

# Gravel proposes GSOP

BY MARGIE BAUMAN

U.S. Sen. Mike Gravel, D-Alaska, is asking Alaskans to consider a financial system called a General Stock Ownership Plan (GSOP), under which residents would become shareholders in energy projects within the state.

"The particular position of Alaska and its stage of development today appear to make the state a good ground for GSOP plans," Gravel said in his latest letter to his constituents.

"A great amount of new wealth will be created in Alaska during the coming decades," Gravel said. "It will be created through the capital-intensive projects which enable us to exploit our natural resources.

"If these projects are financed in the traditional way, then those who benefit will be those who already are wealthy—in most cases, non-Alaskans. Through a General Stock Ownership Plan, however, the opportunity may exist for financing these projects in a way that will help distribute the new wealth among Alaska's citizens."

Gravel has asked the Alaska Legislature to appropriate funds for a study of the GSOP concept, to answer many questions about its feasibility. The Alaska Democrat said he felt the concept had great potential but that further research by financial professionals is necessary.

## The Kelso Connection

Gravel's GSOP plan is based on a concept developed by Louis Kelso, a San Francisco investment attorney who developed a highly successful Employee Stock Ownership Plan, ESOP. ESOP offers a profit-sharing plan in which employees receive stock in their companies rather than cash.

The Concept has proven successful in various parts of the nation and Gravel and U.S. Sen. Russell B. Long, D-La., have been pursuing legislation to make such plans more attractive, while providing millions in new capital needed for growth over the next decade.

Some Alaskan companies presently using the employee stock ownership plan are the Fairbanks Daily News-Miner, Yukon Office Supply, Anchorage; Madison Lumber & Hardware, and Porter Spaulding Insurance, both of Ketchikan.

Under an employee stock ownership plan, the owner of a company sells the company to its employees, who make the purchase on credit, using the company's profits to gradually pay off their loan. In other words, employees are allowed to borrow against the future profits which they themselves will be generating.

The general stock ownership plans goes one step further, Gravel said. It allows a larger number of people to borrow money with which to purchase a profit-making enterprise, and then those profits are used to pay back the loan. When the loan is paid off, profits then go to the people who "financed" and therefore own the enterprise, even though they didn't use their own money to provide the financing and acquire this ownership.

Gravel argues that if the given investment is credit-worthy, money for the loan would be approved by the same banks, insurance firms and other private sources who would finance projects without a general stock ownership plan. The firm or institution making the loan

would have the added advantage of having the loan guaranteed by the state and having a tax policy that will make GSOP investments more profitable than conventional investments now done for employee stock ownership plans.

## Native Corporations

Gravel said that Alaska not only appears in many ways an ideal place for a general stock ownership plan, but that such plans are already in practice in the Native regional corporations.

"The Native regional corporations differ from the GSOP concept insofar as they receive actual funds from the government and not simply government guarantees for loans.

"But as a means of spreading the ownership of new wealth, they are true to the GSOP intention and method," Gravel said. "More than either of those reasons, however, the particular position of Alaska and its stage of development today appear to make the state a good ground for GSOP plans."

A great amount of wealth is expected to come from development of Alaska and its natural resources over the coming decades and if such projects are financed in the traditional way, only those already wealthy will benefit, Gravel said. In most cases, those people are not Alaska residents, he added.

A general stock ownership plan, however, may make possible financing of such projects in a way that will help distribute the profits among Alaska's

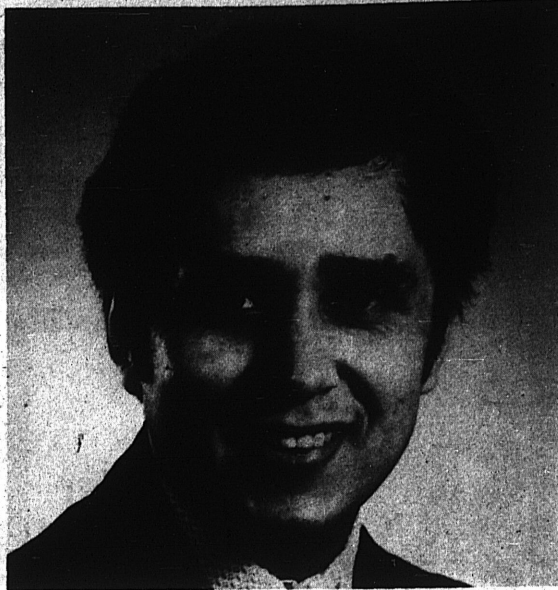
residents.

"Assuming financial soundness, GSOP investment would be possible for any of the large energy projects which will be built in Alaska. Today, in addition to the gas pipeline, there is the proposal to build a petrochemical plant (ALPETCO), which will require a great amount of capital. Still more projects are inevitable.

"And investment is even possible in the existing oil pipeline, especially as it is known that British Petroleum, a major TAPS (Trans-Alaska Pipeline System) owner, may be willing to sell its share.

Gravel has outlined the basic plan for how all this would be accomplished estimating first year income of \$500 per Alaskan with a general stock ownership plan investment level of \$1.5 billion. By the year 2,000, Gravel estimates that income per Alaskan would be \$1,512.

Details of the plan must still be worked out and Gravel is hoping that residents who feel the stock plan has merit will urge legislators to approve funds for a thorough study of the plan. Further information on the proposal is available from Gravel's offices in Alaska or Washington, D.C.



Albert M. Kookesh has recently filed for the State House of Representatives as Democratic candidate from District 2, representing Angoon, Gustavus, Hoonah, Kake, Kupreanof, Petersburg No. 1 & 2, Rowan Bay, Scow Bay, Tenakee Springs, and Wrangell No. 1 & 2. Kookesh was born and raised in the community of Angoon. A recent graduate of the University of Washington Law School, Mr.

Kookesh attended high school at Mt. Edgecumbe and graduated from the Alaska Methodist University in 1972. The candidate maintains an active life in community service, public affairs, and sports. The Albert M. Kookesh Campaign Committee has begun working, and the treasurer is Ross V. Soboleff, 818 B Street, Juneau, Alaska 99801.