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July 1986

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Resource Review

Resource Development Council for Alaska, Inc. Box 100516, Anchorage, AK 99510

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RDC strategies for advancing economy gain endorsements

Plan calls for immediate action

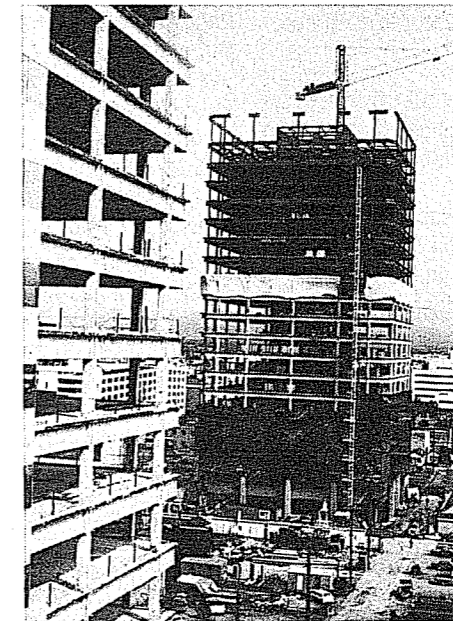
The Resource Development Council's new report, *New Strategies for Advancing Alaska's Economy: 1986-1990*, "provides a well-conceived framework for actions and policies to advance our economy and provide jobs for Alaskans," according to Council president Boyd Brownfield.

Brownfield warned that Alaska can no longer ignore its economy and the waste of human resources caused by high unemployment. He said state adoption of the strategies would measurably reduce Alaska's historically high unemployment rates.

Brownfield noted that the RDC report is targeted to enhancement of Alaska's resource industries, with the understanding that growth of the state's secondary or service industries would naturally follow basic industry expansion. He pointed out that the recommendations for necessary actions outlined throughout the document reflect realistic assessments of what could be accomplished between now and 1990.

In addition to its main direction, each industry strategy addresses issues relating to land ownership and management, regulation, permitting and environmental protection, incentives and taxation, infrastructure financing, education and employment and science and technology.

Among its many recommendations, the report urged that the state support opening the Arctic National Wildlife Refuge to oil and gas leasing, exploration and production. It also suggested that local, state and federal governments commit to an effective regulatory



The development of Alaska's North Slope oil fields resulted in great economic growth across the state in the 1970s and the first half of the 1980s. New buildings in Anchorage stretched into the sky as the economy boomed, but today construction is leveling off as oil prices fall. RDC's new report, *"New Strategies for Advancing Alaska's Economy: 1986-1990,"* details specific actions needed to sustain Alaska's prosperity and diversify the economy.

Gubernatorial candidates respond to Council's Plan

Gubernatorial candidates Joe Hayes, Bob Richards, Steve Cowper, Arliss Sturgulewski and Walter Hickel have commended the Resource Development Council for its newly released strategy for strengthening Alaska's economy.

The Council believes the actions outlined in the report, *New Strategies for Advancing Alaska's Economy: 1986-1990*, are the first steps toward building a strong, diversified economy. The 45-page document reveals strategies for advancing Alaska's oil and gas, minerals, wood products, agriculture, fisheries and tourism industries. Recommendations for advancing Alaska international trade and industrial development and power development are also listed.

Republican candidate Bob Richards enthusiastically endorsed the report as "the finest economic development program ever devised for Alaska." Richards said the strength of the report "lies in outlining specific action plans for each of Alaska's major industries."

Joe Hayes said the Council's recommendations hold the key to successful development because they call for specific actions in which government provides land, resources, tax incentives, infrastructure and a climate attractive to the promotion of resource development by the private sector.

Hayes supported controversial recommendations such as opening the Arctic National Wildlife Refuge to oil exploration. He also sup-

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Message from our executive director

by Paula P. Easley



Wilderness Society's Tongass report "assailed"

It was good to see the Wilderness Society get its comeuppance over the distorted, misleading information and photos contained in an April fundraising appeal sent to 160,000 of its members nationwide.

U.S. Senator Ted Stevens, the Anchorage Times, the Ketchikan Daily News, the Alaska Loggers Association and the Resource Development Council have all outspokenly challenged the Society's inflammatory statements about the "destruction" taking place in Alaska's Tongass National Forest — particularly those contained in its supposedly unbiased report "America's Vanishing Rain Forest."

For some months now the Resource Development Council has been dismayed that members of Congress are receiving hand-delivered copies of America's Vanishing Rain Forest from Wilderness Society devotees, but very little to counter the inaccuracies it represents. Why?

Enter the Andrew W. Mellon Foundation, generous contributor of a purported \$380,000 to the Wilderness Society (it could have been more — the Society isn't saying) to do a study on timber management in the Tongass.

Wouldn't it be grand if the Alaska Loggers Association and the Resource Development Council had even a fraction of that money to present a more balanced view of what's going on in the Tongass?

Is the report unbiased? Ask Carl Newport, a nationally respected consulting forester who agreed to serve on the Society's review team when the report's draft was released. This is, in part, what Newport had to say in a March 14 letter to Steve Richardson of the Wilderness Society. (See June *Resource Review* Tongass article.)

Readers should be aware of these points as the debate continues on the Tongass management issue:

1. *The Executive Summary is strongly worded, mixes facts with opinions and untruths, and generally advocates a Wilderness Society agenda which existed before any study results from this project. It doesn't sound like a summary of a sound objective study. It seems aimed at stirring up the constituency. It contributes little or nothing to readers who may seek a balanced viewpoint and thereby a resolution of what are some inappropriate policies and programs of the Forest Service in the name of ANILCA.*

2. *Tongass timber is given very close and, I would say, biased scrutiny regarding every aspect. It is put to tests and comparisons regarding demand, employment, costs in relation to benefits, and relationship to lower 48, British Columbia, Chile, etc. Tongass timber is condemned as an unnecessary program on all counts. Yet, no such tests or comparisons are applied to deer, bear, moose, salmon, subsistence use, wilderness, tourism, or commercial fishing. The reader must accept that Congress, in its great wisdom, knows these non-timber resources are of utmost importance but the same Congress was utterly ignorant, or stupid, when it directed the Tongass to make specific efforts and expenditures for a timber program.*

3. *The total effort is unbalanced. The Forest Service is quoted frequently and at length to support the Society's contention that the timber program, past and present, is a costly effort to maintain a dying patient. Yet, the same Forest Service is castigated, and not quoted, for not following directly the outside advice of single interest non-timber groups such as SEACC and ADF&G. Most readers will recognize this lack of objectivity. It results from the Society's acceptance of what it was told without sufficient effort to sort out fact, fiction, opinion and speculation to reach sounder conclusions.*

John Galea, a forester and general manager of the Alaska Loggers Association, has written the Mellon Foundation about its grant to the Wilderness Society, enclosing Newport's letter and a full-page ad the Society placed at a cost of around \$35,000 in the New York Times.

Headlined "Our Biggest National Forest is Getting Beaten to a Pulp," the ad concludes with a request that Americans contact their congressman **now**. "Or, if you want to do even more than that, contact us. We've been taking a beating long enough. Now it's time to fight back."

Good for John. He's asked that Mr. Newport's letter and the ad be circulated to the foundation's trustees.

The regional director of the Wilderness Society in Alaska, in a response to the Anchorage Times editorial, retorted "...the Wilderness Society stands ready to defend its position on the Tongass with the hard facts and figures found in its as yet unassailed report, America's Vanishing Rain Forest."

I think we can now consider it "assailed."

Resource Development Council, Inc.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:30 a.m. in the Northern Lights Inn. Reservations are requested by calling 276-0700.

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Carl Portman

Editor & Advertising Manager

Resource Review encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska 99510.

ANWR ...

(Continued from page 3)

lengthy study, well known international geologists with experience in the Middle East oil fields predicted in 1958 that the Marsh Creek Anticline and associated structures of the coastal plain could hold discoveries that would rival the size of the great oil pools in Saudia Arabia.

Against the vehement objections of Alaska's senators Bob Bartlett and Ernest Gruening, Secretary of the Interior McKay established ANWR at 8.9 million acres. The Alaska National Interest Lands Conservation Act (ANILCA) doubled the size of the refuge in 1980 and required a report on the oil and gas potential of the coastal plain. The report was mandated by Congress so that an informed decision could be made on whether to open the area to oil and gas exploration, development and production.

Under the direction of the U.S. Fish and Wildlife Service, a report is now being prepared evaluating the oil, gas and wildlife potentials. Its release is expected this fall; however, its findings could prove meaningless if new legislation supported by the powerful environmental lobby passes Congress.

The bill, introduced by Congressman Morris Udall, would add the 1.5 million acre coastal plain of ANWR into the National Wilderness Preservation System. Passage of the bill would spell the demise of any future oil and gas exploration in the region.

The coastal plain, which covers only eight percent of the refuge, is where the majority of the oil and gas is expected to be found.

Environmentalists have argued that by opening the coastal plain to exploration and development, critical caribou habitat will be lost. Yet studies have shown that ten years of extensive oil and gas development on the North Slope is compatible with a healthy Arctic environment. These studies show that any impact upon the environment by properly run exploration and production activities is of a minimal nature.

While state and industry biologists continue to disagree over the exact impact on the Central Arctic caribou herd, the animals have been increasing in the existing North Slope oil fields at a healthy rate and now number about 18,000.

Additionally, more than 60 wildlife units across America support oil and gas activity, including the Kenai National Wildlife Refuge in Southcentral Alaska, the National Audubon Society's Wildlife Sanctuary in southern Louisiana and the Arkansas National Wildlife Refuge on the coast of Texas, where whooping cranes nest.

If oil is discovered in ANWR, only a small portion of the coastal plain would be impacted.

Humana expands to meet Alaska's needs

Demonstrating its commitment to Alaska and its people, Humana Hospital-Alaska will dedicate its new \$23.5 million five-story tower and expanded facilities July 25 in ceremonies marked by the appearance of Olympic gold medalist Mary Lou Retton, announced Mary Willis, executive director of the Anchorage hospital.

"Our new facilities respond to the needs of Alaskans today, and far into the future," Willis says. "We offer the highest level of care in a variety of specialties, keeping the patient's individual needs as our top priority."

Joining Willis in the ribbon cutting ceremonies scheduled for 4 p.m. on July 25 will be gymnast Mary Lou Retton, winner of the All Around Gold Medal in the 1984 Olympics. Business leaders and elected officials from across Alaska will be on hand to join Humana in dedicating its new patient tower and expanded health care facilities.

The expansion project, started in March 1984, brings the hospital's total number of acute care beds to 292.

"The official dedication of these expanded facilities and our new five-story patient tower, along with the renovation of the adjacent Humana Medical Plaza, highlights the \$120 million investment Humana has in Alaska," Willis says. Humana Hospital-Alaska employs more than 700 Alaskans, with annual gross revenues of \$61.3 million.

The dedication ceremony on July 25 will be preceded by two days of community activities, including an open house featuring appearances by Mary Lou Retton, a display of the Jarvick 7 artificial heart, and a variety of educational activities and displays. For further information, contact Lyn Whitley at 276-1131.



Mary Willis

Strategies ...

(Continued from page 1)

reform program that eliminates duplication and multiple handling of permits.

The report recommended that there be no new oil taxes and that the state evaluate land use plans and exert its influence in a strong manner on federal land management plans to assure multiple use and prevent unexplored lands being placed in wilderness classification.

The issue of making more land available for various types of oil, mining, timber and other commercial development in an environmentally-sound manner is the common thread that runs throughout the report.

About 80 percent of all federal land in Alaska is withdrawn from mineral entry, the report cited. In lands of high mineral potential that remain open, great difficulty is encountered in developing mineral resources because of the land planning process and statutory and regulatory requirements. The Council said similar lands closures and regulatory difficulties have greatly suppressed attempts to tap Alaska's timber, oil and gas and agriculture potential.

By implementing its timber recommendations, the Council said Alaska could more than double the output of its wood products indus-

try by 1990, adding over one billion dollars annually to the state's economy. The report said less than 50 percent of the state's yearly sustainable yield of timber harvest would be required to reach that goal.

Timber ...

(Continued from page 4)

the timber, and the full cost of these roads is charged against first timber sales.

Once the roads are in place they can be used for future management of the timber as well as later timber harvests. Many timber roads have become part of the state highway system and have become essential aspects of community development, recreation and tourism.

Rowland stressed that her husband, his co-workers and other employees of the Alaska forest products industry from Southeast to Interior Alaska are conservationists in the true sense of the word.

"They harvest the mature crop of trees so healthy young trees can regenerate and perpetuate forever the many uses of the forest," Rowland said.



Portrait

Shelby Stastny

“Development, ecology and quality of life are compatible”

For more than eight years, Shelby Stastny has given his time and talents to the Resource Development Council because he believes Alaskans working together can improve the quality of life in the 49th state through sound resource development.

Shelby was elected vice president of the Council earlier this spring at its Annual Meeting. For two years he had served as treasurer of RDC.

If RDC is to win the battles it faces on diversifying Alaska's economy, Shelby says the Council must educate and convince Alaskans that “development, ecology and quality of life are compatible.” Shelby stressed that RDC deserves the support of the business community, especially now when Alaska is in the grip of an economic slowdown.

“If we don't get the message of compatibility out to young people and the public in general, the battle is lost,” Shelby said.

Shelby is a senior tax partner in the Anchorage accounting firm of Arthur Young & Company. He is in charge of tax services for major clients and has the overall responsibility for all clients in Anchorage.

The RDC vice president has over 20 years of professional experience tax planning and compliance in numerous areas, including corporation, individual, partnership, non-profit corporation and real estate taxation financial matters.

He has served as president of Common Sense for Alaska and the Alaska Society of CPAs.

Gubernatorial Candidates endorse plan

(Continued from page 1)

ported the Council's recommendations on permit and regulatory reform and its taxation policy. Hayes supported lifting restrictions on the sale of North Slope crude, the formation of a long-term energy plan and reclassification of streams used in mining.

Democrat Steve Cowper labeled the RDC report as “a wealth of good ideas.” Cowper agreed with the Council in that international trade is vital to Alaska's future economic growth. He supported actions calling for stable government regulations and an economic environment conducive to the formation of small businesses.

Senator Arliss Sturgulewski said RDC's recommendations represent “the kind of innovative and aggressive approach to resource development Alaska needs if we are to diversify our economy and promote stable economic growth.”

“A common thread running throughout the RDC recommendations is the need to simplify and streamline permitting procedures for all resource development,” Sturgulewski said. “If we are to realize the full potential of our natural resource wealth, we must make it easier for

the resource industries to do business.”

Among the recommendations Senator Sturgulewski supported were stable lease terms, bidding methods and stipulations which encourage early oil and gas development on state lands and creative financing for infrastructure to strengthen existing industries and to attract new ones.”

She supported the adoption of site-specific limits on turbidity and suspended solids where streams are naturally turbid or where downstream uses, if any, would not be unreasonably impacted.

After examining the report, Walter Hickel said the Council has “focused on some of the most serious economic challenges facing Alaska.” Hickel said the Council's report “provides a balanced approach to many of the tough economic diversification questions” facing Alaska.

Other gubernatorial candidates are reviewing the strategies and have been asked by RDC to support them as reasonable guidelines to improve the competitiveness and productivity of the industries addressed. Alaska communities have also been asked to

endorse the strategies through official actions and to coordinate the strategies with their economic development planning.

In preparing the strategies, the RDC held some fifty meetings of industry and government representatives over the past year to identify constraints to expanding Alaska's economy and actions that would remove those constraints.

“The final product is the result of substantial debate and compromise,” according to the Council's executive director, Paula Easley. “These new strategies provide a well-conceived framework for actions and policies to advance our economy at a time when we're seeing an economic slowdown across the state. The people we elect this fall will be immensely influential in deciding these issues, and they'll need enthusiastic support from Alaskans.”

Candidate Dick Randolph announced at press time that he also endorses the RDC plan.

Copies of the report may be obtained for \$5 each at the Council's office in Anchorage at 807 G Street, Suite 200.

Thoughts from the president



by Boyd Brownfield

It is certainly no secret that our economy isn't what it was this time last year. While we knew at that time the price of oil was dropping, its rapid collapse at the beginning of this year clearly set the scene for what is now a disastrous situation. Isn't that right?

Well, the gloom and doom certainly occupies a lion's share of the commentaries in the newspapers across the state.

What is so disconcerting, however, is that this notion tends to cultivate more negativism, which tends to cultivate even more negativism — and all of a sudden things do become impossible.

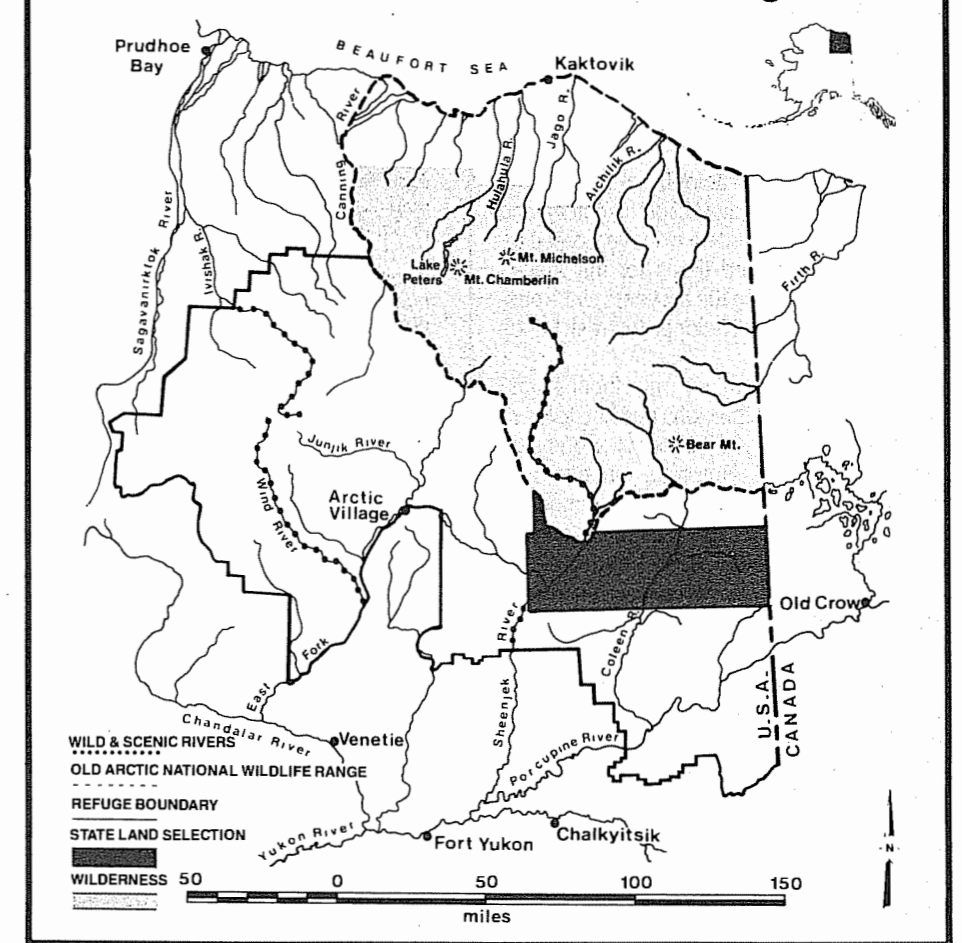
Certainly the situation is not as we would like it. In fact, business is darned right scarce. However, dwelling on the obvious down-beat will not lead us through the hard times. It is so important that the sights of Alaskans focus on the more important matter of strengthening the economy so that we don't continue to be slaves to a one-event economy — the Oil Patch. Don't get me wrong, oil is big business in Alaska and it will always be, it just shouldn't be the only act in town, or else its decline could bring our great state to its knees.

One needs only to focus on the great vastness of Alaska's lands and natural resources to realize that the means to achieve greatness is and has always been here in the form of diversification. What appears to be lacking is the strong will of the people to make it happen; the apparent near-sightedness of decisions regarding the destiny of our resources. The state must somehow learn that Alaska's long-range problems cannot be solved by short ranged, politically-expedient solutions. Our leadership must look over the horizon for solutions not just “down the street,” for that's how greatness is achieved. Otherwise, we'll find ourselves in a never ending closed loop, reinventing the wheel.

Let's find ways to fill that “half-full” glass of water rather than watch the remainder of the “half-empty” glass evaporate before our very eyes.

Your Resource Development Council has taken a commanding lead in this respect matched my none. Obtain, read, study and ACTIVELY ENDORSE our “Strategies For Advancing Alaska's Economy: 1986-1990.” The future of our great state depends upon it.

Arctic National Wildlife Refuge



ANWR may hold the key to Alaska's future prosperity

Sixty-five miles east of Prudhoe Bay lies a wind-swept and nearly featureless arctic plain. The land appears identical to that which surrounds the Prudhoe Bay oil fields. Like Prudhoe Bay, it is home to large numbers of caribou and other arctic wildlife and birds.

Beneath this coastal plain are geologic structures which hint of immense oil and gas deposits, perhaps greater in size than those of America's largest oil fields to the west. From an Alaskan standpoint, oil exploration of this region should proceed in a timely fashion since what lies below the surface could hold the key to a prosperous Alaska economy in the opening decades of the 21st century.

However, opening the 1.5 million acres of coastal plain to oil and gas exploration, development and production promises to be the most controversial issue to confront Alaska since the great debates of the 1970s over the Alaska Lands Act. It doesn't matter that the potentially oil-rich plain is only a short hop from Prudhoe Bay, requiring no extensive transportation system for development of any fields discovered in the area. What does matter is that the coastal plain falls within the 18 million-acre Arctic National Wildlife Refuge (ANWR).

Environmentalists claim that the wilderness values of ANWR's coastal plain outweigh that of any oil and gas that may be present, despite national energy security needs. They have launched an all-out effort to forever remove the ANWR reserves from exploration or development.

The awesome oil potential of the ANWR structures has been known for decades. After

(Continued on page 7)

Alaska loggers proud of their record

A combination of factors, not the least of which was the withdrawal of prime timber land into wilderness designations, have worked together to create hard times for the Alaska timber industry during the six years since passage of the Alaska National Interest Lands Conservation Act.

"Over 50 percent of my friends and neighbors have lost their jobs and had to leave the timber industry lifestyle of Southeast Alaska," said Pat Rowland, president of Alaska Women in Timber. "Any tampering with the finely-tuned Alaska Lands Act would only further hurt the Alaska timber industry and the approximately 1,500 families that directly depend on timber jobs."

Loggers throughout Alaska are on guard this summer as powerful environmental groups backed by large national interests launch bitter attacks on the 1980 congressional compromise to manage the Tongass National Forest that protected forest-related jobs and the Southeast Alaska economy. The agreed-upon compromise between environmentalists and development interests set aside 5.4 million acres of wilderness in the Tongass while allowing logging to proceed on a dedicated commercial timber base of 2 million acres. The agreement also established an annual timber harvest level.

Led by the Wilderness Society, environmentalists are trying to eliminate the key elements of the agreement, claiming loggers are leveling the forest and that the U.S. Forest Service is losing money on managing timber sales.

"We know our woods and what the land can produce," said Kirsten Held of the Alaska Loggers Association. "We are proud of the job we have done with a truly renewable resource," Held said. "Only 10 percent of the Tongass is programmed to be harvested, and that is on a 100-year rotation," she added. "Our jobs depend on that small percentage."

Rowland of Alaska Women in Timber noted that nowhere in the many laws passed by Congress giving management direction for the National Forest System is the Forest Service mandated to make a profit.

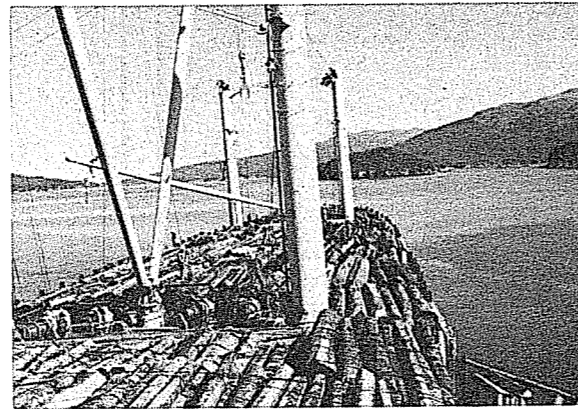
"We know that timber can be profitable venture in Alaska as proven by the private landholders who export round logs," Rowland said.

Logging costs tend to be high on the Tongass because stands are being harvested for the first time. Roads must be built to access

(Continued on page 7)

People of the forest

Logs from the Icy Bay operation west of Yakutat are exported to Japan while pulp logs are sent to mills in Southeast Alaska. Some 35 men work at Icy Bay, where over 190 million board feet of timber has been harvested. Anchorage-based South-Central Timber Development, Inc., has been cutting mature timber in the area for 16 years.



Pioneering spirit survives in Alaska logging camps

Hidden away behind the trees and mountains of Alaska's coastal forests are logging camps where several hundred men and their families live in a style quite foreign to most city dwellers.

A typical logging camp is on an island, or floating on rafts near the shore. Transportation to the outside world is by airplane and boat, not cars and highways. Vital communication can be next to impossible at times since there are no telephones. Only unreliable radio and mail provide the link with distant communities.

For the past 16 years, well-seasoned loggers have been harvesting mature timber in the dense and rainy coastal forest of Icy Bay, west of Yakutat. Some 35 men occupy the small wilderness outpost in the middle of a huge forest stretching beyond what the eye can see. Rain or shine, they rise before 5 a.m. each day to carefully harvest a small fraction of the forest until the early evening sun begins to fall.

From 1969 through 1984 over 190 million board feet of Sitka spruce and hemlock logs have been harvested at Icy Bay. Nearly all saw log production has been exported to Japan while pulp logs have been sent to mills in Southeast Alaska. All of the production at Icy Bay, except for 1984, has been by Anchorage-based South-Central Timber Development, Inc.

Logging in this wet coastal forest is most difficult in any type of weather; yet those who work in the forest love this healthy lifestyle and indeed want to see it preserved. More than anyone else, the logger wants to preserve what makes the land special — the wildlife, fish, forest and the jobs that allow for the survival of the pioneering spirit within him.

In the logging camps of Southeast Alaska, grocery shopping requires the listing of each item's size, brand and amount of all food supplies needed between freight stops. The pilot on the next plane forwards the list to the store and the food arrives boxed on the next boat trip — provided that all the connections were made in time.

A trip to the doctor is preceded by a radio call to make an appointment, another call to order the transport plane and a prayer that the weather will cooperate and the plane will fly.

"The Alaska logger and his family are uniquely isolated and resourceful," said Kirsten Held of the Alaska Loggers Association. "Good times or bad, the loggers count on each other to help when needed."

Our forest industry in Alaska has been built over the past 30 years on solid ground of good management of the land and its resources," Held said. "We have harvested areas of overmature and rotting timber and seen the spontaneous regeneration of healthy young trees come back at twice the volume of the old-growth stands."

The Alaska logger knows the woods and what the land can produce.

RDC is continuing its efforts in conjunction with Alaska's timber industry to urge decisionmakers to remember the people of the forest. Certainly they have a rightful place in the land management plans for Alaska.

Regulatory problems batter industry; miners struggle to get relief

Placer miners on verge of extinction

Alaska Miners Association president Rose Rybachek says Alaska's placer mining industry has virtually been destroyed over the past four years by restrictive regulations and threats of enforcement.

Rybachek noted that only one-fourth as many miners are in the field in 1986 as there were in 1984. In addition, a report issued by the state's Division of Geological and Geophysical Surveys has revealed a dramatic drop in Alaska exploration expenditures. According to Ross Schaff, former Director of DGGs, mining firms have cut exploration expenditures in Alaska from \$75 million in 1981 to less than \$10 million last year.

The DGGs report said unresolved regulatory problems were the culprit behind the severely-depressed placer industry.

The Alaska Miners Association believes a bill passed by the Legislature this spring

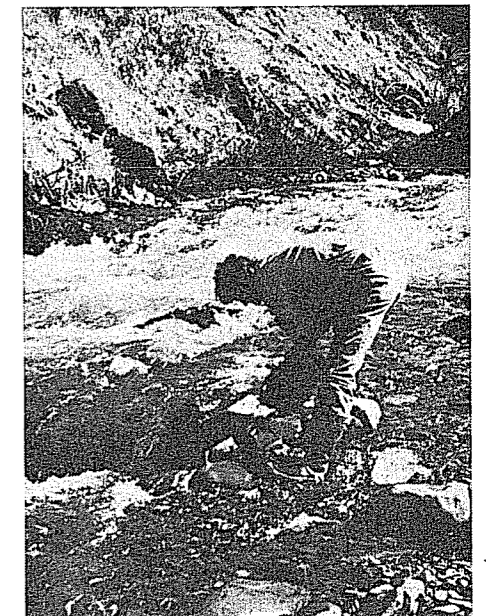
would have provided some relief to placer miners, but Governor Bill Sheffield vetoed HB626, a water quality bill which would not have required miners to discharge water cleaner than they received.

The Association has also expressed deep concern with the state administration's refusal to intervene on behalf of Alaska's mining industry in the Sierra Club lawsuit against the Bureau of Land Management. If successful, the suit will stop all mining on federal BLM land for several years, dealing a devastating blow to the industry and its supporting services, which employ thousands of Alaskans.

The Fairbanks Chamber of Commerce agrees with the Alaska Miners Association that private interest groups and unreasonable government regulatory restrictions have brought the mining industry to a near standstill.

In recent full-page ads, the Chamber said that with each new restriction, Alaskans feel the pinch of decreased state revenues.

"Since the discovery of coal and other mineral deposits, the mining industry has offered



Placer sampling, Kenai Peninsula (Photo by J.M. Kurtak, U.S. Bureau of Mines)

us economic diversification," the ads state. "But because of a depressed metals market and constant regulatory harassment, mining revenues have dropped to marginal levels."

The Chamber warned that the mining industry appears on the verge of extinction, just when Alaska needs it the most.

The Resource Development Council, the Alaska mining organizations and the Fairbanks Chamber of Commerce are urging Alaskans to work together to create conditions which will stimulate the mining industry before Alaska is completely "undermined."

Senator calls for leveraging of resources

U.S. resources must be used as bargaining leverage to improve the U.S. trade deficit with Japan, Senator Frank Murkowski said in a statement on the Senate floor recently.

Murkowski noted three examples of bargaining leverage that would allow the U.S. access to Japanese markets — controlling Alaska fishery allocations to Japan; exporting Alaska oil to Japan and transporting Japanese autos to the U.S. on American ships using U.S. crews.

The senator said the U.S. has been "giving its vast resources away to Japan and other countries for nothing. Yet by linking allocations for our Alaska fisheries to market access in Japan, we would open up their markets to U.S. goods and services."

In the area of Alaska oil, Murkowski said Japan and other East Asian nations "crave a long-term, stable supply of oil."

He said the U.S. must "exercise power through what we consume as well as what we produce."

Timber official urges Alaska wood chips sale

Alaskans are "slow if not frozen solid as to aggressive trade efforts with the Japanese regarding wood chips," says Joe Henri, President of South-Central Timber Development, Inc.

In a letter to Senator Frank Murkowski, Henri requested that the Republican senator lead an Alaska effort toward a long-term wood chips sale. "Achieving a contract along the lines of the Siberia-Japan agreement would give Alaska's timber industry a tremendous economic boost as well as a place to unload wood fiber which is now going to waste," Henri said.

Signed this spring, the \$500 million Siberia-Japan agreement calls for the Japanese to supply machinery and credit to the Soviets, which in turn will provide wood chips and lumber for pulp and other industrial uses in Japan.

Timber industry officials warned that the agreement poses serious impacts for Alaska industry and its prospects for future development.

The Resource Development Council has pointed out that the wood chip potential on the railbelt and in coastal Alaska matches or exceeds that which is readily accessible from the Soviets. In a news release this spring, the Council said it is apparent the Russians gave the Japanese concessions that Alaska was unable to offer.

However, Henri said "there never was a contest — there never was any formalized vying for this great market through any coordinated Alaska effort, either governmental or private enterprise related."

Henri explained that a 10-year wood products agreement between Japan and Russia expired in 1982. He said there was a four-year interval during which Alaska could have tried to make a deal with the Japan Chip Company, a joint venture of 19 paper companies which will buy 21 million cubic feet of wood chips annually, climbing to 35 million in the 10th and final year of the contract.