

Gov. Hammond describes support of agriculture

Alaska is rich in natural resources. One of the challenges facing all Alaskans is to ensure the revenues we receive from oil and gas development are properly used to provide a solid and diversified basis for our financial, ecological and social future.

The danger, of course, is that this year's oil money may simply be used to pay for this year's cost of government, and next year's cost and size of government will be increased to absorb most of next year's oil revenues. This spiraling sequence can go on only so long...because someday the oil and gas will be gone...and then where do our jobs, our money, and our fulfillments come from?

There is an answer...and that is to use money from our one-time only nonrenewable resources, to develop our renewable resource industries.

We have several massive undeveloped renewable resource potentials in Alaska. Our aquaculture industry is one to which

we have had great attention recently. Our groundfish industry is another. We have also begun significant efforts to develop this resource with our trade mission to Denmark this fall, and the Danes forthcoming trip to Alaska. Another of our great potentials is for agriculture. I am today announcing a proposal to promote a major economic development project for the state of Alaska in the field of agriculture.

Our physical potential for agriculture is excellent. Recent soil surveys indicate as much as eight million acres suitable for cultivation and another eight to nine million acres suitable for livestock pasture. This is but four percent of our state's land area, but still a vast amount of land.

Historically, the problem has been, up until now, providing the initial push to allow the industry to get started. I am suggesting we provide this push now. Our goal is to place 50,

000 acres of state land in the Delta Junction area in agricultural production by 1980. To help this industry to get upon its feet so that it may become self-supporting requires a serious commitment by the state...In order to make that commitment, I have concluded it will be necessary for the legislature to authorize approximately \$5 million this year for beginning work to be followed by an additional \$8-10 million next year.

Equally important, in order to give agriculture a solid chance to succeed is the fact that it will be necessary to commit ourselves to sustain this young industry over the rough spots of the first decade of its existence; to endure unpredictable fluctuations in productivity and marketplace until reserves are sufficient to totally stand alone. The large front-end investment I am suggesting by the people of the State can only be protected by this long term commitment to give the project the greatest possible chance to succeed. This "front end" money would be used to clear the land of its moss and black spruce vegetation to divide it into family farm units of sufficient size to make small grain production economically feasible, and to convey agricultural rights to qualified Alaskan farmers at a fair price.

While the state will need to help, initially, with the financing and marketing, our extensive studies show that the project should pay its own way within a few years. The major expenses are for clearing and breaking land. These costs would be paid initially by the state, but *will be repaid in full as part of the conveyance price.*

Additionally, the state would assist with other necessary costs, including money to help in: laying out of the farms; access roads; arranging for installation of power to farmsteads; expanding the farm loan program to assist in financing equipment, etc.; selecting farmers; providing technical assistance; providing marketing information and contacts; assisting in obtaining federal grants for elevator, road construction and power installation; assisting in obtaining equipment, seed and fertilizer at lowest available prices; and assisting in obtaining the most reasonable tariff rates on transportation of product.

In the past, the greatest deterrents to agricultural development have been the lack of transportation facilities and stable markets. Our studies have shown that a minimum of 50,000 acres must be put into production as a unit in order to reach the critical amount needed to adequately meet the expense of a grain elevator and related facilities. Yet 50,000 acres will produce much more than Alaskans can consume in the immediate future. Therefore, an export market for the surplus is a necessity at this time.

To locate markets for the surplus production, I recently sent a trade mission to the Orient. That trade mission was successful far beyond our expectations. We received import approval from the Japanese government, and an enthusiastic "yes" from the major trading companies on both barley and rapeseed, (which produces a basic cooking oil used in Japan). In Korea, we found definite market potential for the barley grain, as well as for forage cubes or pellets made of the entire barley plant. In Taiwan also we

found great interest in importing barley from Alaska.

We have taken a number of other aggressive actions in the past year to further the Delta Project. A test clearing of 2,000 acres is now underway, to test several innovative methods of land clearing specially suited to the area. We expect to determine both the lowest cost and most effective means of clearing the land and in so doing, to reduce the investment costs to the farmers by several million dollars. Initial results look very encouraging.

We have worked closely with the U.S. Soil Conservation Ser-

vice to design this project so that it may be considered for inclusion as one of five federal "model" projects in the nation. If this occurs, land clearing and some other costs will be funded 50 percent by federal funds with an additional saving to the farmers of several million dollars.

We are also meeting with existing farmers to discuss production in 1978 of 1,000-to-5,000-ton quantities of barley and rapeseed for marketing in Asia. Hopefully, two years of such marketing experience will work out the details of trans-

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● Hammond

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portation and marketing to smooth the way for larger quantities in 1980 and beyond.

With this project as a basis, I am also announcing my intention to create the Alaska Agriculture Action Group. The purpose of this public/private group will be to serve as a focal point for the advocacy, encouragement, and coordination of future agricultural development in

Alaska. It will utilize the best expertise available in the private and public sectors to consider, evaluate and recommend worthy agricultural projects in which the state can and should play a legitimate role of encouragement and front end assistance. Analysis to date indicates the Delta Project measures up very well to the standards we have set for new development. It will provide jobs for resident Alaskans. It will pay its way

over the long term and will show a net benefit for all Alaskans. It is environmentally sound, and it can grow into an industry we Alaskans will welcome into the family fold.

Once small grain is available at a reasonable price, domestic production of poultry, pork, beef and dairy supplies will increase. This will mean lower food prices to the Alaskan consumer as well as higher quality produce.

At the end of the last legislative session, I vetoed a bill which could have created an agricultural authority which could be made too unaccountable to Alaskan citizens. While I supported some of the key objectives of the bill, there were serious technical and administrative deficiencies. I noted at that time I felt an obligation to demonstrate our determination and capability to pursue the practical objectives the legisla-

tion sought but failed to satisfy. I stated that during the interim we could develop the best possible plan to meet those objectives and submit it for consideration by the legislature. The plan I am submitting is based not upon speculation but upon evidence unearthed during interim evaluation of soil clearing, financing, infrastructure and marketing needs and potentials. The proposal sets forth what
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will be required to provide adequate assistance to agricultural expansion in Alaska without incurring a clearly unacceptable level of subsidization. No secret is made of the need for initial subsidy. No costs are calculatedly obscured. No argument raised as to the fact that certainly such a project is a gamble. However, it is the sort of gamble we must be prepared to take if we hope that agriculture will play a role in providing a rewarding future for Alaskans through renewable resource development.

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