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Resource Development Council for Alaska, Inc. RESOURCE REVIEW

Box 516

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May 1979

RESOURCE RAIDERS CHALLENGE LEGISLATURE'S BUDGET BUSTERS

Now listen you rascals of old Juneau town
Where the taxes go up and rarely come down.

The TIME of reckoning has finally arrived
And the bets are all setting at eighteen to five
That the "Resource Raiders" — that NOBLE
home team . . .

Can take the "Budget Busters," no matter
how mean.

Everyone knows that the "Raiders" are by
far the best,
They're lean and they're mean and they never
rest

As they train for the battle in Seward's
new gym
For the challenge of Earthball, a game without
rims,

A game without crossbars, cages or stalls
Where you push on the canvas and aim for the
walls.

The challenge is set for the fifteenth of
September.

A day to regret or long to remember,
In Anchorage we'll start and gamble on
down

The 'Roaring Twenties Express' to old Seward
town

To be lost in the cheer and the beat of the
band,
The throb of the crowd and cheers from the
stands.

Forsooth "Budget Busters" we'll make a
fair show

You get the Dallas Cheerleaders, or subs, if you
go

Down the rail line to Seward's new gym
To try your luck to see if you'll win.

And when the game has finally ended
The winner with the state budget shall spend it.

WHAT TO DO WHEN THE OIL RUNS OUT

An imminent concern of Americans is that
of life without gasoline. And gas rationing is
just around the corner for many states.

In Alaska, however, an even greater problem
looms on the horizon: bankruptcy. At the cur-
rent rate, Alaska will be bankrupt as soon as the
oil in Prudhoe runs out. According to a State
of Alaska Department of Revenue Report,
70.03% of all revenue brought in by the State
of Alaska in 1979 was generated by the oil and

gas industry. In 1980 this figure is expected
to rise to 73.21%. Alaska thus faces a problem.
It must either begin to develop additional
sources of revenues from fisheries, agriculture,
mining, forestry, ranching, recreation, tourism
and other industries, or it must stop spending
tax dollars.

Encouraging expansion of the oil and gas
industry, the mainstay of our economy, must
be a Number 1 priority.

SOMEONE FINALLY GOT THE MESSAGE

There is an old Navy story about a sea bat-
tle between an American man-of-war and a Brit-
ish sloop. When the two ships slammed
together, British soldiers swarmed aboard
through the American gun turrets below decks.
The fighting was heavy and when at last the
British had been repulsed, one of the seamen
heard a lieutenant on deck cry, "We have not
yet begun to fight." Looking over the carnage

about him the seaman replied, "Someone is
just not getting the message."

In the field of land classification, it is a plea-
sure to report that someone is indeed getting
the message. In the spring 1979 edition of *The
Land*, a BLM publication, State director Curtis
V. McVee stated: **Multiple use is neither pro-de-
velopment nor pro-preservationist. It's a wise**

Continued next page

use of resources under environmentally sound systems of management."

As the RESOURCE DEVELOPMENT COUNCIL has been pressing for multiple use of lands, it is truly a pleasure when someone 'gets the message.'

GOOD GRIEF, ANOTHER STACK OF LETTERS?

Council President Bud Dye may be changing his flourishing signature for a scribble unless the staff cuts down on preparing letters for his signature.

The latest demand on Bud's right hand was 434 personal two-page letters to members of the U.S. House of Representatives. Five volunteers took pity on the president, however, and assisted with the signing, folding, stuffing and metering of the letters.

Among several points in the letter was the concern that if Congress did not remove the Borax Quartz Hill deposit from national monument status, it would, in effect, be stating that

it no longer supported the Mining and Minerals Policy Act of 1979 and earlier mining law.

Mr. Dye's letter emphasized the Council's concern that "failure to allow development of the U.S. Borax mining claim will set dangerous precedents for future mining, not only in Alaska, but in other states as well."

The letter concluded, "While we are not members of your congressional district, we recognize that decisions concerning Alaska's resources will ultimately affect your constituents — hopefully in a favorable way."

ICICLE DOES IT AGAIN

Once again Icicle leads the way in the fish-packing industry in Alaska. On April 12, two mobile fish processing plants left the pier in Petersburg to service the fishermen scattered in American territorial waters. The first barge to leave was the *Arctic Star*, a 265-foot-long ship which can process and freeze up to 30,000 pounds per day and store up to 3 million pounds of fish. There will be no reason for the workers to be cramped, as the barge has living

quarters for 140. Two helicopters are available for rapid access to supplies and facilities on shore. The second craft, the *Bering Star*, is only 215 feet long and can house 120 workers. Both barges can load and unload products at the rate of 35 tons an hour. These two mobile barges will join Icicle Seafood's 165-foot self-propelled processing vessel, the *Alaska Star*, and five shore processing facilities at Petersburg, Sitka, Seward, Homer and Ninilchik.

FAIRBANKS SOLVES FUEL SHORTAGE FOR JAL

Fairbanks, because of its unique geographic location and proximity to jet fuel production, has induced some international flights to switch from Anchorage to Fairbanks International Airport. The key to this move is the availability of jet fuel from the North Pole Refinery and the addition of two new tanker trucks at the airport. These factors have also led Japan Airlines and Korean Airlines to consider Fairbanks rather than Anchorage as a stopover for cargo flights.

Beginning May 10, Japan Air Lines initiated four flights a day to Fairbanks. The company expects to have 88 flights into Fairbanks by the end of May. All flights will be DC-8's.

With the two trucks, each with a capacity of 10,000 gallons, the Fairbanks airport can

fuel the planes faster than could Anchorage. Terry Palczer, marketing distribution manager for the North Pole Refinery, stated in the *All-Alaska Weekly* "every gallon that goes through the airport means 2.3 cents for Fairbanks." This is not to mention the ten fulltime staff from JAL and other crew members who will overnight in Fairbanks. In fact, the outlook appears so rosy that the airport has ordered two more 10,000 gallon tanker trucks with a capability of pumping about a thousand gallons a minute. For the Fairbanks economy, this will equal \$2,300 per minute refueling four times a day. And when Korean Airlines begins refueling stops, the amount of refueling will increase... Good news from Fairbanks!

U.S. TECHNOLOGY ON THE DECLINE

By 1976, the U.S. imported \$32 billion worth of oil and \$60 billion of manufactured goods (textiles, shoes, machinery). We were able to export only \$15.7 billion worth of food and \$67 billion of manufactured goods (electronics, machine tools, pharmaceuticals).

How does this compare with importing and

exporting of the early 1960's? During those years, America brought in \$1.6 billion of oil and \$6 billion of manufactured goods each year. We paid for these imports by exporting \$2.7 billion worth of food and \$10.8 billion of manufactured goods.

Continued next page

ALASKA'S IMPENDING FISCAL CRISIS, GOVERNMENT AND THE ECONOMY

In Bob Richards' recent review of state government expenditures and projected revenues, he used Department of Revenue income projections from the petroleum industry in 1979 of \$709 million.

He then referred to Professor Brad Tuck's research which looked at potential sources of revenues from other industries. These conclusions were drawn by Professor Tuck:

—To generate equivalent funds (\$709 million) from personal income taxes, we'd be in for a tax increase of *five times* the present rate;

—To generate equivalent funds from the fishing industry, revenues from commercial fishing would have to increase by a factor of *eighty*;

—To generate these revenues from coal production, *3,545 million tons* of coal would have to be produced with a royalty of 20 cents per ton. (Annual production would have to be five times the total U.S. production in 1975;

—To derive \$709 million from hardrock mining would require the equivalent of 207 copper mines, each producing over 14 million tons per year. This would be almost nine times the U.S. production in 1977.

Professor Tuck admitted the comparison overstated necessary levels of production to some degree because personal income taxes would also expand, and increased production would result in some multiplier effects. And, of

course, with diversification of the economy, each industry would bear less of the tax burden.

Richards' report supports a position long held by the RESOURCE DEVELOPMENT COUNCIL: "The Permanent Fund can encourage expansion by the private sector through investments in public projects such as ports, dams, highways, railroads, health facilities and the like, which expand the state's infrastructure, and which, therefore, reduce the level of investment required by the private sector for any given contemplated project. An expanded infrastructure would cause Alaska to become more competitive relative to other locations for investment by the private sector."

Also on the Permanent Fund: "Investing in government bonds and similar investment grade securities represents an export of capital from a state which already is a net importer of capital. Placement of the funds into loan programs for families and local businesses generally has the effect of expanding marginal firms in the already large distributive sector, generating a greater burden for the already tiny basic sector to support."

Richards said high taxes could be counterproductive, discouraging private investment which in turn limited expansion of the tax base, and in the long run, reduced revenues to the state.

The report was commissioned by the Alaska Oil and Gas Association.

TRANS-ALASKA OIL PIPELINE COLLECTORS' ITEMS

Commemorative plaques and desk weights certified to contain oil from the FIRST BARREL OF OIL received at Valdez, Alaska, from Prudhoe Bay, July 28, 1977:

WALNUT PLAQUES Distinctive and elegantly designed, each plaque is numbered for one of 799 pipeline miles. The map of Alaska is carved in bas relief, set off by inset brass corners and inscribed plate, raised lettering and miniature pipeline containing Prudhoe Bay oil. Size: 12" x 14" Cost: \$200

DESK WEIGHTS Clear lucite desk weight measures 4½ x 3¾ x 1½ inches with red base. Tube of oil, pipeline mile and inscription in center. Cost: \$30

True collectors' items, only 799 of each were manufactured. Register of owners maintained at Resource Development Council. Send check or money order to (Resource Development Council), Box 516, Anchorage, Alaska 99510.

**REINDEER
RANCHING
IN
NOME-
KOTZEBUE**

Alaska is beginning to develop indigenous industries which employ Alaskans who will in turn buy Alaskan products which in turn support Alaskans. This broadening of the tax base is widely supported by members of your COUNCIL.

One of our unique Alaskan industries is reindeer ranching.

Prior to 1891 there were no reindeer in Alaska. The first herds were imported from Siberia with the help of Sheldon Jackson, a Presbyterian minister. The object of the introduction was to feed and clothe the natives during a reduction of the caribou herds. By 1902, the number of reindeer in Alaska was over 200,000.

Today, however, the reindeer number only about 30,000. Predation, disease and inexper-

enced management have taken their toll.

NANA Development Corporation began the reindeer ranching venture by purchasing part of the herd (now about 5,000 head) and selling meat and reindeer horns. With Exxon and Bureau of Indian Affairs grants the Corporation was able to borrow expertise from the Soviet Union which maintains a herd of around three million. Corporation President Willie Hensley said the Soviets' reindeer industry provided a solid economic base for some 10,000 people in Siberia.

NANA hopes to expand the herd substantially, thereby providing an Alaskan meat source, highly prized by residents, at a reasonable price; with meat, hides and antler sales, the venture is finally becoming profitable.

We wish the corporation great success!

**PROMISES,
PROMISES**

When Alaska became a state the federal government promised her 104 million acres of land. By 1979, Alaska had received only 30 million acres. Because of this slow conveyance process, the State of Alaska is "functioning on only one cylinder." So spoke Governor Jay Hammond in an interview with *U.S. News and World Report*, (March 12, 1979). In answer to the question "Why are these [selected] lands so important to the state?" Hammond responded:

The 104 million acres that we have selected are important primarily for agricultural, residential and mineral potential. Alaska will not be able to put the land to its best uses without appropriate access to these acres. To cord on them off with federal holdings that are so restrictive that it's virtually impossible to cross

them would be disastrous.

Designation as a wilderness virtually freezes land in its natural state. This, among other things, would preclude development of one of the world's largest molybdenum deposits in the Misty Fjords area of southeastern Alaska. Other natural resources affected include large copper and coal deposits, tin and cinnabar. We still have substantial gold prospects, and much of the state is unexplored for oil and gas.

Strong environmental safeguards are needed, but this doesn't mean that there should be no development whatsoever. Putting too much land in wilderness is not a very wise or prudent action in view of the country's problems in the Middle East and the hazard of being at the whim of foreign oil suppliers."

**BIRDS
AND
BALDERDASH**

Yet another episode in the true drama of the Prudhoe Bay area comes to the fore! On April 17, Don Clocksen, attorney for Alaska Legal Services, wrote the State of Alaska Division of Minerals and Energy Management, opposing Exxon's request to store a drilling rig on the Duck Island gravel pad.

Clocksen said leaving the rig would be a hazard to flying birds. He quoted the Beaufort Sea DEIS which stated that the drilling rig would cause "a significant amount of mortality" to the birds when they try to navigate through fog under 'IFR' (Instrument Flight Rules) conditions.

In the division's reply to Clocksen, it was pointed out that such a statement was without foundation in fact. Furthermore, "what are we

to do about permanent towers such as communications facilities and radar installations which have long since been in place on the North Slope?" Perhaps we should consider requiring the cutting of all trees in Alaska to prevent the birds from striking them under IFR circumstances.

We think even more precautions should be taken. Tall buildings could be razed and certainly glass should be removed from windows and doors as birds have often been known to fly through them. Under Clocksen's reasoning, solar collectors should never be allowed; nor should windmills.

Life is never dull in the resource development business.

Myron Kayton, an engineering manager for Systems Engineering Operation at Thompson Ramo and Woolridge, wrote that looking ahead to the 1980's, it appears that the U.S. will bring in more than \$50 billion in oil a year, and an increasing variety of low-technology manufactured goods, such as steel, consumer electronics, textiles and shoes, that can no longer be made economically here.

Kayton, writing for the *Seattle Post-Intelligencer*, also said we will be facing strong European and East Asian competition in goods which were considered high technology only ten years ago. Overall, the U.S. will be pictured as falling behind technologically, an image that has been widely predicted.

Kayton suggested at least three reasons for the decline. One is the shift of federal funds from support of high-technology invention to the support of consumption of low-technology products by recipients of social welfare. He said in the 1950's and 1960's funding for high technology was about 13 per cent of the federal budget. In the 1970's, however, that figure fell to 5.5 per cent. Meanwhile, funding for social welfare programs rose from 16 per cent in 1960 to 38 per cent.

Kayton cites the rise in interest rates from four per cent in the 1950's to eight per cent in the 1970's, as the second reason for the U.S. technological decline. Such an increase has forced business to invest in ideas with a short-term payoff. Because of the high cost of borrowed money, ideas that promise payoff

beyond three years are being deferred.

A third reason is the upsurge in regulatory and environmental pressures, and the stricter interpretation of defective product liability. "The high costs and long delays in dealing with technologically by inept, legalistic regulatory bodies deter change," he said.

"The fastest cure would be to divert perhaps 10 per cent of the federal budget away from outright grants to the unproductive poor and toward the support of high-technology innovation, perhaps in energy technology," said Kayton. He suspects a temporary reduction in the number of persons receiving grants would result, followed in two or three years by the creation of several times as many jobs as would have resulted from direct grants to the unproductive.

New industries resulting from this plan would maintain America's high standard of living as well as our export dominance in the field of high technology. Those high-technology manufactured goods, such as engineering, medical and educational services, and food, are the only feasible exports Americans can barter for oil and other imports. Kayton said unless U.S. workers are willing to accept a standard of living equal to that of our low-wage co-workers of the rising production centers of the world, we will not be able to compete on the world market by producing routine manufactured goods.

**COAL
GAS
EXPLAINED**

"Coal does not have to be mined to be turned into gas . . . first a grid pattern of holes is drilled into the coal deposit. Then either explosives or high pressure air is used to make cracks and passages between the holes throughout the deposit, after which the coal is ignited. After the underground fire is going well, water is pumped into the deposit. Under such high pressure and temperature, though, the water

does not put out the fire. Instead the fire uses the oxygen from the water, and the freed hydrogen combines with the coal fumes to produce the flammable coal gas which rises to the surface. That gas can be run through gas turbines on the spot to generate electricity."

Peninsula Clarion, February 7, 1979

**COMMON
SENSE**

Common sense is not that common.

-Voltaire

**PUTTING
THE
GOVERNMENT
OUT OF
BUSINESS**

On May 10, the RESOURCE DEVELOPMENT COUNCIL heard William McConkey, Executive Director of the State's Regulatory Reform Program, speak on the necessity for deregulation of governmental red tape which is currently strangling business. McConkey made it clear he was sincere in his efforts and intended to succeed where other such reform pro-

grams had failed.

One proposal is to establish three categories of leases, certificates or permits. The first level would be those which could be granted without a public hearing. These would be granted in 30 days unless cause could be shown by the government. The second class permit, which would require a public hearing, would

Continued next page

go into effect after 90 days unless there was some cause for denial or delay. The third category would be for those certificates or permits which would require extensive hearings and environmental impact statements. But, unless there was cause, these would be granted within a year. This would place the burden of proof on the government, not on the private sector.

McConkey also proposed to eliminate layering, conflicting or contradictory requirements and useless regulations. The RESOURCE DEVELOPMENT COUNCIL reemphasized its total support of the program and discussed ways of stimulating private-sector input. A report of the meeting is available at the COUNCIL offices.

**QUOTE
OF THE
CENTURY**

Cecil Andrus, taking Senator Ted Stevens to task on d-2: "I am surprised that such a distinguished member of Congress would stoop to

using distortion about such an important issue."

**CADAVERS
UNITE!!!**

Word has just been received from Southern California that there is a new movement afoot. A new group known as CADAVER, (Citizens Activated to Defend the Aspersed Value of the Eternally Reposed), has been formed. "Why have we ignored the rights of an infinitely large group — the Deceased?" CADAVER asks. "After being trampled on for centuries by an upper-crust elite of 'living' humans, this silent majority has now formed a spirited underground movement."

Citing that 'cold-blooded prejudice against the Dead is deeply grounded in our society,' CADAVER made six demands, three of which are published herein:

- 1) CADAVER demands better living conditions — the Dead are boxed in municipal

hovels without adequate recreational areas, medical facilities, or proper utilities.

- 2) Jobs — the Dead have a 100% unemployment rate. Refused jobs simply because they are dead.
- 3) An end to media stereotyping — terminate the crude presentation of the Dead in movies, literature and popular folklore as somehow biologically inferior to the "living."

To the "clarion call" of "Death is Beautiful," CADAVER has made many inroads into colleges and universities of Southern California. Stating "The Dead will no longer take this lying down!" and "It's time for Death to be proud," CADAVER is calling for a DEAD LIBERATION now.

**GOLD
IN
GARBAGE**

America's "throwaway era" is rapidly coming to an end. With the accent on energy conservation and the environmental problems associated with continuing to dump 'trash,' garbage dumps throughout the United States are becoming veritable gold mines. Even sludge can be reused.

Recycling is now an 18 million dollar-a-year industry. Thanks to the 10% tax credit for the purchase of recycling equipment included in the Energy Act of 1978, items such as old bottles, cheese whey, aluminum cans, abandoned cars, feedlot manure and household garbage are being recycled or turned into energy resources. From the one-half billion tons of garbage produced yearly by Americans, a new industry is rising to the fore.

And the numbers are impressive. In 1968, for instance, there were 67 firms shredding the hulks of wrecked cars. Today there are more than 200. Of the 200 million tires discarded

each year, 10 million are recycled. Additionally, the tires are used as fuel, asphalt base and oil products. Goodyear's plant in Akron uses up to 30,000 pounds of old tires a day as a fuel source. In a demonstration project, Goodyear and Tosco Corporation converted 800 tons of scrap tires into 500,000 of carbon black, 130,000 gallons of oil, 26 tons of scrap steel and some gas. Lubricating oil is being recycled as is aluminum, copper, stainless steel and paper. Waste processing plants turn garbage into pellets to be burned as fuel. And this just begins the list.

The most important factor in this new endeavor is that the recycling is being done. For years the energy experts have been predicting that one day we would have to recycle. Now that the time has come it is reassuring to know that we have not neglected the technology which will allow us to pull ourselves out of the 'garbage problem.'

**SEARCH
FOR THE
HOLY
GRAIL**

"For every barrel of oil that the United States discovers, it uses two." This was the contention of Roger Herrera, Exploration Representative, SOHIO-BP, speaking before the Alaska Growth Policy Council's PETROLEUM POTENTIAL WORKSHOP on May 9. Herrera joined with other members of the public and private sector to discuss the petroleum potential of Alaska.

The scope of the conference was to show the on-and-offshore petroleum potential of the State and what possibilities for development existed. Milton Lipton, President of Walter J. Levy Consultants, also spoke and predicted the world oil situation would get worse before it

gets any better. "We are being myopic in the way we handle the energy problem," he stated. "Alaska is not the solution to the U.S. Energy problem. If we are looking for the Holy Grail, we won't find it."

Roger Lang, President of the Alaska Native Foundation, concluded the morning session by clearly stating the Native corporations were here to stay "forever." "They will not heal, scab up and go away." He emphasized that there must be some source of domestic fuel production for Alaskans, especially natives in the smaller villages. "Why," he asked, "do people in Barrow pay \$3 for a gallon of gas when they are right next to the pipeline?"

**BLM NOW
ADVERTISING
SIERRA CLUB
MEETINGS**

Two legal notices published in the Anchorage Times on March 27 have raised the eyebrows of a number of Council members. Both notices concerned the Gulf of Alaska EIS for proposed oil and gas lease sale No. 55 on OCS lands offshore of Yakutat.

The first notice advertised a public meeting to be held in Yakutat on March 29. The second

notice was worded exactly as the first except for the fact that it was advertised as the "Sierra Club General Meeting" to be held in Anchorage on March 27. The public was urged to contact two BLM employees for more information!

When contacted by a Council member, a BLM spokesperson said the second notice must have been placed in error.

**LOGGING
IS
SCENERY
TOO!**

Dear Editor:

I've been reading these articles in the paper about this log dump petition and I feel I should put in a word or two myself.

There is one thing I would like to see these flat-landers that sign such things get through their head, and that is that tourists don't come to Southeast or any other part of Alaska to look at beautiful buildings and park avenues.

They come here to see what they can of the logging, fishing and general life of Alaska along with the scenery. So why try to keep them from seeing it. After all, they spend millions of dollars each year trying to accomplish this.

Alaska is supported from tourists, fishing, mining and logging and the sooner people in Alaska come to realize this the better we can

work together for a common cause, such as stamping out d-2 and these other land grabs.

If it's a petition they want, then make one that says at least one load of logs has to be dumped when a tourship is in and I'll tell you where the tourists will be when it's going on, and then they'll buy their souvenirs to remember Wrangell by.

They'll leave here much happier than they would have otherwise.

Let's all look at the potentials and possibilities on this and try to work together.

Bert Duncan

PS: Petitioners be careful or you'll find yourself enjoying the logging. It's fun to watch.

Wrangell Sentinel, April 18, 1979

**AND YOU
THOUGHT
SMOKING
WAS
DANGEROUS!**

The Carter Energy Program also got a nasty jolt from the environmental lobby. It appears that highly insulated, air-tight rooms — the kind that the Washington Wizards want to hammer up all over America to conserve our nonrenewables . . . trap radons, derivatives of the dreaded radium. With this radioactive stuff ricocheting about our neatly sealed, energy-

efficient homes and condominiums, our cancer rates will show steep progress. Moreover, we will be sitting ducks for the FDA . . . imagine the implications of the Delaney Clause when they determine that sitting indoors leads to cancer."

From REASON, May 1979