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While most Americans support reasonable measures to protect the environment, is it good business to spend $60 million to mitigate a possible threat to $2,500 worth of fish? Can America afford a risk-free environment?

How much are you willing to pay?

A pounding surf of environmentalism is striking America. As the tide rises, businesses from the Atlantic to the Pacific are finding it increasingly difficult to cope with mounting regulatory burdens that produce only minimal benefits for the environment, but present major economic impediments for industry.

"This tendency to save the planet by throwing vast sums of money at the environment needs to be reversed," warned Paula Easley, Director of Government Relations for the Municipality of Anchorage. "This won't change until the little guy sees how much of his paycheck goes to so-called environmental solutions that don't fix the problems."

Easley said it would help the battle for economic and environmental balance if local government and private industry isolated their regulatory costs and talked about them in "back-pocket" terminology.

"How much will endangered species habitat protection take out of my back pocket?" asked Easley. "Today no one knows, and the environmental lobby doesn't want us to know."

The government has a responsibility to study those costs and balance them against environmental benefits, said Debbie Reinwand, Acting Director of the Resource Development Council.

With no test in the regulatory process that effectively balances economic and environmental concerns, the Resource Development Council believes government places too much emphasis on environmental impact statements while giving too little consideration to the economic side of the equation.

"We must require an economic impact statement to determine the effects of government policies and regulations on the economy and to identify the impact on jobs, taxes, and competition with other countries," Reinwand said. "Regulatory burdens that produce small environmental benefits, but stand as a major economic impediment for business, should be re-evaluated."

While many Alaskans agree that environmental protection is good business, not all environmental solutions are good business. More often than not the costs outweigh the benefits.

For example, the federal government... (Continued on page 4)
If a self-help book were to be written around the theme of environmental regulations and laws, it could be titled *When Bad Things Happen to Good Companies.* The common theme that many RDC members and their companies have been throwing out as they enter the 1992 legislative session is the need for stability - stable tax policies, stable environmental legislation and a stable regulatory climate. But this is an election year, and the anti-development forces have an agenda of their own, so it's likely that some bad things could happen to good companies, unless we write our own self-help manual and take some steps to thwart the evil that often lurks behind the mask of "public policy."

The Coalition has been active both in Alaska and in Washington, D.C. The Coalition has hosted two congressional staff tours to view Alaska wetlands and meet with business officials and local leaders.

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**Support sensible legislation**

If we don't have the facts, it's difficult to have a reasoned argument. If we don't have a reasoned argument, it's difficult to have a policy that works. But primarily because they're "everywhere." They may not always have the best factual arguments, but when a lobbyist encounters a dozen or more emotional arguments on a piece of legislation, it's not hard to see why the non-development forces are under siege.

In 1992, RDC's board and staff would like to stop some of the bad things that have been happening to good companies, and prevent further bad things. Sure, we'd also like to put on our rose-colored glasses and assume that the state would authorize increased timber harvesting, tax incentives for oil exploration and reasonable regulations for miners - and you can be sure that if such opportunities have even remote potential, that's what we'll push for.

In the meantime, we plan to back sensible legislation, reasonable regulation, and will work to "enlighten" our legislative leaders at every turn. Only with support from our members can that happen in a big way.

The first assignment for RDC members is to show your support for SB 330, sponsored by Sen. Al Adams, D-Kotzebue, HB 373, by Rep. Eileen MacLean, D-Barrow, and HB 366, by Rep. Cherri Davis, R-Ketchikan. These bills would permanently exempt natural resources in place from municipal property taxation. RDC's executive committee has endorsed the legislation and will be working to ensure its passage. Feel free to contact the sponsors of this legislation now and let them know we appreciate their support.

In another example of inaccurate cost projections, EPA said Anchorage could complete the municipal stormwater discharge application for under $50,000. Like many other programs, EPA's cost estimate for the entire nation. California says the costs don't include the 1990 Clean Air Act's cost of $40 billion a year or some 20 or so other bills now pending.

The President's budget pegs these regulatory impacts at $165 billion a year - that's $1,700 for every taxpayer. America's cities are not happy about the environmental protection bill being charged to their accounts, especially since neither the federal agencies nor Congress knows what these programs really cost.

In California, water officials say it will cost the state's communities $3 billion in capital costs and $540 million in annual operating costs to abide by an EPA rule to regulate radion in drinking water. That more than three times EPA's cost estimate for the entire nation. California says the costs far outweigh the benefits and wants EPA to go back to the drawing board.

Gas and electric utility officials say they will spend $132 billion by 1997 to meet the 1990 Clean Air Act's prohibitions on acid rain. In one of the public policy's most sweeping mandates, the act (Public Law 101-549) requires that utilities reduce sulfur emissions over the next 15 years in an effort to stop acid rain.

For the public policy's proponents, this is a highly laudable goal. But such an ambitious undertaking will cost the nation's utilities about $132 billion between 1990 and 1997 to comply with the act. Given the difficulties in predicting the future, it's not likely that the public policy's proponents can accurately predict the costs of their plans.

"These dollars do nothing to clean up the environment; they just buy paperwork," said Easley.

According to the Council of State Governments, Alaska spent $131.6 million on the environment, more than 35 other states. On a per capita basis, Alaska's environmental spending is second only to Wyoming. As an average expenditure per manufacturing industry, Alaska is also in second place. As a percent of the state budget, Alaska is in fourth place. These state budget ratings reflect nothing local governments spend on the environment, except some pass-through grants.

"People need to know how much of their paychecks go to environmental regulation and the creation of spotted owl habitat," Easley said. "Only then will they get mad enough to fight."
American industry struggles to cope with environmental mandates

(Continued from page 5)

90 percent of the nation’s largest national forest to logging. As a result, mills are closing and job losses are mounting.

“Tongass National Forest is now closed to logging. The Tongass is a single Act that we did not grasp the consequences of, it was the Endangered Species Act,” said Senator Bob Packwood, in his August statement on wetlands and other oil industry critics claim Prudhoe Bay is a mega “hidden oil field” that industry is hiding to bolster their pro-ANWR arguments. In a sharp reply, Debbie Reinward, Acting Director of the Resource Development Council, noted that extensive studies have shown of the field’s approximately 10 billion barrels, only 500 million can be retrieved - and potentially at an economic disadvantage.

“The future outlook for Alaska’s timber industry is bright, according to John Sturgeon, President ofKoncord Forest Products. Citing an increase demand for wood products in world markets over the long term and a diminishing timber base in the Pacific Northwest, Sturgeon said demand for Alaska trees will grow.

Speaking at the RDC January 9 breakfast meeting, Sturgeon said a stable regulatory climate, a dedicated timber land base and a set allowable cut on that land base are essential ingredients to a successful recipe on developing a forest products industry in Central and Interior Alaska. RDC responds to West Sak story

In a recent Wall Street Journal article, environmentalists and other oil industry critics claim the West Sak oil field near Prudhoe Bay is a mega “hidden oil field” that industry is hiding to bolster their pro-ANWR arguments. In a sharp reply, Debbie Reinward, Acting Director of the Resource Development Council, noted that extensive studies have shown of the field’s approximately 10 billion barrels, only 500 million can be retrieved - and potentially at an economic disadvantage.

“To those who understand economics and science, the reason West Sak oil remains in the ground is clear,” Reinward said, citing unique problems with the reservoir. (Briefs continued to page 7)
Can the U.S. afford environmental protection at any cost?

(Continued from page 1)

Imagine having to build an expensive bridge over a two-foot-wide uncharted stream. That was the case when an Alaska logging company applied for a permit to build a road to its timber holdings in Prince William Sound. The company had planned to install a large culvert over the stream, but because the stream might contain fish at some time during the year, the Alaska Department of Fish and Game (ADF&G) wanted the company to build a bridge at much greater expense. Common sense eventually prevailed and the company was allowed to proceed with the culvert.

"They (Fish and Game) didn't even know if there were fish there in the first place," said Carl Propes, a land consultant for the company. "That was a good example of environmental overkill."

On a much larger scale, oil development in the arctic is another model of the lack of environmental balance. If America can produce up to one-quarter of its future domestic oil production from less than one-eighth of one percent of the Arctic National Wildlife Refuge, then isn't it in the nation's best interest to do so? Development could increase employment nationwide by 70,000, raise the U.S. Gross National Product by $50 billion and generate $3.25 billion in net national economic benefits, according to the Department of the Interior (DOI) and an economic analysis prepared by Wharton Econometrics Forecasting Associates.

"Development impacts are basically aesthetic," explained John Miller, Manager of Exploration and Production Affairs for the Alaska Oil and Gas Association. "Nowhere else onshore in the U.S. is there the potential to produce such huge quantities of oil with such a small environmental impact."

Yet the U.S. Senate, responding to a powerful environmental lobby, recently refused to vote on an energy package which would have opened the Coastal Plain to strictly regulated development. The far-reaching effects of environmental activism are also driving government policy on wetlands protection. Under EPA jurisdiction, Section 404 of the Clean Water Act is now the single most important land use control measure in America. The Clean Water Act was passed by Congress to prevent polluted, dredged and fill materials from entering navigable waters in the United States. It was not intended to be a wetlands protection law. Nor was it a migratory bird protection law.

The late newspaper columnist Warren Brooks refers to life under the 1989 wetlands manual as the federal government's "reign of terror." According to Mayor Tom Fink, that is not an exaggeration.

"The pervasive nature of wetlands areas in Alaska makes it virtually impossible for any community or pruden development to proceed without encountering the Section 404 program," said Bill Horn, D.C., Technical Advisor for the Alaska Wetlands Coalition. "The federal government, for all intents and purposes, has become a local zoning authority in Alaska," Horn added. "The problem may be more serious in Alaska than elsewhere because 98 percent of the communities in Alaska are in wetlands, raise, or adjacent to, wetlands as broadly defined."

Horn has urged lawmakers to pay particular attention to the unique physical, legal and social circumstances that exist in Alaska. "We want to save the diminishing wetlands of the Lower 48 states, but in doing so, we do not want to impose undue restraints and hardships on Alaska," Horn explained.

The wetlands issue is really a property rights issue. Ever since President Bush uttered a pledge for "no net loss" of wetlands, property owners have come under attack. Thousands of acres have been closed to development. In many cases, private residents have been forbidden from using their land.

"There were no votes, no public hearings, no environmental impact statements, not even a thought on what such land withdrawals would do to the social and economic fabric of a community, no concern over housing costs or jobs or anything else but wetlands," said Anchorage's Easley in response to an EPA advanced identification which found only 3,000 acres out of 3,000 square miles in the Juneau borough suitable for development.

"What right does the federal government have, with the stroke of a disputed regulation, to confiscate Juneau's land?" Easley asked. "If residents can't use that land, and Juneau loses it from the tax base, shouldn't there be some recourse?"

The late newspaper columnist Warren Brooks refers to life under the 1989 wetlands manual as the federal government's "reign of terror." According to Anchorage Mayor Tom Fink, that is not an exaggeration.

Last year, Fink and the Nationwide Public Projects Coalition surveyed county commissioners and mayors from around the country to learn about their wetlands permitting experiences. Instead of returning the completed survey, some 40 local officials called Fink to say they couldn't participate, fearing their permits would never see the light of day if their complaints became known.

From the local government perspective, the outcome of the wetlands debate has frightening implications. While the average person does not understand that wetlands protection involves huge costs, that person does understand higher taxes. At the same time, communities need more revenues to pay for environmental programs mandated by Congress, yet more of their industries are being targeted for wetlands conservation, the community tax base shrinks even further.

H.R. 1330 was introduced in the House last year to rectify many of the wetlands protection abuses. Horn sees the legislation, with 170 cosponsors in the House, as the vehicle for reform.

Loggers are also struggling with the tide of environmentalism sweeping America. Battles over logging in the Tongass National Forest have closed...