When you think of shipping small loads to the North Slope, think of Big State Motor Freight. Our name is probably not the one you’ve heard most about.

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State Strategies For Economic Development

Part II of a three-part series

In the late 1970s, after years of using various incentives to lure major industries and branch operations to their states, the strategies of economic development officials took a new turn. From programs targeted solely at industrial recruitment, there was a shift toward bolstering retention and expansion of existing businesses and creating new ones. Stealing companies and jobs from other states became more costly and tiresome, and there were no net national economic benefits from this activity.

Ford Foundation's David Arnold attributed this new direction to two events: (1) A major study on job creation, and (2) the explosion of the "high-tech" revolution.

The job creation study, conducted by David Birch of MIT, reached a then-shocking conclusion: More than two-thirds of all new jobs were created by firms expected to hire more than twenty employees.

The study also concluded that regional differences in growth rates were not the result of plant closings or large corporate relocation decisions, but rather the result of differences in birth rates of new small businesses. For economic growth, business starts were more important than business relocations.

These statistics were widely quoted and in fact were the focus of a White House Conference on Small Business in 1980. Later a series of monographs published by the Council of State Planning Agencies (available at the Resource Development Council library) began analyzing the effects of state development policies. The CSPA monographs and some development "experts" brought to Alaska then espoused what some of us called the "small is beautiful" approach. Their thrust was that it was better to develop programs to play a role in fostering economic expansion they should not offer loans, loan guarantees or other forms of financial assistance to large, wealthy corporations. They proposed instead that development finance programs be targeted to new small businesses and minority firms with little or no capital; that there were the antithesis of the ones that would create the most jobs and economic growth. And, of course, job creation was of foremost concern to the majority of the public.

However, these arguments were quickly fed into the political debate on economic development at both the federal and state levels.

It was frustrating to study these and other arguments of the CSPA series and glean so little that responded to Alaska's needs and conditions. So it worked for Ohio; that didn't mean it would work for Alaska. Besides, Alaska had never really substantially participated in the smokestack sweepstakes, recognizing that too fast-growing firms saw green pastures were where they were available.

The second factor that influenced changes in state development policies was the "high-tech" revolution. When state officials witnessed the success stories in California's Silicon Valley and Boston's computer industry, they wanted their own, and fast.

To understand the extent to which officials jumped on the high-tech bandwagon, note these statistics on state technology programs reported by the U.S. Office of Technology in February 1984.

Over 150 state programs were implemented to address high-technology development. These ranged from high-tech education systems to creation of university-based technology centers to establishment of venture capital funds, and most came into being after 1980.

In Alaska, the Council of Science and Technology was created and existed for four years and died; several private partnerships to promote high technology development such as Michigan's Metropolitan Center for High Technology and the four-state Mining Opportunities Development Foundation; Washington's Committee on High Technology Training and Advancement, and Georgia's Advanced Technology Development Center.

While electronics and computer firms have received most of the attention, states are becoming more active in luring telecommunications, biomedical, robotics, and a vast realm of firms in the information services sector.

(Continued on Page 7)

Resource Development Council, Inc.
The Resource Development Council (RDC) is a nonprofit, nonpartisan resource development organization working to develop and sustain Alaska's natural resources in an identity manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

The RDC invites members and the general public to its bimonthly meeting featuring local and nationally-syndicated experts on economic and resource developments. Call (907) 279-0700 to reserve a seat. Meetings are held at the Alaska State Museum, 11th and F streets, at 7:30 a.m. in the Northern Lights tram. Reservations are requested by 279-0700.

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Forest plan severely limits timber harvest

(Continued from page 3) noted that the federal government's plan amounts to about a week's supply for the Weyerhaeuser mill as opposed to the amount cut in 1984, which was 545,000 board feet.

Easley, in her usual shy, retiring manner, said the Forest Service officials responsible for making the decisions did not adequately recognize this area, nor does it encourage exploration in the area.

Both RDC division directors pointed out that in other national forests in the U.S., multiple use has resulted in expanded recreational opportunities, increased productivity and expanded habitat.

"Those uses have added significantly to the economies of areas in which the forests were located," Tindall said. "The Chugach plan would deny Alaska the benefits that could be derived from having the national forests here managed as the rest of our national forests have been," he added.

Tindall also stressed that the plan discourages development of a viable timber industry in Southcentral Alaska which could provide the state's residents with jobs and a place to call their own.

Williams said the plan gives only a cursory consideration to existing and potential mineral resources. She said mining has been conducted in the area for over 100 years, but the plan does not adequately recognize this area, nor does it encourage exploration in the area.

The Chugach National Forest plan would place over 1.95 million acres of forest into wilderness classification, effectively closing off one-third of the forest to resource development.

Tindall noted that Alaska already has more land under such designation than the entire U.S. combined. He stressed that as Prudhoe Bay oil production declines and revenues fall, Alaska must seek to diversify its economy through resource development.

The Chugach ten-year plan serves only to lock up our valuable resources and discourage the growth of both new and old industry in Alaska," Tindall concluded.

Miners Association to tour Arctic mines

The Alaska Miners Association (AMA) Canadian Resource Development Tour departed Anchorage August 5 for thriving resource development sites throughout Western and Northern Canada.

The one-week tour included visits to a number of mines, hydropower facilities, harbors and cities. Smelters, railroads and oil support infrastructure were also on the itinerary.

The tour began with meetings in Whitehorse and Yellowknife with Canadian government and industry officials. The tour then proceeded to the Lucip Gold Mine, a totally air-supported facility in the Arctic.

The itinerary also included a visit to Syncrude's tar sands project, one of the world's largest industrial projects. Other stops on the tour included the British Columbia Northwest Coal Development Project in Trail, B.C., where Canada's oldest smelter is located.

Current trends in state economic policy

(Continued from Page 2) David Arnold identified the commonalities of the new strategies he studied: (1) Better quality math and science teaching in elementary and secondary schools. (2) Strengthened university-business linkages in R&D, technology transfer, scientific and engineering education and spinoff enterprises. (3) Increased emphasis on scientific and technical workers in the industry was at least equal to the average of all manufacturing industries and the ratio of research expenditures to sales was at least close to the average for all industries.

By any definition, Alaska's employment in high-tech industries is lower than the average of all industries. Although Alaska has experienced virtually no growth in this employment arena. Before considering how Alaska ranks in comparison to others, we need to be aware that there is no standard, widely accepted definition of high-technology.

The U.S. Department of Labor's Bureau of Labor Statistics defined high-technology industries as those that have a rate of research and development expenditures to sales that is at least double the average of all industries. High-tech industries included: (1) Biotech and science teaching in elementary and secondary schools. (2) Strengthened university-business linkages in R&D, technology transfer, scientific and engineering education and spinoff enterprises. (3) Capital availability programs for small businesses and for new product development. (4) State information and technological assistance programs for small technology-based firms. (5) Increased emphasis on international trade activities. (6) Worker training and retraining programs for advanced technology occupations.

According to Anita Williams, Co-Director of the RDC's Minerals and Energy Division, "Despite the fact that Alaska has two of America's largest national forests, the Alaska timber industry isn't even in the ball game when national figures are considered," Tindall said. He indicated that future timber production would be unnecessarily constrained by Forest Service management plans in Alaska.

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Inholders fight floods, National Park Service to save home and business

(Continued from page 1) ERTS from park service bureaucrats, the Resource Law Council (RLC) and the Pacific Legal Foundation have taken strong exception to the NPS position. RLC and PLF officials contend that flood dikes gravel already on the riverbed, blending in, would not alter the scenic qualities of the park since they would be constructed from gravel already present in the natural gravels along the river. A report from the U.S. Army Corps of Engineers, however, considers an inholders consultation's environmental impact statement judging Vaden’s erosion control plan as "tantamount to a discretionary for its handling of the permit application. According to PLF attorneys, the Park Service of..."
Workshop to focus on strategies for offsetting declining state oil revenues

Four points relating to community income and future growth will be identified and examined at an economic development workshop in Soldotna August 9.

Coordinated by the Research Development Council, the workshop is the third in a series of meetings scheduled by the Council in 1985 to address economic needs, opportunities and strategies for dealing positively with declining oil revenues. A fourth meeting will be held in conjunction with the Alaska Municipal League meeting in Fairbanks in November.

The August workshop, conducted in cooperation with the Alaska Department of Commerce and Economic Development, will take a look at how income is generated in Alaska communities.

"Because it is impossible to determine where we want to go unless we know where we are," Paula Easley, the Council's Executive Director, has asked community officials to compile statistical information that best describes their local economy.

To determine what options communities have to strengthen and diversify their economies, the August and November meetings will attempt to identify how income is generated in the local community how communities would like to see local income generated in the future, what actions at the local or state levels are needed to change the structure of local economies and the strategy by which needed actions can be implemented.

Once communities examine economic and demographic trends and assess their competitive strengths and weaknesses, community economic diversification projects may move forward, Easley said.

"The results of our efforts will be identification of problems and opportunities and an agenda for action -- a process for pursuing economic vitality at the local level," Easley said.

"As community leaders share their knowledge and experience with others, much time and effort will be saved," Easley concluded. "We cannot afford to waste valuable resources on processes that don't work!"

Alaska's parks not "packing people in"

by David Parish

Most of Alaska's national parks are currently understaffed and receive little or no visitor use, including the Cape Krusenstern National Monument where only fifty "non-local" persons visit per year. The 1980 Alaska National Interest Lands Conservation Act (ANILCA) increased the total acreage of national parkland in Alaska from 7.6 million acres to 51.2 million acres, an increase of 674%. The stated purpose of this legislation was "to preserve for the benefit, use, education, and inspiration of present and future generations certain lands and waters in the state of Alaska."

However, many of Alaska's national parks receive little or no visitor use because most of these areas have no visitor facilities or access from population centers to allow the park visitor the "benefit, use, education..." of these lands.

For the best example of a National Park fulfilling the purpose for which it was created is the Denali National Park and Preserve. In 1984, 394,429 people visited Denali. These people went there because opportunities have been developed for them to see the park and its wildlife up close without disturbing the wildlife or its habitat. Denali consists of some 6 million acres; therefore if every visitor were there at the same time, each person would have 15 acres to himself.

The Glacier Bay National Park and Preserve contains some of the world's most impressive tidewater glaciers. Last year 108,297 people visited the park, which is accessible by commercial cruise ship, scheduled air and sea and river travel. As much as half of America's future oil and gas production may come from offshore areas.

In a letter to President Reagan, Chappell emphasized that unlike the export of North Slope crude oil, approval for Cook Inlet crude oil would not require additional Congressional authorization. "Sufficient statutory authority already exists as a premise of the revision of present regulations," he said.

Sheffield urged President Reagan to consider the economic and energy policy goals, assure national security, reduce dependence on foreign sources and maintain a favorable balance of payments in world trade.

If these congressional goals are met, Chappell said the nation must maintain a balanced and predictable leasing schedule. He said the federal government must "eliminate such unnecessary and counterproductive barriers as Congressionally-imposed moratoria where those barriers prevent anyone from determining vital needs they may contain."

The Glacier Bay National Park and Preserve, which currently receives little or no visitor use, is accessible only by expensive air charter. Economic diversification projects can move forward, Easley said.

"The results of our efforts will be identification of problems and opportunities and an agenda for action -- a process for pursuing economic vitality at the local level," Easley said.

"As community leaders share their knowledge and experience with others, much time and effort will be saved," Easley concluded. "We cannot afford to waste valuable resources on processes that don't work!"

The Aniakchak National Monument and Preserve has seen only 25 visitors over the past five years. Like many of Alaska's national parks, Aniakchak has no visitor facilities and is accessible only by expensive air charter.

U.S. dependency on foreign oil rising

Congress was warned last month that unless more government-owned oil fields are opened to petroleum exploration, the United States could become dependent on other countries for one-half or more of its daily needs for gasoline, heating oil and other petroleum products.

The warning was sounded by Den Chappell, Division Exploration Manager for Offshore Texas and East Coast, Amoco Production Company, who presented testimony to the House Subcommittee on the Panama Canal and Outer Continental Shelf.

"Americans are now dependent on foreign sources for about one out of every three barrels of petroleum they use," Chappell noted. "Last year this country's cash outlay for that oil averaged more than $1 billion a week."

He also said U.S. proved reserves of oil and natural gas have declined about 30 percent since 1970 because withdrawals from existing fields have exceeded discoveries and additions to reserves by a wide margin.

"Let me illustrate that fact by pointing out that from 1971 through 1983, the U.S. consumed 41 billion barrels of oil from domestic proved reserves, while finding only 33 billion barrels," Chappell said. "In the same period, this country used up 255 trillion cubic feet of its natural gas reserves, while finding only 165 trillion cubic feet."

Chappell said that to maintain today's level of reserves and domestic production, the U.S. needs to find the equivalent of about nine million barrels of oil and 55 trillion cubic feet of natural gas each and every year. But exploratory drilling for oil and gas has reached a peak near the end of 1981 and has dropped almost 30 percent since then.

"What is needed," Chappell said, "is a vigorous leasing program that will bring about the discovery and development of this country's offshore oil and natural gas in an expedited and orderly manner, with appropriate environmental safeguards."

Chappell noted that such a goal was adopted by Congress in 1978 when it declared that the federal program for opening up offshore areas for petroleum exploration should be carried out as rapidly as possible.

Governor urges export of inlet crude

Calling it a matter of "national interest," Governor Sheffield is urging President Reagan to authorize the export of Cook Inlet crude oil. The state is considering the export of up to 6,000 barrels per day of its royalty from state-owned Cook Inlet fields.

In a letter to President Reagan, Sheffield emphasized that unlike the export of North Slope crude oil, approval for Cook Inlet crude oil would not require additional Congressional authorization. "Sufficient statutory authority already exists as a premise of the revision of present regulations," he said.

Sheffield said the exports would reduce the trade deficit between the United States and Pacific Rim nations, as well as enhance national security by providing Pacific Rim allies with a secure source of national interest by the Hawaiian and the selection of a specific purchaser by the Department of Natural Resources, the state would have to obtain an export license from the U.S. Department of Commerce.

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