Assessment (EA) on the project. However, Crescent Creek miner Ed Ellis told the Resource Review, that shortly after okaying the permit, the Forest Service discovered that a road could not be built along a southern route selected by rangers due to steep canyon walls.

Ellis said the Forest Service discovered the steep terrain after rangers first walked the entire route, several days after choosing the alternative and approving the permit. Miners had preferred to build their road on the north side of Crescent Creek to avoid the canyon, but Forest Service

officials denied the request, claiming that a northern route would be too close to the popular Crescent Lake hiking trail.

When contacted about the Ellis report, Seward District Ranger Jeff Wilson said the alternative outlined in the Environmental Assessment is correct and passable. Wilson said when all reports were in from ground teams in the area, adjustments were made and incorporated in the final EA. He said the area requiring a route adjustment was rather small and final routing appears acceptable to miners in the area.

The Environmental Assessment conducted by the Forest Service was done to mitigate impacts of the proposed road, according to Clay Beal, Forest Supervisor.

According to Harry Leslie, Forest Service spokesman, the access road when built will be passable to four-wheel drive vehicles only and will not be open to the public. Leslie also pointed out the road would be engineered to control erosion and built in a way to minimize its impact on surrounding vegetation.

The Holbrock's have been required to post a \$6,377 guarantee to cover cost of reclaiming the road and repairing damage to the land.

An application for a second access road to Sherman "Red" Smith's limestone mine in the Russian River Valley is still under consideration by the Forest Service. A number of environmental groups oppose construction of both roads.

Ellis was critical of press coverage generated by a Forest Service plea for public comment. He said reports seemed to put mining interests in direct competition with recreation use, and that such reports gave the impression that the roads would destroy a pristine wilderness.

Ellis said that in addition to the Hope terminus of the Resurrection Trail, mining activity pre-dated recreation use along the Crescent Lake trail. In fact, Ellis said, the trail was built along an old mining ditch.

Forest Plan...

Continued from page 9

Terry Brady, an Anchorage resources consultant and a member of the RDC study group, opposes wilderness designations on the east side of Prince William Sound. He said the great fault zones in the vicinity of Fidalgo, Orca and Bering River should be fully explored for minerals prior to final classification.

Speaking before a RDC breakfast meeting in Anchorage last month, Beal

said the forest plan was developed before a land settlement with Chugach Natives has been finalized. But he said a recent analysis by the Forest Service showed the impact of the settlement was not significant enough to warrant a complete rewriting of the draft plan.

The Forest Service's preferred alternative calls for an annual timber harvest of 21 million board feet of

lumber. In addition, about 1.7 million acres are proposed for wilderness designation.

Beal said the settlement probably will reduce the amount of timber in the forest only by five to ten percent. However, Brady said the Forest Service does not have an up-to-date timber assessment, and that it would be better to wait until more data is available.

Cordova Highway Study . . .

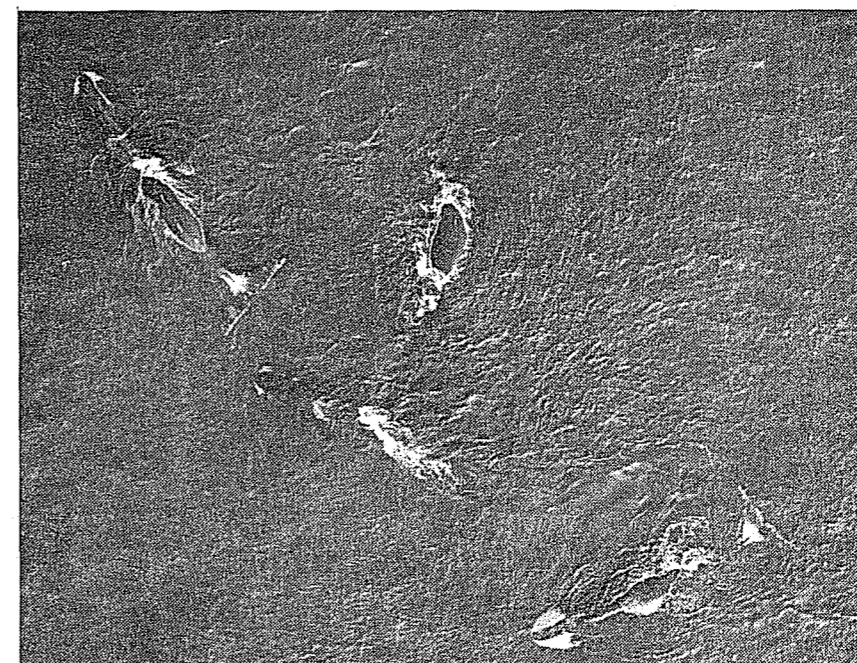
Continued from page 8

dependent economy. However, Poor said he supports the will of the people to preserve the small community's lifestyle.

While many oldtime Cordova residents and business people favor opening the area to the rest of the state, commercial fisherman who don't want to compete with sport fishermen and young people who want a small town lifestyle, oppose road access.

A Cordova Times editorial said last year that the highway will allow people to come and go when they please and perhaps make the transfer of goods a little bit cheaper and easier. The newspaper queried, "Is that asking too much?"

Sohio Official Discusses Impact On Bowhead Whales



Sohio environmental scientist Mark Fraker told the Resource Development Council September 23 that neither Eskimo hunting nor offshore oil exploratory activities threaten the continued existence of bowhead whales in the western arctic. Fraker said that extensive studies show that underwater sound generated from dredging activities does not seem to be harmful to the whales nor drive them away. Almost 3,900 bowheads migrate into the western arctic, representing 80 percent of the total world bowhead population. Fraker said that as far as he was aware, not a single bowhead has been killed in the world due to offshore drilling operations.

Drawing New Battle Lines

By
Helen Finney
Director
Alaska Women in Timber

Alaska Women in Timber feels that conservation groups are breaking the faith of the D-2 Lands Bill (ANILCA) with recent statements that the 450 million board foot annual harvest level from the Tongass is an "overcut," a "time bomb," and that the harvest levels should not be "arbitrary."

If the conservation forces feel this is true, the tact would be that the level of wilderness set-asides was "arbitrarily" placed too high, and promised protection for the job base in the timber industry is threatened.

During the period of history now known as the Alaska lands battle, AWIT worked to assure that the workers and families dependant on timber industry jobs would be considered in the final lands settlement, along with the eagles, fish, bear and other life forms. We were concerned that too much land was being taken from the timber base and moved into wilderness classification.

Senator Tsongas, Representative Seiberling and Representative Udall, who led the conservationist forces on the bill, pledged that there should be no jobs lost due to the wilderness withdrawals. When we asked that a portion of Admiralty Island be held as a contingency for 10 years "just in case" their figures were wrong, they assured us repeatedly that they would tolerate no job loss due to harvest base reduction. They even threw a \$40 million wilderness subsidy into the pot to further guarantee adequate volume.

So, with the environmentalists insisting that there would be no shortfall of timber, Admiralty Island (with 20 percent of the commercial timber on the Tongass) became almost totally wilderness under the law. And when the bill passed, it was understood that the major objectives had been reached, including no timber jobs lost due to the bill, other resource values protected, and the maximum amount of wilderness set aside.

Continued on page 4

Pro-Industry Directory Available

A directory aimed at uniting American organizations and citizens against big government and the evils of over-regulation, is now in print.

Edited and published by Ron and Janet Arnold of Bellevue, Washington, the "Directory of Pro-Industry Citizen Organizations" is a person-to-person and group-to-group pro-free enterprise link. The directory lists hundreds of pro-industry organizations alphabetically by state. It also lists newsletters and periodicals favoring development.

The Arnold publication also details the pro-industry movement, a grass-roots citizen effort aimed at defending business. A guide to community, media, political, and legal action as well as the handling of anti-industry elements is also covered in the 72-page manual.

Copies sell for \$2 each and additional information may be received by writing: Ron and Janet Arnold, Editors and Publishers, 12605 N.E. Second Street, Bellevue, Washington, 98005.

RDC Opposes Law Of The Sea Treaty

The Resource Development Council joined the National Association of Manufacturers (NAM) and other organizations in applauding President Reagan's decision not to sign the Law of the Sea Treaty.

In a telegram to the President, RDC chief Mano Frey said adoption of the treaty would result in an irretrievable setback to development of U.S. ocean mining and commercial fishing industries. Frey said, "We urge your continued efforts toward seeking reciprocal agreements with countries that are interested in maintaining freedom of access, transit exploration and use of the world's oceans. Such agreements will be far more equitable than objectives of the Sea Law Treaty."

In July Reagan announced that the United States would not sign the treaty. The announcement came more than two months after the United Nations Conference on the Law of the Sea voted overwhelmingly to adopt the treaty. The treaty would establish rules and regulations governing navigation rights, fishing, conservation, pollution control and mining and deep seabed minerals. U.S. objections centered around the deep seabed provisions.

Mining the world's oceans would reduce U.S. dependence on foreign sources for several critical and strategic minerals. Under the new treaty, the freedom to explore and mine the seas would be severely restricted by an international seabed authority which would have legal control over much of the world's ocean riches.

Regarding access to mining sites, the treaty would make it difficult for mining companies to obtain mining rights. It would grant special consideration to developing countries in allotting mining rights and would not guarantee access to resources for qualified miners. The treaty would also mandate the transfer of technology from private firms to the mining arm of the authority. This provision fails to protect proprietary interests and patent rights and does not assure adequate compensation for the technologies.

In addition, the authority would issue production authorizations to keep total production below ceilings set to protect land-based mineral producers. According to NAM, production controls would deter deep seabed mining and restrict the profitability of mining ventures. Under the treaty, the U.S. is not assured of even a single seat on the council.

The treaty will become open for signature this December in Caracas, Venezuela and once 60 nations sign and ratify the treaty, it will enter into force. Without U.S. participation, funding and technology provisions relating to deep seabed resource development, will have little meaning.



The Law of the Sea Treaty could pose a significant threat to American fishermen and miners.

The Resource Development Council endorses the U.S. policy that the treaty must provide fair and continuing access for the United States to the resources of the sea.

"Battle Lines..."

Continued from page 3

Now we are faced with a bald-faced switch of the environmental factions from assuring us that we had "plenty of timber" and would not need any contingency lands, to charges of "over-cutting the Tongass."

Since only two percent of the Tongass has been logged since 1900, only 12 percent will be logged over the hundred-year-plus cycle, and 88 percent will NEVER be logged unless Congress changes the law, where is the overcut? What area of Admiralty do they suggest taking out of wilderness to fulfill their promise of no jobs lost and provide the timber base needed?

Alaska Women in Timber and others concerned with the industry's survival worked long and hard to get a fair balance on the D-2 bill. The ink is hardly dry and the conservationists are setting up new battle lines and going after another bite of our world.

We made our position clear and stuck to it: enough land base in harvest classification to support the in-place industry jobs. We compromised from our optimum job level, and agreed to make do with the ANILCA provisions. Now it is clear that the conservation groups are continuing their attack on the users of the timber land and resources by setting up a new battle line on our compromise settlement. Their goal would certainly seem to be the elimination of the timber industry as a viable part of the S.E. Alaska economy by a steady erosion of the timber supply base.

This is written to clarify some of the issues, and to alert our friends to what is happening to the D-2 settlement and the peace we thought we had achieved.

Clean Air...

Continued from page 5

development of emissions markets. Perl said the EPA could use cost benefit analyses to develop ceilings for individual substances. The government could auction emissions rights equal to the total permissible ceilings. Rights could be sold or traded, allowing for achieving the emissions ceilings at the lowest cost.

In regards to automobile emissions, a Heritage Foundation study found that the Clean Air Act's mobile source control program is based on skimpy scientific data, a questionable federal automobile testing procedure and the retention of pollution devices that work only on paper or in an artificial laboratory environment. The mobile source control program regulates emissions from automobiles and other mobile sources of pollution.

"If vehicles are polluting the atmosphere less than originally had been assumed, then regulators must focus less on mobile sources, said Paul Langerman, Heritage Foundation Policy Analyst. "If the cost of regulating mobile source pollution is imposing unreasonable burdens on the economy, then the Reagan Administration and Congress must find a fairer way of controlling pollution," Langerman said. He added that a realistic regulatory reform program would have an almost immediate sizeable cost savings for the consumer and the industry and create thousands of new jobs in the automobile industry and related sectors.

The Clean Air Act must have realistic goals and must be directed away from bankruptcy and bankrupt programs. The framework is there and awaiting the remodeling and redirection that will make it work.

Harvest ...

Continued from page 8

between barley available and the mouths to feed. While the state is promoting barley for potential export, most of the in-state harvests have instead been sold to a growing number of cattle and hog farmers.



There is more than just timber found in Chugach National Forest.

RDC Recommends No Action On Chugach Forest Plan

The Resource Development Council has recommended that no action be taken on a management plan at this time for the Chugach National Forest.

In a letter to Forest Supervisor Clay Beal, RDC Executive Director Paula Easley urged that the Chugach National Forest be managed on an interim basis "until the important matters of regulation, boundaries and resource inventory are settled." Easley said the Forest Service Draft Environmental Impact Statement (DEIS) on the plan failed to fully detail the relationships between various resources prior to making direct economic comparisons. She also noted the DEIS failed to include such valuable resources as oil, natural gas and minerals.

RDC recently formed a special team to study the 10-year plan drafted by the federal agency and now under the scrutiny of various organizations. For example, Chugach Natives, Inc. has questioned proposed wilderness designations for potential oil and gas development areas of the forest. In addition, miners feel that their needs are not adequately addressed in the draft plan.

The study team found a lack of mineral and petroleum data in the draft, which failed to seriously consider these resources in planning. Known and suspected mineral resources and petroleum potential may well be the most economically valuable resources found in the final boundaries of the Chugach National Forest. Easley said "there must be contingencies in the planning process to consider the development of these resources, or else the planning has little validity." The team pointed out that it is not opposed to some portions of the Chugach National Forest being declared wilderness under the 1964 Wilderness Act. It says that most of the proposed wilderness designations in the Nellie Juan and College Fjord areas are deserving of such classification.

However, Easley said "it is ludicrous to declare an area of wilderness and then set up nonconforming areas within the wilderness for nonwilderness uses. Areas designated for fish hatcheries, etc., should remain in the multiple use areas of the forest."

Continued on page 10

Agriculture In Perspective

Continued from page 7

equipment and supporting programs.

According to a report submitted to the Legislature earlier this year by AAAC, the 1981 yields were poor, but weather data shows that the season was very unusual. The odds of future harvest seasons being so short appear quite small.

In 1981, farmers who had planted recommended varieties of seed, applied correct amounts of fertilizer and had drying and storage facilities available, were able to harvest crops up to 80 bushels per acre, nearly twice the national average. However, early snowfalls came while a substantial portion of the 1981 crop was in the field. Farmers who had access to on-farm drying and storage were able to combine earlier and harvest a good crop. Others who gambled on grain drying in the field were caught by the snow.

In 1982, only about 14 percent of the Delta project's land has been in production for more than two years. EPI cites roughness of soil from initial clearing and the lack of experience with Delta conditions as factors contributing to the problem. Dr. Motes stressed that

these problems are likely to be overcome in time and that the feasibility of large-scale production cannot be tested as long as only parts of each farm are in production, as was the case during the 1979 through 1981 crops -- and as will be the case for the 1982 crop.

In addition to the need for adequate field experience to test yields, the most critical factor to the success of the Delta project is the expectation regarding farm gate prices at Delta. Current world prices do not cover costs for barley production areas, and they probably will not provide adequate incentives for full production at Delta this year. Improved price expectations, or a state program to assure a market for Delta barley are necessary to permit the development of grain production and marketing to the scale needed to achieve efficient operations.

Dr. Motes emphasized that without adequate assurance that prices will exceed production costs, the incentive to bring land into production at Delta is missing and the project will not reach potential and will fail to test Alaskan development potential.

Cordova Highway Study to Continue

What has been called the world's longest and most scenic cul-de-sac, may remain just that if Cordova residents get their way.

Cordova's electorate voted 422 to 302 against resuming construction of the controversial Copper River Highway during last month's primary election. Reacting to the vote, the Cordova City Council voted to reverse its earlier support of the highway.

Despite the vote, the project is by no means dead as Governor Jay Hammond has ordered completion of a supplemental environmental impact statement for the \$90 million Copper River Highway. Hammond said the decision on whether to proceed from that point will be left to his successor after the November 2 election.

The proposed highway would connect Cordova to the rest of the state by intersecting the Richardson Highway 22 miles north of Valdez. The unpaved road extends 50 miles out from Cordova and ends at the "Million Dollar Bridge," a casualty of the 1964 earthquake. It would take five to ten years to complete the road which would pass through extremely rugged terrain.

Highway construction had resumed in the 1970s, but it was stalled by a Sierra Club lawsuit that charged the state was acting without a proper environmental impact statement.

Cordova Mayor Jim Poor favors construction because statewide access would help diversify the salmon-

Continued on page 10

Delta Farmers Harvesting A Bumper Crop

Farmers in the Delta Barley Project are busy harvesting their 1982 crops after a frost several weeks ago.

According to Glenn Franklin of the Alaska Agriculture Action Council, the first frost came on time and it appears no crops were hurt. He said mature barley is not affected by frost, but last year an early freeze in August lowered the yield of many farmers because the barley still contained a high moisture content.

Kay Lasley, editor of the Delta-based Alaska Farm Magazine, says the Delta farmers are harvesting a bumper crop this season. She pointed out that the 1981 harvest could also have yielded a bumper crop despite the early frost, but "seed money came three weeks too late, preventing an early planting."

Only 7,000 acres were planted at Delta this season, compared to 14,000 acres last summer. However, much of last year's crop was not harvested due to the early frost, a rainy August and poor harvest conditions in September. Left over barley in the fields was a factor in the 1982 reduced planting.

Alaska cattle and hog farmers are watching the Delta harvest closely to see if there will be enough animal feed to go around.

According to University of Alaska researchers, there is a very tight match

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Resource Review is the official monthly newsletter of the Resource Development Council for Alaska, Inc., Box 516, 444 West 7th Avenue, Anchorage, Alaska 99510. Phone (907) 278-9615.

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Remodeling of Clean Air Act Needed

Editor's Note: First of two parts. Next month: Indoor Pollution.

As federal regulation becomes more pervasive, it has become apparent that restraint and balance are essential. Otherwise, many unnecessary burdens which don't really contribute to the overall goals may be imposed on the public, business and industry.

Environmental regulation is no exception and the way chosen to achieve environmental goals may be overly cumbersome and sometimes self-defeating. The Clean Air Act of 1970 is a prime example.

Congress has been debating revisions to this legislation for over a year. The two main issues are: Should the act be revised to conform with sound principles of regulatory reform? Should the Prevention of Significant Deterioration and Nonattainment programs be simplified and streamlined?

Action on the Clean Air Act (CAA) remains stalemated in the House, and Senate floor action on clean air is doubtful this year.

Although figures vary widely, business estimates that it must spend \$16 billion annually to meet air standards under the CAA. At the core of the controversy in Congress is the extent to which adverse health effects result from exposure to current levels of air pollutants. The act's major goal is to manage air quality to protect human health. But the CAA is aimed at outdoor pollution and recent studies have revealed that indoor pollution may pose a much greater threat to one's health.

The CAA remains on the books as one of the most complex and cumbersome regulatory laws ever written. It is composed of 185 pages of legalistic jargon that have led to years of delays in efforts to construct new manufacturing plants and modernize existing plants. The provisions have resulted in a multitude of lawsuits. In spite of these and other difficulties, progress toward cleaner air has been made, but at a much greater cost in jobs, money, time and manpower than



The Resource Development Council believes air quality in Alaska's major cities may actually be enhanced with new changes in the Clean Air Act.

necessary.

According to the National Council for Environmental Balance (NCEB), the costs of air pollution control have risen to astronomical levels and to a considerable degree are responsible for the threat to some basic U.S. industries. NCEB stated in a recent report that "the present program is excessive in cost and has reached the point of even being counterproductive to both our environmental and energy goals."

A study conducted for the Business Roundtable found that several billion dollars could be saved by a more efficient clean air act, without sacrificing air quality gains. The study showed costs for air quality regulations to consumers were \$16.6 billion in 1978, while benefits were calculated at only \$8.5 billion for a net loss to the public of about \$8.1 billion.

By 1987, compliance costs are expected to rise to \$37.7 billion with benefits amounting to \$25.3 billion for a net loss of more than \$12 billion. The study, conducted by National Economic Research Associates, said that costs can be reduced and benefits increased through standards where health and environmental concerns are balanced against cost of controls.

Confronted by complex regulations, manufacturers are often caught in a Catch-22. They cannot build a new plant in one location because the air is too clean. They cannot build in another area

because the air isn't clean enough. As a result some manufacturers have abandoned plans for new plants in favor of building in foreign countries.

According to the National Association of Manufacturers, (NAM), the best way to improve air quality is to encourage expansion and modernization of plants. NAM says this process would phase out older plants equipped with less efficient air pollution controls, and replace them with modern facilities. However, NAM says the CAA is written in a way that makes it exceedingly difficult to build new plants or modernize existing ones.

National Economic Research Associates (NERA) Senior Vice President Lewis Perl recommends the abolishment of technology based standards by legislative changes, allowing states and regions to develop emissions control plans subject to no restriction other than national air quality standards.

In developing emissions and ambient standards, Perl said the Environmental Protection Agency should be required to evaluate costs and benefits to select standards to achieve the best possible balance.

NERA's Perl suggests markets-oriented solutions, including the establishment of taxes on emissions as the main tool for achieving emissions reductions. He also recommends the

Continued on page 9

Alaska Agriculture In Perspective

By Carl Portman, Editor

Alaska has the soil, climate and water resources to become virtually self-sufficient in beef, pork, feed grain, dairy products and fresh vegetables and to export a variety of agricultural commodities as well.

Although Alaskans have been involved in agriculture for well over a hundred years and there have been many individual successes, the industry as a whole has never begun to realize its potential. A review of Alaska crop livestock statistics shows that the production of agriculture commodities has remained about the same over the past 20 years despite the fact that there are over 20 million acres of potential agriculture lands in Alaska.

With the production of feed grain -- such as barley -- expected to play an important role in Alaska agriculture by providing a source of feed that Alaskans on farms and ranches need to produce livestock and dairy products, the state is now establishing an agricultural policy. Several significant steps to make land, financing and basic infrastructure available and to set long-term goals and



Matanuska Valley agriculture lands looking north to Talkeetna Mountains. (USDA Soil Conservation photo)

objectives have been launched.

In 1978, the Alaska State Legislature approved the Delta Agricultural Development Project; 60,585 acres were sold by lottery in twenty-two tracts suitable for commercial grain production. One year later the legislature requested the Department of Natural Resources to classify 650,000 acres of Class II and III soils for agriculture. Later that year the Alaska Agriculture Action Council (AAAC) was created and charged with the responsibility of developing designated agricultural projects in Alaska.

In 1980, the state administration set an objective of having 500,000 acres in crop production by 1990. Also in 1980, the Pt. MacKenzie project, primarily for dairy production, was approved and in September 1982, 114,000 acres in 29 tracts were sold by lottery. (An earlier lottery in 1981 was found illegal by the courts). By 1981, the legislature had approved funding for livestock-processing facilities and a grain-marketing system.

Included in the AAAC ten-year plan is the development of Delta II East of 24,600 acres in 15 parcels, Nenana-Tokchaket disposal of 175,000 acres, Delta II West and various small-farm disposals in the Tanana and Susitna Valleys. Delta II West land disposals were postponed by the 1982 legislature.

AAAC plans to proceed with the grain-marketing system which includes a transfer facility at North Pole, rail hopper cars and a grain terminal at Seward. Other infrastructure projects on the Kenai Peninsula, Kodiak Island and in Southcentral and Interior Alaska are also planned.

The major objective of all this planning and development is to create a self-supporting agriculture industry that can make a substantial contribution to the state's economy. AAAC says its ten-year plan is an opportunity to develop a

consistent and coherent agricultural policy on which to base expectations and commitments of state land and funds for farm and infrastructure development.

The potential of a world export market for Alaska grain also exists, representing an important safety valve for the marketing of grain in excess of intrastate feed demand.

However, problems have plagued Delta I as yields are below expected averages, barley prices were higher than the 1981 world market and the quality of grain was below expectations. Critics of the AAAC ten-year plan say Alaska's agriculture will never compete with farm production elsewhere. They maintain that without large state subsidization of the Delta project, farmers would not be able to compete on the world market because current production is not large enough to justify an export terminal and farmers could not deliver barley to the terminal at competitive world prices.

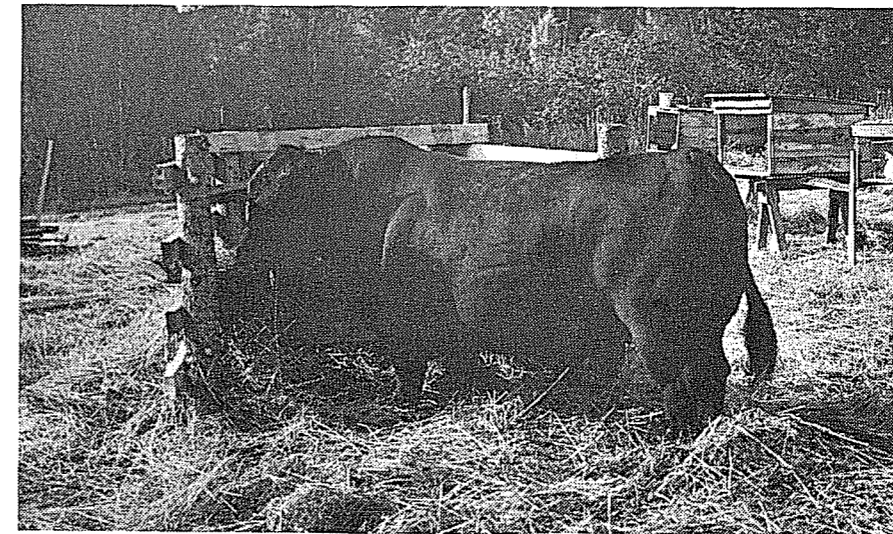
In a lengthy position paper on Alaska agriculture, Anchorage Representative Ramona Barnes opposed additional massive investments to develop huge tracts of land. She said the investments would not guarantee the success of present projects.

"The chances of traumatic losses combined with the seemingly hodge-podge, never quite complete, on-going super project has already begun to turn sour in light of present revenue projections," said Barnes in reference to Delta I.

Charles Logsdon, agriculture consultant, disagrees with the Barnes premise of stopping at this point to consolidate gains before proceeding onward.

"Even though it may be more expensive in the short run to continue pressing forward on Alaskan agricultural development, the long-term

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A number of beef cattle are found on the Kenai Peninsula, but large amounts of unused grassland and a relatively mild climate lend to a bigger potential. (USDA Soil Conservation Service photo)

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benefits will far outweigh those costs through positive returns generated, and by having the assurance of a supply of farm products Alaskans will be able to afford."

According to James Drew, Dean and Director of the University of Alaska Agriculture Experiment Station in Fairbanks, Alaska's agriculture requires continuing development of the total system including agricultural production, processing, transportation, marketing and financing. "Any deviation from the goal of developing the total system as expeditiously as possible will block the successful development of an agricultural industry in Alaska," Drew said.

The challenge of developing a major agriculture sector within the Alaska economy requires progression well beyond our current agriculture, says Michael Harker of the Cooperative Extension Service of the University of Alaska. In his report titled "Economic Interrelationships within Alaska's Developing Agricultural Industry," Harker echoed Drew in writing that "it is not feasible to approach development of Alaskan agriculture via gradual expansion from the existing base."

According to a February 1982 Alaska Agriculture Action Council report to the Alaska Legislature, market conditions are the main contributing factor in holding back agriculture development in

Alaska. Surplus stocks of feed grain in the Lower 48 have allowed relatively low-cost production of beef, pork, dairy and other products that require feed grain. Alaskans were at a disadvantage to compete with this well-developed and cost-effective production.

AAAC says the situation is changing with grain consumption in the U.S. and the world increasing dramatically. The national feed-grain surpluses of the mid-1970s are gone.

However, Kay Lasley, editor of Alaska Farm & Garden Magazine, insists that the main factor holding back agriculture development in Alaska, especially in the Interior, is financing and politics. Lasley credited the Legislature as "doing its part" in promoting agriculture development while charging that the problems lie within the Division of Agriculture for "holding back on loaning money" from the Agriculture Revolving Loan Fund.

Because of the lack in financing, Lasley said Delta Junction farmers planted only 5,000 acres this summer when they actually had 44,000 acres ready. She said there are millions of dollars in the revolving fund, but it's not reaching farmers because of political problems centered around the Division of Agriculture.

Financing to over 50 percent of the farmers at Delta was cut off this summer, Lasley said. As a result, they won't be

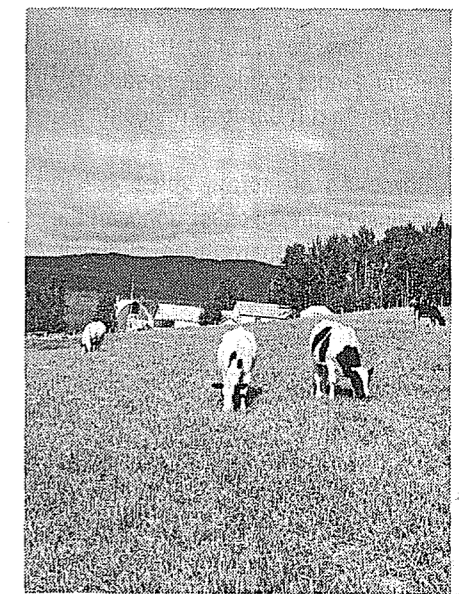
able to pay earlier initial loans, and many may be forced to sell their land. "By not granting new loans to allow the farmer to proceed, the state is simply cutting their own throat," said Lasley.

In a report prepared by Economic Perspectives, Inc. of Virginia, Dr. William C. Motes, formerly of the Office of the Secretary, U.S. Department of Agriculture, noted that the state has invested about \$31 million in loans and other investments at Delta and is committed to another \$7 million in export elevator facilities. He stressed that interim economic results indicate Alaska grain can compete in export markets.

The EPI report implies that the state must consider two additional investments to bring the Delta project to maturity. The first is additional project development time to permit full production and a reasonable test of yields and costs under field conditions. The other is the development of adequate markets and assured prices to give Delta farmers the incentive they now need to bring the land into full production.

Motes pointed out that the project is developing about as planned in 1977. Although the project is behind schedule, "it has followed the 1977 outline quite faithfully" regarding the number and size of farms, investments in facilities and

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Class IV land being correctly used as a pasture at the Alaska Experimental Station near Fairbanks. (USDA Soil Conservation photo)