

Call number: 01-74-09 PT.2

Name and place: Meeting of the Alaska NORTH Commission [Northern Operation of Rail Transportation and Highways Commission]

Date of the recording: 8/1968?

Summary created by: Varpu Lotvonen

Date of summary's creation: 10/15/2014

Notes: Original on 7 inch reel.

The record begins with the chairman saying that Mr. [Doug] Purvis from Canadian Railways isn't able to come to the NORTH Commission meeting due to an electric storm, and that Joe Fitzgerald will speak in his stead. Fitzgerald addresses the audience and says that he was asked to speak about problems in Fairbanks and about its role in opening up the North. He tells that he hopes to tie his presentation to what Mr. Purvis said, and will tie his speech to the approaches to Canadian development.

2:04 They feel that Canadian problems aren't much different from what Alaskans face, and the difference is in national interests. Canadian Nation is one in which 95% of the people live in 5% of the land and therefore it has many political reasons to open up its country. 95% of Canada is underdeveloped or undeveloped and they have a need to accelerate the economy. It's not surprising that the Canadian Government has concentrated more directly and effectively than Americans have concentrated on their northern problem.

Canadians have used two basic instruments in opening the North: railroad and roads. Canada has systematically built railroads further to North and there are dozen that are complete. They have paid out and been successful and they are contributing visibly and materially to wealth creation in Canada.

3:57 Fitzgerald continues that they have recently produced a report that says that before Northern regions can be developed, there must be means of transporting men and goods. The statement is simple and there are tendencies to seek other reasons for establishing transportation and communication systems in an area.

Fitzgerald says it is important to understand that one doesn't have to be sophisticated to recognize that one can't open up an area without transportation.

5:45 He says that Canadian developments stem from government policy of northern development, which can be done in part by installing a road system. The program begun 10 years ago and continues today with some modifications. The main feature of the policy and the underlying concepts are strikingly instructive in the quest for Alaskan road policy.

It is generally accepted that exportation of oil and minerals is the only way in which the North can become economically independent in the next 10-20 years. The potential must be developed or there is a real risk of being replaced by alternative sources and types of resources. The chances of economic development that is based on mineral and oil resources are good and failure to invest in exploration will result in North being a deficit area. Although the resource extraction will be done by private enterprise, federal government must provide facilities like road network before investments are being made.

7:18 Canada has "access to resources road policy" which provides for establishing permanent roads so that no resource development is over 200 miles from the permanent road. It also has support policies for building secondary access roads. They have a complete policy about roads and railroads.

Given the similarities of problems in Alaska, they need to spell out a policy too because that makes it easy to fund programs.

8:43 To Fitzgerald, the meeting is historic. When the NORTH Commission was founded, it was seeking a way to cause development in the North, which is now assured by oil finds. The role of the NORTH Commission is to help with transportation programs so that development is facilitated to the maximum extent.

Fitzgerald says that he supports NORTH Commission who are bringing in adequate vision and looking ahead. Yesterday they heard testimony and Fitzgerald would like to tell the audience about what he understood from the testimonies. He says that it is too early for people to say what they might do in the north. Planning is in process but not complete and no one can say where the pipeline will go since

routes are still discussed. Companies also don't yet know the details of their oil production or what they will ask federal and state governments to help with.

12:44 Fitzgerald thinks that it's clear that transportation requirements of oil companies are on the level where they are required to use transportation. Fitzgerald says that this year, all their transportation requirements are being met by air transportation, that is largely out of Fairbanks and it will probably take a while until it will be necessary to seek alternative methods of transportation.

Fairbanks has the unique position of being the furthest north city, and it has a railroad and an airport. Tom Kelley outlined the long range problems well and it is reasonable to conclude that North Slope will be developed over long time. 25 years is not an unrealistic estimate on the development.

14:23 Fitzgerald says that their estimate on the activity at North Slope is reasonable for planning purposes. He says that it is possible to achieve economic success with railroad development. One can build all kinds of transportation but unless they acquire the density of traffic that is required, one never can achieve cost levels that are advantageous to consumers. As a long range thing, they find that "this" provides enough rationale to go ahead.

Fitzgerald says he wants to dwell in developmental aspects of a railroad for a moment. They tend to forget what the initial building of a railroad did in Alaska. Railroad made a small town of Fairbanks into a bigger one. Between Seward and Fairbanks, there was only wilderness and a road, and no economic development of any significance in the whole State of Alaska.

Congress and people decided to build the railroad for reasons that nobody would use today: They talked about coal reserves for the navy and other possibilities of minor significance and a railroad was built based on hope. That railroad determined to large extent where the military basis went and it determined where all economic development was to occur in Alaska. The rail belt contains 60-70% of the population of Alaska and contains at least that much of the total wealth of Alaska. It provides one large industrial economic complex that is [unclear].

18:00 Fitzgerald says that he wants to raise that point because transportation is important, although he realizes that they have to justify what they are going to do.

On the other hand, they know that transportation generates power to do “really large things.” That is what they hope for since they know what kind of mineral wealth they have in order to reach out into the program with completion of air transportation system.

When those things are done, other things will follow.

19:20 Fitzgerald was asked to deal with problem of Fairbanks and he prepared a small statement that he wants to read to people and comment about. The discovery of oil in Prudhoe Bay has changed the course of Northern development, but it is hard to say how the development will affect each city and area of Alaska. Fairbanks faces unique opportunities and problems due to the development as it is the only large city north of Anchorage.

Oil development doesn't require or support establishment of large communities near oil fields. During the developmental period that might continue for 20 years, there is a requirement for transportation center that is served by domestic and international air carriers that are connected to local and private air carrier systems. That kind of a system would best meet the need of those who are doing business at the oil fields during the developmental phase. Fairbanks can fill a substantial part for need of hospitals, hotels, restaurants and other things that make life comfortable.

21:04 Fairbanks, however, can only absorb so much prosperity without feeling implacatory [?] pressure, which could happen at the level of demand that is well below the level of the industry. Crews are rotated between Fairbanks, Louisiana, and Oklahoma so there is no monopoly that binds the industry to Fairbanks.

Fitzgerald comments on the question of what Fairbanks should do to benefit from the development. He complements Fairbanks for becoming one of the sites for Alaska Centennial and for surviving the flood and he urges people to activate on strong community basis. They will need representatives from labor, University, City and borough, as well as ties to state government. There are also parts of the federal governments who are willing to help if they are asked to, but they must ask because their problem is a local and not national. If they do organize, Fitzgerald thinks that a few meetings would give an idea of what could be done to advance

the interest of Fairbanks. He also thinks that if they don't do that, they will be bypassed.

23:02 He continues that he doesn't know any aspect of oil or economic development that can have a more direct and profound impact on Fairbanks than railroad construction. The reasons are simple: That is the type of work for which people in Alaska are trained, and contractors know how to do it. Construction would have direct impact on employment and in case of Fairbanks there are enormous number of people who are involved in that kind of construction. The impact would be greatest in Fairbanks.

Fitzgerald talks about air transportation that has, in his opinion, always been important in Fairbanks. He thinks that people have to take into an account the importance of railroad and airways in Fairbanks. Other thing is that there is logic in transporting to Fairbanks by rails and then continuing with air, rather than using Anchorage or Settle as a hub. That will keep the cost of transportation low until the very last moment.

25:17 Fairbanks's problem is the facilities. They don't have an oil service industry but they could get one and that will come if North Slope is big enough. That means that they need a city planning group. They can't have people jacking up the cost of storage space just because it's scarce, but instead they will have to build storage space for favorable costs. If they start charging people 30 cents for square foot, planes are going to fly from Anchorage, but if they get the cost down to 15 cents per square foot, they are going to use Fairbanks. Those are the hard things to look at but they have to be realistic about that but if they do it right, there's no doubt about the long-range impact to Fairbanks.

Fairbanks is going to be the big backup point for development if Fairbanks will make it so. [Applause.]

27:03 A man's voice thanks Mr. Fitzgerald and calls General Jones, who is leaving the community and they asked him to attend at least one of their meetings because his work has been invaluable. Mr. Jones addresses the audience and says that he speaks as an individual and an ex-officio member of the commission. He tells that he is also interested in the welfare of the United States that he has been serving for 33 years, and Alaska, because he thinks that there is great potential in Alaska. He's

interested in Fairbanks because he has been a part of the community for 28 months. He likes the people, and wants to see Fairbanks have a place in the future of Alaska.

In Alaska, he has done his military duties, which have involved pushing [unclear] out of the Interior and over the route of the railroad, he has [unclear] Bornite to Fairbanks in March. Before Christmas last year, he had another patrol with vehicles from Bettles to Livengood and back to Fairbanks. He has studied maps and talked to people who have been on patrols and so he knows about the difficulties, and thinks that he is qualified to report to the difficulties that come from operating in the Interior where it sometimes gets to -30 degrees, particularly at Indian Mountain and Bornite where they have strong winds. The price of mistakes goes up dramatically [in cold weather].

31:15 Johns has come to appreciate the real problems of overland movement. They found that there are lots of warm springs underground and that one can get their vehicle stuck in one even if the ground seemed solid. They think that [unclear] maintenance is good but if vehicle gets stuck and cold, they have to heat it up to get it started again. They need communications for people to know where they are in case of emergencies although there may be communication failures in cold.

Jones says that based on his own experience, the memorandum about how many vehicles it would take to service a winter road and how much road they could service was very conservative.

33:12 The reason Jones has been interested in the military is that he can present problems to the men and they will overcome them. They learned more in those interior patrols that they could learn in 2-3 months. Jones has been interested in having a traversable road into the Interior all along. They want new challenges and training areas so a railroad would be very helpful. He hopes that the commission will come out with a railroad.

He has also been a student at the University and has a master's degree in business administration. He did lots of studies on economics of Alaska and learned a lot about Alaska's industries. The economy of Fairbanks and its relation to the military was the subject of his thesis. He knows that Fairbanks needs other business besides military and what the University and tourism put into the

economy. He's convinced that 62% of the economy comes from the military basis of Eielson and Fort Wainwright.

36:16 He wants to remark on the people they have in the commission and praises their intelligence and experience, and tells that they are dedicated to the long-range future of the United States.

Opening up the Interior by the soundest way possible and not on short-term basis will allow Alaska to develop minerals in the Northern and most prohibiting parts of the state. He feels that the citizens of Alaska have an obligation to the commission because of what they are trying to do. They need to trust the commission's judgment, sincerity, objectivity, and abilities.

38:43 Jones continues that winter haul road is not the thing. He doesn't know where the money would come from and says that the military couldn't do it. If they had a road, they could develop trails and be in vanguard of progress. Military cuts trails with bulldozers and historically, people with frontier spirit have moved right behind them to homestead. Jones says he is not coming back to Alaska but he wants to make a recommendation that everybody gets behind the commission who advise the governor who in his part is communicating with the highest levels. Jones thanks the audience and ends his speech. [Appaluse.]

41:15 Chairman thanks General Jones and says that he was the last speaker but they have a bit of time [for discussion] while they wait for weather report. Mr. Fisher addresses the audience and says he'd like to pick up the challenge that George Jones threw to them. He tells that he has been involved in development of Alaska on local and state-wide basis for close to 20 years. He has been working with the University of Alaska for past two years as the head of the Institute of Social Economic and Government Research.

The Institute of Social Economic and Government Research has a staff of 60 people and they produce reports. They have done lots of work for Joe Fitzgerald, Federal Field Committee and other agencies. They also have disseminated information on Alaska both nationally and statewide. Some of their reports are frequently controversial and not everybody likes what they say or how it's said.

Finding mistakes and truths leads to facing problems, and finding better solutions in the long run. They are currently working with the representatives of the petroleum industry in trying to find results to the differences of the past. They are working in areas of fisheries, minerals, and lots of other areas. They have a resource that they can make available to the state and the commission. As the president [?] indicated yesterday, all of them at the University are willing to help them carry out their task. The people at the institute are willing to assist in any way possible, not just with grand ideas, but also with nitty-gritty work of data support, problem analysis, and solution development. [Applause.]

45:05 Chairman thanks Mr. Fisher and asks anybody else to speak. Barry Jackson addresses the audience and says that he was a member of the last legislature before the Republicans took over and states that he is a candidate again. He wonders if the North will be developed or exploited since there is no question that the oil is going to be taken. He wants the development to benefit Alaska and not only the oil industry, and states that it's up to the commission to show the way.

Jackson says that he has two points to make: First one is that it was suggested that the development at the North Slope will lead to development of permanent camps rather than permanent communities in which families would be located. On the other hand, he hopes that many Eskimos will be employed at the oil fields and believes that many of them would like to have their families with them and that there is room for development of new communities in North Slope. The second point is that in previous testimonies on transportation needs all who testified had their own personal preferences. The speaker had his, but he doesn't think his opinion would be of great help to the commission who now have to consider all views that have been presented and determine which the best ways to develop Alaska are. The witnesses may have differed as to what they thought needed to come first, but they are all clear about the need for ground transportation in Alaska. [Applause.]

48:01 Mr Chairman calls for other people who might want to be heard and since nobody wants to, he says they have a lengthy correspondence from Secretary Boyd and they want to read parts of it to the audience.

[End of the recording.]