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Alaska Native Claims

THE PROMISE OF TOMORROW

by ROBERT PARKER/Editor

The ceiling is 1,000 feet. Mist hangs over the hills. Below lies the fishing village of Port Graham, 150 miles southwest of Anchorage Alaska. The single-prop four-seater descends between the hills, touches on the gravel runway, and taxis toward a man and a boy waiting at the clearing.

Port Graham is one of 200 native villages in Alaska, and its people are among the 76,000 Alaskan natives to receive money and land from the Alaska Native Claims Settlement Act (ANCSA). Passed by the US Congress in 1971, the act reimburses natives for aboriginal claims to land purchased from Russia a century ago.

This is the first visit to the village for Julie Dallas and Todd Resch, two young auditors from the Touche Ross Anchorage office. Their host is Jim LaBelle, president of the village corporation established under ANCSA.

The nation's headlines have featured the oil discovered on Alaska's northern slope and the 798-mile pipeline being built to carry this oil to the ice-free port of Valdez. But equally significant to the economy of the state is nearly \$1 billion and 40 million acres of land awarded to Alaska's natives by ANCSA. Some of

the money is to be distributed to each native; the balance will be retained in regional and village corporations owned by native shareholders.

Port Graham's population of 150 people earns its living from the sea, primarily salmon fishing that keeps its cannery busy six weeks a year. But many of its citizens, and a portion of the 60,000 natives (Eskimos, Indians, and Aleuts) still living in Alaska, are caught in an economic trap. A modern economy and governmental influence have been forcing them to change in recent decades from a subsistence life style of hunting and fishing to a cash economy in which they must purchase material goods to satisfy new expectations. The issue strikes to the heart of their culture. As the caribou, moose, and salmon diminish, as the educated youth lose their subsistence skills, can—or should—the traditional way of life survive?

The main street of Port Graham is unpaved. Children splash in puddles. Behind them, the wooden houses are old and weather-beaten. Only the roar of a generator spreads the twentieth century through the trees. The mood is one of isolation, peace, and untapped potential.

"We're catching up with Anchorage," Jim LaBelle tells the two auditors. "Five years ago, we didn't have electricity, water, or sewers. Now, we also have a new school, and phone lines are coming." Today, the challenge to native leaders like LaBelle is from economic forces that threaten to pre-empt the natives' control over their own future.

Against a background of fishing nets are three images of Port Graham. From top: a fishing boat circles the harbor on a gloomy day; three cousins, from left, Elmer and Jo-Jo Tabios, with Kermit LaBelle; rows of fishing boats are drydocked for the winter.

THE PROMISE OF TOMORROW

Anchorage is a world of high rises, high prices, and high-density population (175,000 of the state's 375,000 citizens). It is the business and communication center of the state. Into the city from all corners of Alaska have come native men and women of working age. They seek work here and on the pipeline, jobs that they and their families need to survive in a cash economy. Their problem is limited education, limited training, and a frequent overabundance of good faith in dealing with their fellow human beings.

Life is not easy for such people. Nor is it easy for their educated leaders, many of them based here but whose efforts are scattered across the state as their native corporations seek to create a permanent economic base for natives in rural Alaska.

Briefly, the Alaska Native Claims Settlement Act provides that:

- Natives will receive surface and subsurface rights to 40 million acres of land, to be selected by them.
- Natives will receive \$462 million from the US Treasury and \$500 million from federal and state mineral revenues, spread over nearly two decades.
- The land rights and the money will be administered for the natives by 13 regional corporations (determined by geography and native population) and more than 200 village corporations.

The net effect is that natives will get "a piece of the action" as Alaska crosses the threshold of economic development. Yet their leaders must be aware of the implications of their decisions—that, for example, to invest their money in pipeline construction will generate jobs and short-term profits, while to invest in the state's natural resources, which will make possible long-term growth in such areas as health, education, and housing, may also erode a culture that

is the basis for their value system.

The decision is not an easy one, for the true long-range benefits of the act are in the land rights. Should Doyon—the largest region in size—one day value its 12 million acres of land conservatively at \$1.2 billion, for example, its company assets would rank it No. 123 on the Fortune 500.

Is there leadership ability among the natives to run such large corporations? There is, but it is spread thin. There is, because the native leader is intelligent and industrious. As a corporate manager, moreover, he is uniquely concerned about the stockholders he is responsible to—for they are his own people. But he has been deprived of one key: experience.

From their offices in the Alaska Native Foundation's headquarters at Fifth Avenue and D Street, president Emil Notti and executive director Perry Eaton view the growing Anchorage skyline, and the economic promise it implies, with mixed emotions. "What some villagers still don't grasp," says Eaton, "is that the corporate leadership we need is different from political leadership. A corporation has to think in terms of profit, and these corporations will be judged according to how much profit they pump back to the natives. Some natives, however, mistakenly think the corporation has a direct interest in their cultural and social values, and when they learn it does not, they have less respect for natives making corporate decisions."

At his side is a slim, quiet man whose manner belies his influence in the native movement during the 1960s. Notti's concerns also reach to the viability of native life. "The corporations are an instrument created to serve the needs of the native claims act. They will help the people in terms of the jobs they create, yes, and that is one of the keys to converting the villages to a cash economy. But the vil-

lages need more attention than that. They need a coordinated training program that will prepare them for a new life, a three- to four-year effort, that would cost \$1½ million—and I just don't see that money anywhere."

The initial success of the Alaska Native Claims Settlement Act depends, therefore, on the success of the regional corporations. It is they who are attracting the best native talent, they who are receiving sufficient money to impact the economy, they who receive subsurface mineral rights to the land.

Three of these regions, Doyon, Bristol Bay, and Chugach, are Touche Ross clients and each takes its own approach to the act.

Doyon, Inc. The largest region, also known for its independence, has concentrated on exploring and developing natural resources, such as oil, gas, copper, asbestos, and gold.

Bristol Bay Native Corporation. Third largest in size, it seemed to be moving slowly, then in December it made the largest single acquisition by any native corporation: Peter Pan Seafoods, Inc.

Chugach Natives, Inc. Small in population and size, it first emphasized short-term investments in pipeline contracts but will soon look into longer-term investment possibilities, including deep-water ports to serve offshore oil exploration.

A day's visit to each of these regions brings the problems and the strategy into sharper focus.

Doyon

Six hours by car from Anchorage, but only a 45-minute flight past gleaming Mt. McKinley, Alaska's second largest city, Fairbanks, is experiencing its second gold rush. But this time the gold is black and will flow through a pipeline 10 miles away.

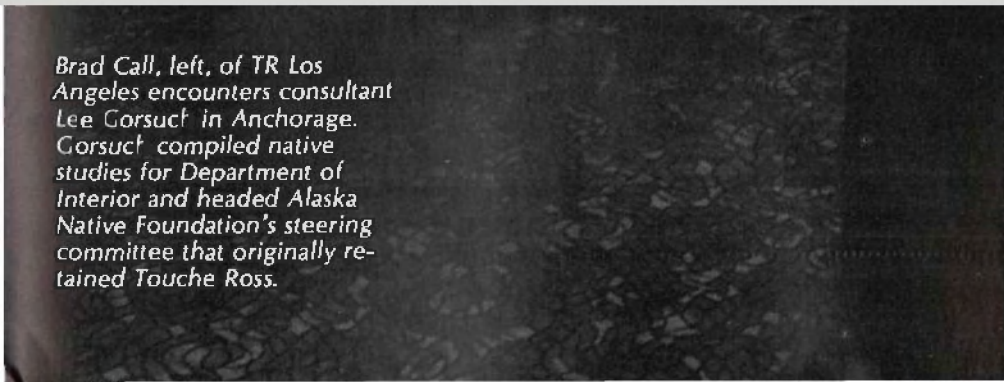
While Fairbanks' morals and mores

still reflect a frontier life, Doyon's new, modern (\$2.8 million) office building sits in the center of town as a symbol—Doyon means “powerful leader”—of a new partnership in the Alaskan business community. Like other native corporations, Doyon is entering into joint ventures to take advantage of the technical and management know-how of established firms. With Louisiana Land and Exploration, it is seeking oil. With a consortium that includes Union Carbide and British Petroleum, it is seeking minerals. With Alaska International Industries, a publicly held Fairbanks corporation, it has a contract to maintain a portion of the pipeline haul road.

One floor of the Doyon building is occupied by the Tanana Chiefs Conference, Inc. In a shirtsleeve atmosphere that includes jeans and an occasional headband, president Melvin Charlie, an Athabascan Indian, paused between meetings to describe the efforts of the region's non-profit arm to safeguard the natives' culture and values. Within a week, the corporation was to assume the Bureau of Indian Affairs' role in employment, social services, housing, credit, and administration for interior Alaska. But he was more excited about accreditation of the four-year Tanana Chiefs Land Claims College. “There will be courses in administration, management, and accounting in the villages. We'll use video tapes and follow-up study of book texts.” The first year, he said, saw 500 applicants for 50 openings.

Bristol Bay

The contrast between Doyon's \$2.8 million headquarters in Fairbanks and Bristol Bay's two-story wooden frame structure in Dillingham is remarkable. Yet from the latter has come the decision to purchase Peter Pan Sea-



Brad Call, left, of TR Los Angeles encounters consultant Lee Gorsuch in Anchorage. Gorsuch compiled native studies for Department of Interior and headed Alaska Native Foundation's steering committee that originally retained Touche Ross.

foods of Seattle for more than \$8 million, the largest acquisition yet by a native corporation.

Peter Pan operates 60 large and 120 small fishing vessels. Its annual gross sales range between \$30 and \$35 million. "It seemed a natural investment," said general manager Bob Bacon, "since many of our 5,200 stockholders are fishermen, too."

Bacon, an ex-South American mining executive, is an example of the talented people being hired by the native corporations. "It was psychologically important to get things moving," he says. He describes one New York investment banker "who hadn't heard of us and was amazed at the potential. He told me that if we weren't a billion-dollar company in five years, I ought to be fired. And when I see the potential for oil, fishing, and tourism, I think he's right."

Dillingham is 325 miles from Anchorage. It is a town of 1,200 whose streets are not paved, whose generator has sporadic problems, whose

newspaper is printed by mimeograph. John Anderson, partner in charge of Touche Ross in Anchorage, recalls attending the first Bristol Bay shareholders' meeting and seeing some villagers "amazed at the big city with its high school, churches, television, police, and more people than they had ever seen."

The full impact of the native claims act on these people is 15 years down the road, according to Bristol Bay president Harvey Samuelson. "This is what we have to teach our people. It's not going to mean big dividend checks. First, it's going to mean things like putting two health aides in each village—which means both jobs and better health services. In the long run, of course, jobs will bring stability to village life."

What if there had been no act of Congress and no money? "We would have been shoved back into a chunk of land no one wanted," says Samuelson. "The resort people, the mineral people, the timber people would

have taken over. They'd have received easement rights along the rivers, cut off subsistence hunting and fishing, and said to hell with us."

"This is our one big chance to escape the reservation life of the lower 48," agrees vice-president Donald Nielsen. "We're now equal to every other human being in this country. Believe me, sitting behind this desk offers a far different outlook than does sitting in a fishing boat."

Chugach

Some native leaders are still bitter about the past. "I lived in a village named Eyak, near Cordova," recalls Cecil Barnes, president of Chugach Natives, Inc. "In 1912, Cordova put through a right of way for a railroad, and in doing so destroyed three villages. One was Eyak. My mother never got over it."

Three quarters of all natives live in rural villages. And according to Lee Gorsuch of Robert R. Nathan Associ-

LEFT: In front of Peter Pan fish cannery in Dillingham, general manager Bob Bacon, right, discusses Bristol Bay investments with Bob Albeitz, TR Anchorage, left, and Brad Call. BELOW: In front of Doyon building in Fairbanks, Ron Trevithick, left, and Rick Swinton, right, both TR Anchorage, meet project director Claude Demientieff of Tanana Chiefs Health Authority, an audit client. RIGHT: President Emil Notti, center, discusses Alaska Native Foundation plans with Brad Call, right, and executive director Perry Eaton. The foundation retained Touche Ross to determine and design model financial management and accounting systems for native corporations. BOTTOM RIGHT: Noble Dick, left, Bristol Bay controller, greets Brad Call, Mel Kays, TR Seattle, and Dick Carlson, TR Anchorage. Carlson is helping native corporations clarify application of the tax code to their activities.

ates, who has surveyed native life and attitudes, most today still want to stay there. "Reports that the villages are dying, that people are moving to the larger regional centers for greater opportunity are not true. The natives, even the young people, like village life. They return to it after experiencing the city. They like the simple life style, being close to the land, the lack of crime there."

The villages must survive, therefore, if the natives are to retain their culture and traditions. But it will not be easy. Their leaders will have to learn again how to lead—from a corporate viewpoint. And having spent considerable time in selecting land for their villages, they are now going to have to catch up on their long-range planning.

In the meantime, to protect the village corporations from an outside takeover, natives cannot sell their shares until 1991. "But if the villages have not succeeded by then," sums up Emil Notti, "the implication will be

broader: can even regions survive?"

It is not a development the natives anticipate, but it does reflect what is at stake in these villages. And whether or not they succeed, the future will depend not only on the natural resources in the land their corporations claim, but also in part on the attitudes of the federal government. Will they assist or hinder the natives through their control of such key factors as land management, easement policies, taxation, financial disclosure requirements, public works projects, and health programs?

On Chugach's southern coast, the seaport town of Valdez is the terminal for the Alaska pipeline. Here have occurred many job openings for natives—in both general construction and in such services as a barge lightering contract in the harbor for pipeline activity and another contract for oil spill protection. Gradually the economic needs of the natives are being recognized. Indeed, history has come full circle, for 279 Eyak natives

have claimed land that the white business community of Cordova would like to obtain in order to lease it to the oil companies for offshore facilities. The natives' political power after ANCSA is a far cry from that of 1912.

"There was no other way natives could have gained the influence in their own land that they have today," says Emil Notti. "You can pick the land claims act apart, but the time was right. The American system was being tested by 76,000 minority people. We worked in that system for five years, but finally we were heard. Political leaders were forced to see that native claims had to be resolved before the pipeline could go through. The militants are behind us waiting for us to fail. But we haven't yet.

"ANCSA," concludes Notti, "is still an experiment. What it does is enable us to get a toehold in the economic system before it runs over us."

Port Graham shows one village's struggle to gain a toehold.

Continued

THE PROMISE OF TOMORROW

A VISIT TO PORT GRAHAM

There is nearly a century between the old Russian Orthodox cemetery at one end of Port Graham and the modern three-room schoolhouse at the other. On a misty day beneath tall pines, the children smile at strangers, while adults are polite but distant, like the small houses off the muddy trails.

The signs outside the houses—Kvasnikoff, and other Russian names—do not match the Eskimo and Aleut features of the people or the English language they speak, but they do hint at the identity crisis felt by many natives. Who are we? they ask, as they seek to measure here their worth as human beings.

Jim LaBelle, an Athabascan Indian from Fairbanks, married a local girl. After four years in the navy and three years as deputy director of Chugach Region, he has returned to Port Graham and been named its president.

He sees progress in his tiny village, but do his visitors? The gravel airstrip, the closed fish cannery, the dry-docked fishing boats, the humming generator, the trails instead of streets and sidewalks. It is easy to forget that in Anchorage he described his village with a certain pride.

For the seeds of the future are here. There is the \$400,000 schoolhouse, almost an anomaly among the trees. It was brought in by barge, as are most village materials. There is the empty clearing that will become a health clinic, "something the people can relate to." There is a \$1 million timber contract that promises jobs and the training of natives as supervisors.

And there are the children. At six, they are proud of their village. Will they be so at 16? In 10 years, will they retain their cultural identity? Their individual pride?

"They say a lot of villages are going to fail." LaBelle stares out at the mist-enshrouded bay. "Port Graham is going to succeed." ▲