ON ANOTHER Science News in January reviewed the National Academy of Science report by its Committee on Energy. The report states, "the energy problem does not arise from an overall physical scarcity of resources. There are several plausible options for an indefinitely sustainably energy supply. . . . the problem is in effecting a socially acceptable and smooth transition from gradually depleting resources of oil and natural gas to new technologies whose potentials are not now fully developed or assessed and whose costs are generally unpredictable."

The authors contend that the reducing of the growth of energy demand should be the highest priority of the Federal government's energy policy and that coal and nuclear power will offer the only large-scale, intermediate-term options for generating electrical power.

A BOOM IN '82

The quarterly report of the State Division of Economic Enterprise suggests that the Northwest Alaska gas pipeline and the Alpetco and Pacific Alaska LNG Projects could reach their peak employment levels in the summer of 1982 if there are no cancellations or delays in the projects. The report also predicts a strong 1982 construction season (due to lower interest rates and decreasing house and commercial inventories) and growth in the bottom-fish industry and in tourism.

A report by the National Center for Economic Alternatives says that a company should be held accountable if it establishes a plant in a community infrastructure just as a company accepts a certain risk when it builds a plant. I

The authors, David Smith, described as an urban specialist, and Patrick McGuigan of Boston Technical Development Corp., maintain that a community should keep a plant going as long as possible and that community develops a "reliance" on it. Smith and McGuigan say that the federal government investment tax credit, developed to give businesses an incentive to invest in new equipment, sometimes encourages them to close down older facilities. In other cases, conglomerates may close down plants when they take over a company, in order to maximize profits.

The article implies that Smith and McGuigan recommend government regulations to force companies to keep plants in operation and government loans to help them to do so. Scary Thought.
An editorial in the Seward Phoenix Log has taken strong issue with Governor Hammond’s views on resource development as expressed in a recent article by the governor entitled “Resource Development Vital, But Must Pay its Own Way.”

The editorial said Governor Hammond has been saying, ever since he took office, that he favors development—but any development he supports must “pay for itself.” On the surface this sounds great—but what the Governor never seems to address is—the cost to all of us, employed or not—of unemployment.

Alaska has suffered the effects of seasonal employment since it became American soil—and probably before that. Seasonal employment has been further complicated by booms and busts and by flat unemployment. Whole generations of Alaskans have known nothing else.

Right here in Seward we can see many of the effects of unemployment. Some of the significant effects are those of the earthquake in 1964 when 90 percent of the economy was lost. After the initial flurry of reconstruction, an apathy set in here, and pessimism has been prevalent ever since. These effects have been similar in other situations and in communities all over Alaska.

The social problems caused by under-employment and unemployment are many. I would hazard a guess that much of the alcoholism in Alaska has a direct bearing on unemployment and the pessimism and apathy it fosters. Crime is certainly a side-effect of unemployment—for idle hands surely do the devil’s work.

Other problems relating to unemployment and underemployment include fathers having to be away from home in order to work. In many cases the father is working to support two households going—one at home, the other where the father is working.

Young people who have been born and raised in Alaska find themselves unable to find work and must leave the state many times loses its greatest resource—its young people. Again families are separated, old friendships and ties are broken.

Certainly there are problems associated with growth and development. There are problems when a community is forced to find ways to provide services for more people. But there are at least as many problems in an area when many people are unemployed, where untold hours are wasted by people who have nowhere to go, to do nothing and not enough money to do things anyway.

We are given to understand that Alaska has a vast surplus of money and worthwhile means must be found to invest and spend that money. Certainly many of the social ills of Alaska could be corrected by assisting industries in getting established, and smoothing the way for development.

Most any community is probably better off with many small industries and businesses than one or two large ones that can in effect control what happens in a community—but small industry rarely has the capital to set up shop and get established. There might be too much to do to make things easier for these industries. Low interest loans, eased regulations and paperwork demanded by state agencies would certainly be a help. Smoothing the way for hydroelectric projects to supply power for industry in small communities would certainly be a boost. There are countless ways in which the state could assist industry, instead of hampering it which is usually the case.

Instead of vaguely handing out money to fund studies about industry and growth, the state might better find ways to implement those studies, many of which indicate various industries are indeed feasible.

It is time for Governor Hammond to come down out of the clouds and think about the costs of unemployment and a bleak economic picture—instead of worrying solely about whether an industry will “pay” for itself. He seems to be a nice man, but sadly lacking in sympathy for those who are unemployed. This is a problem in a community where many people are unemployed, but sadly lacking in sympathy for those who are unemployed.

The amendment allows for the export of the unprocessed logs. Under the original state contract Southcentral Timber would have to perform primary manufacture before exporting Icy Bay logs. When the Southcentral mill near Seldovia was shut down by the State for not meeting environmental standards, it could not keep the mill in operation.

Ray Tyson reports in the Anchorage Times that the long-discussed and studied Knik Arm crossing got a lift in the Legislature last month when a House committee introduced a bill requesting $1.8 million for preliminary design and engineering work. The crossing would link Anchorage and the Matanuska-Susitna Valley, drastically reducing the travel time between the two areas.

"This is more than just a study—I’m really interested in getting this thing started," said Rep. Joyce Munson, D-Anchorage, chairman of the House Committee on Roads and Highways, which introduced the bill.

How about a quick and easy poll on the subject? Send a card to RDC, Box 516, Anchorage 99510. Tell us whether or not you want the legislature to fund engineering work for a Knik Arm crossing.

The Seward Phoenix Log reports that Kenai Lumber Company in Seward has brought suit against Commissioner of Natural Resources Robert LeResche and two other officials of that department as well as Southcentral Timber Development, Inc. A Japanese firm which has a contract to export round logs from Icy Bay.

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The Corporation was formed by the State to help businesses develop new uses for Alaska’s timber, fisheries, agriculture and other renewable resources.

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Lieutenant Governor Terry Miller told the Resource Development Council's "Investing in Alaskan Development" symposium that he has been appointed chairman of the newly-formed Gas Pipeline-Conditioning Plant-Petrochemical Committee. He called the committee the Natural Gas Task Force. The Task Force includes state officials, legislators, and several Alaska mayors.

It will monitor the agreement of the state, the federal government, gas line sponsors and the producers to begin engineering and design of the pipeline.

The state has agreed to consider financing of a gas conditioning plant if (1) the state may be fully involved in design and cost estimation for the plant (2) the signatory parties agree to negotiate an option whereby the state could obtain the producers' and shippers' share of gas liquids (3) the signatory parties support construction of a gas liquids pipeline and (4) the signatory parties agree to the state's financing of the conditioning plant.

Further conditions which must be met for the state to finance a conditioning plant are (a) the formulation of a satisfactory design and a satisfactory cost estimate of the Alaska gas liquids transportation system (b) satisfactory federal regulation of conditioning costs (c) an option for the state to gain natural gas liquids from Prudhoe Bay (d) satisfactory treatment by the federal government of the state's conditioning plant financing proposals (e) satisfactory financing plans for both the Alaska and Canadian segments of the line (f) the issuance of all federal and Canadian approvals for the line and (g) support by the signatory parties for the steps necessary to meet conditions (a) through (f).

Miller said the Task Force may decide a petrochemical industry could be developed without necessitating financial involvement by the state, and this would be explored as well.

To skeptics who say a petrochemical industry is not feasible in Alaska, Miller said: "Perhaps not. But I say to them: what was not possible five years ago, or even two years ago, may be possible today. The turbulent world of oil and gas economics has changed the energy production industry profoundly and permanently. We in Alaska are the beneficiaries of many of these changes." He said the State of Alaska should seize this moment to promote increased processing with all its attendant economic benefits.

The Free Market and Energy

Reason Magazine reports that another study on the energy crisis has concluded that a return to the free market offers the best hope for solving our problems. This time it's a Ford Foundation study, carried out by a 19-member task force. The study is entitled "Energy: The Next 20 Years."

Declaring that America "is not running out of energy," it proposes rapid decontrol of oil prices without a windfall profits tax. The higher prices would spur both conservation and the search for alternative fuels, while higher profits would lead to expanded domestic oil exploration and production. Natural gas pricing should also be decontrolled for the same reasons.

"In general, we say reduce the role of government wherever you can," says Hans Lansber, chairman of the task force.

The Goose That Produces the "Oilen" Eggs

Alaska can be a major exporter of energy resources according to State Rep. Dick Randolph. That is, as Randolph sees it, if politicians do not stifle development.

One politician who apparently wants to encourage development, Rep. Randolph has proposed a repeal of the state income tax levied on the oil industry. He said the repeal would save the industry $400 million a year and would help restore Alaska's "Investment climate reputation." The state "must not kill the goose that produces the golden eggs." Studies have shown "Alaska's investment climate wanting for fairness and stability."

The repeal would not seriously deplete the state treasury. The companies still pay more than $800 million a year in royalties, about $1 billion in severance taxes and about $250 million in municipal property taxes, Randolph said.

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TAXES, TAXES, TAXES, MORE

T-A-X-E-S

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The statistics show that Anchorage's share of the federal tax burden is $2,689 per person. The tax burden is calculated from 1977 figures, the latest available.

AND MORE TAXES

Taxes collected by the state and local governments in Alaska amounted to $1870.71 per person. That is the highest per person amount of any state in the Union. The figure comes from U.S. News and World Report, Jan. 21, 1980.

Fresh Census Bureau figures show that Americans paid an average of $988 in state and local taxes in the year that ended June 30, 1978 — up 9.2 percent over 1977. Such taxes took 12.8 percent of personal income, compared with 10.8 percent a decade earlier.

Compared to the national average of 12.8 percent, Alaskans gave 17.5 percent of their incomes for state and local taxes.

TAX RELIEF

State legislators are considering a number of tax relief proposals this session, some of which are:

- Repeal the state personal income tax.
- Repeal the personal income tax for five years.
- Reduce the maximum property tax municipalities may levy from 30 mills to nine mills. Voters in a municipality would have to approve general obligation bond issues in order to be taxed at a higher rate.

- Reduce by two percent the corporate income tax for businesses not engaged in the production or transportation of crude oil or natural gas.
- Exempt interest earned on deposits with Alaska banks, trust companies, savings and loan firms, and credit unions from the State personal income tax.
- Exempt the first $25,000 of the assessed valuation of owner-occupied property from property taxes.

HOW DO YOU SPELL RELIEF?

State Rep. Dick Randolph, Fairbanks Libertarian, says the state should collect no personal income taxes. Here are some of the main points of his argument taken from articles in the Anchorage Daily News.

"The present administration talks continually about the economic health of the state. I'm far more concerned about the economic health of the people. We are continually being force-fed the idea that large state budgets and surpluses are somehow synonymous with the peoples' prosperity. Anyone in the private sector knows better than that." "The basic question at issue is the fact that presently the State of Alaska has too much money and the people have too little. The challenge then is to correct this situation as efficiently, as fairly, as rapidly, and as completely as possible." The predominant concern of those opposed to an income tax repeal is that all get treated equivalently, but how can we have equity when some are paying taxes and others are not? It's imperative that we first create equity by eliminating taxes for all and then equitably share our resource wealth with all Alaskans!" "Everyone knows that the rich don't pay taxes and that the truly poor already benefit substantially from our social programs. The people paying the taxes are the middle class working Alaskans and that is where the greatest benefit will be." Randolph maintains that, if the State income tax is repealed, "tens of thousands of Alaskans will have more discretionary income to spend as they see fit. We would no longer have to file a state income tax return, thereby saving the millions of dollars and countless hours that are presently required in their preparation. Not to mention the additional privacy afforded to each of us."

The Department of Revenue workforce could be reduced by 140 employees at a savings of over $5,000,000 annually. According to the State Department of Commerce, the tax repeal would create over 1,500 private sector jobs the first year it was in effect.

Randolph maintains that if the repeal were made retroactive to January 1, 1979, it would put over $250,000,000 into the private economy in the next 12 months. It would create 2,000 to 3,000 new jobs with at least a $45,000,000 payroll. It would have an effect on Alaska comparable to a $500,000,000 construction project.

INDUSTRY IN THE MAT-SU VALLEY

Judging from what Mat-Su Borough Manager Norman Levesque told the Resource Development Council at a January meeting, the Matanuska-Susitna Valley holds the potential for remarkable development.

Levesque looks forward to the building of the Susitna hydroelectric project. Other development possibilities he sees are a dairy and red meat industry new Point MacKenzie; new recreational sites in the valley; and, of course, the capital move.

The Mat-Su Borough administration has proposed an industrial park and deep-water port near Point MacKenzie. The borough is asking a West German consortium to finance a $100,000 feasibility study.

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