Final Draft - Chapter 9
Impact of ANCSA on Federal, State, and Local Governmental Functions and Services

by
Lee Gorsuch

Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7710

April 1979

This publication is printed on recycled paper.
INTRODUCTION

In passing the Alaska Native Claims Settlement Act (ANCSA), the United States Congress for the first time enacted a large-scale settlement of aboriginal claims. Not only were the terms of the Native settlement impressive, 962.5 million dollars and 40 million acres of land, but nearly half of all public lands in the United States (located in Alaska) would, as a result of the Act, be temporarily reclassified and studied for permanent reclassification. The settlement has become a major chapter in both the history of public lands in the United States and in U.S.-Native American relations. How this altered land ownership and economic status of Alaska Natives affects government is the subject of this chapter.

More specifically, this chapter addresses three questions. First, how has the settlement affected the functions and services of federal, state, and local government? Second, what public policy issues arise from the settlement (coincidental with other possible developments in the state)? Third, what governmental actions might mitigate possible adverse effects or enhance the positive effects of the settlement? The governmental functions and services examined were limited to those judged most likely to be affected by the settlement, namely, land and resource management functions, programs and services designed to benefit Alaska Natives.

Inquiry into the effects that the settlement has had on land and resource management functions is constrained by the uncertainties of how the balance of federal lands in Alaska will be managed, by whom, and within what (legislatively determined) framework. Correspondingly, this examination focuses on the immediate and the potential significance of the lands transferred by the Act. Changes in the land and resource management functions of government that have occurred since the settlement are, unless involving transfers of ownership, regarded as interim and were given limited attention.
In contrast, the examination of the settlement's effects on governmental programs and services benefiting Natives concentrated, not on the terms of the settlement, but on the actual changes that have occurred in these programs and services over the past seven years. Programs and services examined were limited to those with annual expenditures of over four million dollars and serving a thousand Alaska Natives or more. Whenever information was available, effects were measured by changes in (a) levels of service provided, (b) types of services provided, (c) the eligibility and demand for services, (d) the method of providing services, and (e) the geographic area(s) served.¹

The discussion of policy issues focuses on what the present and future effects of settlement have had or may have on to the social and economic condition of Alaska Natives. Admittedly subject to challenge, references to the future are designed to stimulate discussions of public policy choices, not to predict the future. Similarly, the recommendations offered are intended to stimulate governmental consideration of these issues, not to prescribe particular actions.

CHANGES IN LAND OWNERSHIP AND RESOURCE MANAGEMENT

Federal Effects

Fearful that the Settlement Act might set off a raid on public lands in Alaska, national environmental groups, resource-development interests, and advocates of public land reform all seized upon the Act as an opportunity to protect and promote their interests. Thus, although designed initially to serve Native interests, the Settlement Act became the vehicle for addressing the question of how the balance of federal lands in Alaska

¹Much of the data supporting this analysis was taken from a major study sponsored by the Department of the Interior in 1974, entitled The 2(c) Report: Federal Programs and Native Well-Being.
could best be managed to serve the national interests. It mandated that all unreserved public lands in Alaska be temporarily reclassified. Referred to as Section 17(d)(2) of the Settlement Act, the permanent reclassification of these unreserved public lands in Alaska is currently the subject of an intense national debate. The outcome of this debate may affect the management of Alaska's public lands much more dramatically than the terms of the Settlement Act.

The most direct effect of the settlement on the Federal government's land ownership was the transfer of 43.7 million acres of land from federal to private ownership. The lands transferred were dispersed over the entire state, creating a patchwork quilt of public and private land ownership. Each of the 203 Native villages in Alaska selected lands in the vicinity of the village, without regard for the federal reserve status of the land. The number of acres selected by each village varied according to the size of its Native population.

The effects of this pattern of selection on federal land ownership was twofold: first, it withdrew and reduced substantial acreages from lands previously reserved as national forests, national wildlife refuges, and the National Petroleum Reserve-Alaska and conveyed them to Native corporations, creating large in-holdings on these reserved lands; and second, it converted large acreages of public land, suitable for settlement and located in all areas of the state, into private ownership, creating a potential real estate market for undeveloped land in parts of Alaska where none previously existed.

---

2 See P.L. 92-203, Section 17(d)(2).

3 Reference source to be provided.

4 Several villages residing on large land reserves exercised their option to take in full fee title (of both the surface and subsurface estate) to their former reserve lands and receive no cash from the settlement. This added approximately 3.7 million acres of Native-owned land to the original 40 million acres granted directly.

5 The subsurface estate of village-selected lands in wildlife refuges and in the National Petroleum Reserve-Alaska were not conveyed to Native regional corporations. See P.L. 92-203, Section 14(f).
This legislatively imposed withdrawal of federally reserved lands for possible Native selections was a radical departure from past federal policies. As a direct result of the Act, even small land holdings (compared to other federally reserved land) reserved for the Federal Aviation Administration and the United States Coast Guard were released as unused land, an action which the General Accounting Office had been attempting to execute, unsuccessfully, for years. However, this departure in concept has not resulted in large land holdings being transferred.

Lands transferred from federal to private ownership would no longer be managed in conformity with prevailing public land laws, but according to the policies and practices of the newly formed private corporations.\(^6\) Although most of the Native corporations have not yet received title to lands they selected, many have developed corporate policies for the disposition and management of their land and resources. Some preliminary decisions by several Native regional corporations to lease their lands for resource exploration suggest that many of them will aggressively pursue the development of their land and resources which have commercial value.\(^7\)

However, the difficulty of finding resources in commercial quantities and the long lead times required to develop them when found (except for timber and gravel) suggest that resource development on Native corporation lands, notwithstanding the desire and intentions of the corporations, is not likely to occur in the near future.

The transfer of land ownership to the Native corporation could have a more immediate effect on several noncommercial uses of the land and resources. Organized to make profits, Native corporations will not be inclined to

\(^6\) Several provisions of the Act require that specified Native corporation-owned lands, such as lands within a national forest, be managed consonant with federal practices. See P.L. 92-203, Section 22(g) and Section 22(k) for specific details.

\(^7\) Of the twelve Native regional corporations, eight have entered into oil and gas exploration contracts, three have contracts exploring hard rock minerals, and all of the Native corporations with known commercial stands of timber have initiated timber cutting contracts or are in the process of doing so.
expend corporate assets for nonbusiness purposes. Prior public, non-commercial uses (such as hiking, sport fishing, and hunting) of lands now owned by Native corporations may, depending upon the policies of the corporations, be immediately prohibited. In this case, the demand for such uses would shift to other public lands. Similarly, past resource management practices such as the protection or enhancement of fish and wildlife habitats are unlikely to be activities supported by the Native corporations and, unless continued by public agencies, could be adversely affected by the change of ownership.8

Agency Changes

To facilitate the coordination between the federal and state government in making resource management and land-use decisions and to promote land-use planning in Alaska, the Act created a Joint Federal-State Land Use Planning (FSLUP) Commission for Alaska. Comprised of five federal and five state members, the Commission was charged with making recommendations on the proposed land selections of the state of Alaska and of the Native corporations and to identify public easements on or across lands selected by Native corporations. Having compiled extensive inventories of land, resource, and environmental values, the FSLUP Commission served as a source of information and assistance and as an impartial advisor to federal and state agencies and Native corporations. However, the long-term effects of the Commission's influence on the future federal management of land resources will be substantially decided by the U.S. Congress when it adopts or rejects various recommendations the Commission has made concerning the pending Alaska public lands bill. Throughout its existence the commission has served as a technical assistant and intermediary on numerous issues associated with the implementation of the Settlement Act.

In an effort to create an institutional framework tailored to meet the needs created by ANCSA for reviewing administrative actions taken and decisions made to implement the Act, the Secretary of the Interior created the Alaska Native Claims Appeal Board. Persons wishing to challenge or

---

8Congress did authorize continued forest fire protection on Native-owned land as long as there are no substantial revenues from these lands. See P.L. 92-203, Section 22(e).
appeal administrative decisions such as the certification of Native villages or the adjudication of Native-selected lands could do so before the Board. Based in Alaska rather than Washington, D.C., the Appeal Board was both accessible to potential appellants and knowledgeable about Alaska. Unfortunately, the value of a local presence was partially negated by a dependence on the Solicitor's office based in Washington, D.C., and the unavailability of local assistance in administrative law.

The Bureau of Land Management (BLM), responsible for the large-scale and complex transfer of lands from the public domain to Native groups, was the major federal agency that participated in the settlement. Among its many tasks, the Bureau was to survey and adjudicate Native land selections, protect valid existing rights, preserve public access, and identify navigable bodies of water. Political pressure on the Bureau to expeditiously convey land titles to the Native corporations forced the agency to automate its land record system and resort to reliable but previously resisted aerial surveys. These two effects of the Act, although technical in nature, have improved the efficiency of the Bureau's operation and will result in more timely conveyances of land to both the state and Native corporations.

The Act also brought about management improvements among the land administrators. With less than 10 percent of the Native-selected lands turned over to the Natives and litigation over various administrative decisions increasing, the Assistant Secretary of the Interior for Lands and Water initiated in 1978 a comprehensive policy review. The express purpose of the review was to provide executive leadership in resolving the outstanding issues and administrative delays associated with the Settlement.9

9To be furnished.
Because it seems to have met with some success, this initiative warrants some discussion and may also be applicable in the post-Section-17D(2) era. The policy review process may also be of interest to the state of Alaska as the state assumes an increasingly larger responsibility for the affairs of the Native corporations.

The comprehensive policy review process consisted of three steps. First, all major participants, both within and outside of government, addressed unresolved problems associated with the Act; second, the Secretary of the Interior recognized the state of Alaska and the Alaska Federation of Natives (on behalf of the Native Corporations) as the two principal, interested parties and, with the indispensable assistance of the Planning Commission, initiated three-party negotiations to reach an agreement on the resolution of these problems; and third, the Secretary of the Interior signed an issue-decision document which, in essence, executed the agreement. This policy review process was prompted by the testimony of the Assistant Secretary of Land and Water Resources before the House of Representatives' Interior Committee in mid-1977 that ANCSA was, from thereon, to be regarded as principally Indian, not public land, law. The effect of this policy was to view the settlement as legislation designed for Native benefit. The above described policy renew process proceeded from a fundamentally altered basis, and the many policy decisions made as a result changed the basic direction and progress of the Act's implementation.

Other federal land management agencies also experienced changes in carrying out provisions of the Act. The Forest Service, the Fish and Wildlife Service, and the National Park Service all conducted regional planning and resource studies throughout the state in an effort to identify potential additions of federal lands to their jurisdictions. These studies contributed needed information on the resource and environmental values of federal lands that were subject to either reclassification or selection by the state or Native corporations.
Calling for "maximum participation by Natives in decisions affecting their rights and property," the Settlement Act prompted federal land-management agencies to take account of Native interests in their works, soliciting comments from Native groups on proposed land uses and involving Natives in their field activities. The Bureau of Land Management, the National Park Service, and the Fish & Wildlife Service created positions for Native liaison officers or Settlement Act coordinators in their Alaska regional office(s). Similarly, each Assistant Secretary with ANCSA responsibility designated an Alaska coordinator within the national office. An Alaska policy council, comprised of the Assistant Secretaries of the federal departments marked in the implementation of the Act, was formed to address interdepartmental policy issues related to the settlement, and a land-manager task force was created at the Alaska regional level to coordinate ANCSA implementation at the field level.

Land Issues Outstanding

Unquestionably, the greatest effect of ANCSA has been the changes it precipitated in the ownership and management of land in Alaska. The resulting patchwork quilt of land ownership, the division of the surface from the subsurface estate, and the complex and overlapping management jurisdictions will be formidable obstacles to rational land-use planning. Whether existing institutional structures and processes are capable of meeting the challenge posed by the new land arrangement remains to be seen. While more money is likely to be spent on managing Alaska lands, neither money nor personnel can substitute for carefully designed systems of communication, coordination, and conflict resolution. Having increased the national exposure of Alaska's resource and environmental values, the future management of federal lands in Alaska is likely to create as many opportunities for conflict as for cooperation.

\[10\] P.L. 92-203, Section 2(b)
Cooperative Management

Unilateral attempts by new land owners or by land-management agencies with expanded jurisdictions to impose their environmental or developmental values onto adjacent lands, irrespective of ownership, are also likely to generate conflict. For example, insistence upon clean air or water standards, access for mineral development, protection of subsistence fishing and hunting, etc., without regard for the effects of these policies on adjacent land owners, if successful, could result in land uses or nonuses quite contrary to the intent of the legislation creating the new jurisdictions or land ownership transfers. The need for authority and leadership to interpret policy and to arbitrate or negotiate differences and to promote common interests among land managers may constitute the single greatest institutional need in managing federal lands in the post-ANCSA era.

Access

A prime example of the need for both coordination and conflict resolution centers on the issue of access. The differential access to land by virtue of ownership or residence, combined with rising conflicts over land use, such as sport versus subsistence hunting, will exacerbate the need and tendency to trespass. Without easements designed to facilitate traffic patterns of people and wildlife, tensions over access may increase. No agreements exist on the nature and purpose of easements or on adequate means for administering them. This issue could become the most politically volatile and socially disruptive feature of the Settlement Act.

Native Subsistence

Of even greater importance to the Native Community than the easement issue is the protection of Native subsistence practices. The Senate Conference Committee report accompanying the Settlement Act indicated that the Congress intended that the Secretary of the Interior provide for the protection of Native subsistence in his recommendations for additional
conservation land. The state of Alaska, in its capacity as manager of fish and wildlife resources, desires to manage all these resources on both federal and Native as well as state lands.

However, prohibited constitutionally from discriminating among its citizens on the basis of race or ethnicity, the state appears to be unable to assure the Congress that Native subsistence will be protected under its management. In the face of continued pressures on the state's wildlife resources, the allocation of these increasingly scarce resources will be the subject of intense political debate. How the United States Congress decides to protect Native subsistence practices, given the state's constitutional constraints, is still to be decided.

It is unlikely that the legislation will do anything more than establish a framework for resolving this issue. The rules and procedures and the administrative apparatus required to implement the legislative mandate will offer opportunities for both cooperation as well as conflict and again illustrate the need for institutional structures designed to promote cooperation and to mitigate conflict over subsistence issues.

Legislative Intent: A Generalized Issue

A potential issue arises from the observed pattern of the Federal government's response to ANCSA. The Act is rarely recognized as a major social document as well as a legal one. The most notable characteristic of the Federal response was a commitment to carry out and interpret the Act consistent with a particular agency's past policies and procedures. In determining Native eligibility, the BIA insisted that to be eligible, Natives must first produce documentation on the degree of their Native ancestry, as has been required in preparing other lists of tribal memberships, despite the apparent absence of reliable records for most of the Native population. Similarly, the BLM argued that Natives applying for Native allotments, like other applicants for federal lands, must show physical evidence of their use and occupancy of the lands, even if such uses consisted of fishing, hunting, and berry-picking.
Alaska Natives, citing their right to participate in decisions affecting their rights and property,\textsuperscript{11} objected to what they regarded as bureaucratic unreasonableness and demanded more liberal interpretations (to their benefit). Through effective lobbying, the Natives were often successful in forcing the bureaucracy to capitulate to their interpretations. For example, the BIA proposed and argued that Natives wanting to be listed as residents of a particular village must physically reside in that village. Since many Natives often live away from their home villages for various periods of time, attending school or working, the Natives were strongly opposed to the Bureau's position. By the time the definition of "permanent residence" was made final, it had changed to mean whatever village a Native regarded his home to be, as long as the local council of the named village did not object.\textsuperscript{12}

The pattern of imposing standard procedures or policies and refusing to take account of the overall intent of the legislation has been the source of innumerable delays and costly litigation. Neither individual malice nor group greed adequately explains the various circumstances in which this pattern appears. For example, tax policies applied to Native corporations by the Internal Revenue Service could have, had they not been changed, bankrupted most of the corporations; and the Office of Management and Budget's opposition to tax shelters on Native land banks could destroy a potentially important mechanism for preserving Native ownership of lands. Thus, agency insistence on applying standard procedures or policies and the refusal or inability to take account of how decisions may adversely affect the intent and purpose of the Act is a serious issue which is adding to the financial burden of the Native corporations and jeopardizing the overall success of the Act.

\textsuperscript{11} See P.L. 92-203, Section 2(b)

\textsuperscript{12} Village councils had incentives not to object since a village corporation's cash and land entitlements were both determined by the number of persons who enrolled to the village.
Effects of ANCSA on State

For the state of Alaska, passage of the Act broke the moratorium on land transfers that Secretary of the Interior Udall had imposed in 1967. This moratorium had barred any further transfer of public lands in Alaska, including land entitlements granted to the state, until the question of Native claims was resolved. By ending the moratorium, the Act enabled the state to proceed in selecting the balance of its entitlement, some eighty million acres, and it removed the major barrier to the construction of the trans-Alaska pipeline. The resultant construction of the pipeline set off an economic boom in Alaska; now completed, the pipeline enables the state to add hundreds of millions of dollars to the state treasury annually through the sale of its royalty oil.

The short timetable imposed on the Native corporations to select their lands served as an incentive to the state to accelerate its own land selection process and has dramatically added to its land management responsibilities. Similarly, the need to identify public easements across Native corporation lands required the state to begin to focus on its future transportation needs throughout the state. Thus, the Act has served as a catalyst by accelerating the transfer of a significant portion of the land management responsibilities from the federal government to the state. This rather massive transfer of responsibility will tax both the financial and technical resources of state government. Without some financial and technical overlap between the federal and state government during the transfer and transition, the public interest in these lands and resources will suffer.

In addition, several provisions of the Act directly affected the state's land selections. For example, Native village corporations were authorized to preempt lands selected by and tentatively approved for conveyance to the state.\(^\text{13}\) This reduced the acreage of the state's prior selections, often taking lands of important environmental or resource value.

\(^{13}\) See P.L. 92-203, Section 11(a)(2).
It had the additional effect of releasing the state from what would have otherwise been an obligation to allot portions of its land entitlement for village lands.

The Act contained a provision to avoid making tenants of local governments on private Native corporation lands. For those villages not formally organized as a government under the laws of the state, the Act required Native corporations to reconvey to the local government or the state (in trust) the balance of the improved lands not conveyed to prior occupants. Since over half of the Native villages were not formally organized as local governments of the state, the state became, as a direct result of the Act, the townsite trustee for over 100 Native villages.

The location of the Native corporation land selections occasionally impeded the consolidation of land holdings and prompted discussions among the federal and state governments and the Native corporations over possible land exchanges. Although land exchanges between several federal agencies and Native corporations were authorized by the Act, large-scale land exchanges involving the state of Alaska required additional enabling legislation by both federal and state government.

Coordination of State Involvement in ANCSA

Although active in drafting the terms of the settlement, the state of Alaska's involvement in the implementation of the Settlement Act has been largely limited to making automatic contributions to the Alaska Native Fund, creating a municipal lands trust office, intervening in various lawsuits related to the Act, and participating in land exchanges and identification of easements. Except for its role on the Federal-State Land Use Planning Commission and its recent lobbying efforts directed at the proposed D(2) legislation, the state has not, yet assessed the overall effects that

---

14See P.L. 92-203, Section 14(c)(3)
15See P.L. 92-203, Section 22(f)
16See P.L. 92-203, Section 12
the Settlement Act may have on state or to the state's continuing role in implementation of the Act.

Although the State Division of Lands provided leadership during negotiations with Native corporations over land exchanges, and the Department of Community and Regional Affairs is responsible for exercising the functions of the land trustee for unorganized Native villages, no one agency, individual or committee, has been delegated the responsibility for overseeing the issues generated by the settlement. The lead agency role initially exercised by the state Department of Natural Resources has steadily eroded with time and has created a leader vacuum within the state administration.

The State's participation in the recently formed Alaska Land Managers' Task Force does provide a forum for addressing common land management problems and improving communication and coordination among the land managers in Alaska; however, the task force will focus on inter-governmental and governmental-Native corporation aspects. It will not be a forum for addressing internal state issues or for coordinating state actions and policies, nor is continued existence a certainty. Furthermore, having no staff or formal organizational status, the task force is constrained by the voluntary efforts and good will of its members, both of which will be taxed when controversy arises.

The Act will bring to the surface many technical and policy issues that will require a state response. For example, administrative review procedures of the required reconveyances of land by the Native corporations are unclear at best. Therefore, some procedure for monitoring the reconveyance process and ensuring the establishment of reasonable procedures for reviewing the reconveyances would be in the state's interest, since the state and its municipalities are the direct beneficiaries of the reconveyances, as are other Alaska citizens and businesses which occupied Native corporation lands prior to the settlement.
Transferring and Recording Property Deeds

The process of reconveying land will dramatically increase the demand on the state's land record offices and system. Removed from urban settings, many individuals receiving property deeds from village corporations may be unaware of the need to properly record their deeds with the state's land recording office. Inexperienced and unfamiliar with property transfers, village corporations are unlikely, without substantial financial and technical assistance, to carry out the transactions in an orderly fashion. Improperly recorded property records could cause substantial delay and additional expenses in subsequent individual or community efforts to improve or dispose of their property. The Planning Commission's recommendations that the visibility of the State Recorder's Office be increased and the state's recordation statutes be reviewed with the intent of facilitating the recording of property deeds in rural Alaska are constructive suggestions to be pursued by the state.

Abandoned Native Villages

Several Native villages are not presently inhabited on a year-round basis. Should these or other Native villages become permanently abandoned, the state would be in the position of holding municipal trust lands indefinitely. Some process for revoking the state's interests in these lands could prevent this from occurring.
CHANGES IN HUMAN SERVICES

The Policy and Human Context

U. S. policies towards Indians and Natives have vacillated between the extremes of separatism and assimilation. At the turn of the century, Natives were encouraged to settle, like homesteaders, on 160-acre allotments. By the 1930s, however, Felix Cohen was drafting new national legislation designed to enable Indians and other Natives to organize as Native people and to enjoy special protection and benefits from the Federal government. By the late 1950s, national policy had again shifted, and the government undertook to terminate the Indian reservations and remove the other protective legal shelters it had earlier extended to Natives. By the 1970s, Federal Indian policy had once again radically changed.

Referred to as Indian self-determination, the present U. S. policy was a centerpiece in President Nixon's policies towards Native Americans, and it coincided with Alaska Natives' efforts to get the United States government to settle promised land claims. Legislation subsequent to the Settlement Act further solidified the new federal policy toward the Native American. However applauded the present federal policy of "maximum control by Indians over federal programs designed for their benefit" may be, the historical pattern of United States policy toward Indians (and Alaska Natives) suggests that the future policies may be quite different from what it is today.

To examine the effects of the settlement on human service programs requires some introductory discussion of both the Act and the social and economic conditions of the Alaska Native. The U. S. Congress found and

---

declared, "... an immediate need for a fair and just settlement of all claims by Natives and Native groups of Alaska, based on aboriginal land claims." This need stemmed not only from the long-standing commitment to protect Native use and occupancy of the land but also from an awareness that the forces of modernization and development in Alaska were eroding the capacity of Natives to live off the land without providing them with new and essential capabilities to survive in a world which was rapidly changing and over which Alaska Natives had increasingly little control. A way of life was dying in Alaska.

Any assessment of the Act or its effects requires an appreciation for these underlying concerns and principles. There is nothing inherently good or bad about a Native Corporation's rate of return, or a change in the human services that government provides. The settlement was partially conceived as means to an implicit end. Any conclusions about its success or failure must take into consideration the altered condition of Alaska Natives and their capacities to care for themselves.

During passage of ANCSA, legislators often referred to studies documenting the historical background of the many different cultural groups of Alaska Natives and describing their traditional lifestyles, the resources upon which they depended, and the lands they used and occupied.19

At the time ANCSA became law, some 60,000 Alaska Natives lived in various cities and villages throughout Alaska, with an estimated 15,000 living in urban places and the rest residing in small, remote villages. The average village consisted of 30 to 50 families. Clustered in some 200 settlements scattered along the Alaska coast or major rivers, families relied on fishing and hunting for most of their food and on seasonal employment, augmented by an increasing reliance on federal transfer payments to

---

18 See P.L. 92-203, Section 2(2).
19 Alaska Natives and the Land, the Federal Field Committee for Development Planning in Alaska, 1968, was one such study prepared for Senate Interior Committee.
meet their cash requirements. Locally available jobs were typically limited to a few positions for elementary school teachers, a school janitor, a store-keeper, an FAA employee, and a postmaster. The better paying professional jobs such as teaching were generally held by non-Natives, most of whom would rotate to other communities every three or four years.

Secondary school-age children were separated from their families and villages for nine months of the year and shipped to a boarding school in Southeast Alaska or to schools outside Alaska. The number of Natives with a college education was small and the median educational attainment for Natives over the age of 25 was 7.5 years of school education.

By any standard measure, Alaska Natives were among the Nation's poorest. Per capita income of Alaska Natives in rural Alaska was $916, one-third that of the United States average. In addition, the cost of goods in rural Alaska was extraordinarily high, and many items were often unavailable. Most Natives lived in substandard housing, generally without running water and often without electricity. Although health care had improved dramatically over the past two decades under the auspices of the Indian Health Service, health conditions for Natives still lagged well behind U. S. average, and mental health indicators were suggesting serious social disorders within the Native community.

It was in response to these conditions of need that the United States Congress responded to admonitions that it could no longer responsibly postpone its promise to settle Native land claims. These conditions also formed the context within which governmental services to Alaska Natives were studied and against which subsequent changes in services are discussed in the following pages.

20 Ibid
Changes in Levels of Program Service

Alaska Natives at first feared that Section (2)(c) of the Settlement Act, which called for a re-examination of federal programs for Natives, might produce a recommendation to terminate such programs. To date, however, such fears have proved groundless. To the contrary, several new and significant federal programs for Natives have since been made available. And of the programs re-examined, all but a few have undergone substantial budget increases above their 1973 fiscal year levels.

Of the sixteen major federal programs designed for or substantially benefiting Alaska Natives shown in Table 1, 21 all but four have experienced substantial increases in program expenditures. Expenditures on health and education services increased 124 percent and 71 percent, respectively. Even when we allow for the high rate of inflation (63 percent) experienced in Alaska and the Nation 22 during this same period, expenditures for Native programs increased, several such as health, housing and selected education programs, by a considerable amount.

In addition to these spending increases, several new or revised program initiatives in housing, employment, and training spent large sums of money to provide Alaska Natives with goods or services. For example, the Department of Housing and Urban Development authorized construction of over 1,000 housing units for Alaska Natives in 1972-1978 at an estimated total value of $98 million. Similarly, programs enacted under the Comprehensive Employment Training Act of 1973, which amalgamated numerous categories of employment and job training into one federal program, expended an estimated $28.5 million on the training and employment of Alaska Natives in fiscal year 1978. 23 Comparatively smaller sums of money were expended under the Indian Finance Act for grants and low-interest loans to Indian businessmen and Indian-run businesses. Grants and loans awarded under the Indian Self-Determination and Education Assistance Act in FY 1978 totaled $3.9 million.

21(2)(c) Report: Federal Programs and Alaska Natives, Task II.

22The Anchorage Consumer Price Index rose from 115.9 in July 1972 to 188.6 by July 1978.

23Source: CETA Annual Report.
### TABLE 1: A COMPARISON OF SELECTED FEDERAL PROGRAM EXPENDITURES IN ALASKA, FISCAL YEARS 1973 and 1978

<table>
<thead>
<tr>
<th>Federal Program</th>
<th>FY 1973 Expenditures</th>
<th>FY 1978 Expenditures</th>
<th>Percent of Increase (or decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Development (Head Start)</td>
<td>1.2 million</td>
<td>2.4 million</td>
<td>100%</td>
</tr>
<tr>
<td>Federal Schools Program (BIA schools)</td>
<td>10.6 million</td>
<td>23.5 million</td>
<td>122%</td>
</tr>
<tr>
<td>School Asst. in Fed. Affected Areas PL 874 (Impact Aid)</td>
<td>28.1 million</td>
<td>41.8 million</td>
<td>49%</td>
</tr>
<tr>
<td>Indian Ed. (Higher Ed.)</td>
<td>1.9 million</td>
<td>2.3 million</td>
<td>21%</td>
</tr>
<tr>
<td>Ed. Deprived Children (Title 1)</td>
<td>4.5 million</td>
<td>8.4 million</td>
<td>87%</td>
</tr>
<tr>
<td>Indian Ed., Non-Federal (JOM)</td>
<td>4.6 million</td>
<td>7.3 million</td>
<td>50%</td>
</tr>
<tr>
<td>Indian Education Act</td>
<td>1.7 million</td>
<td>4.1 million</td>
<td>141%</td>
</tr>
<tr>
<td>Education Services Subtotals</td>
<td>52.6 million</td>
<td>89.8 million</td>
<td>71%</td>
</tr>
<tr>
<td>Indian Health Service (ANHS)</td>
<td>32.6 million</td>
<td>75.8 million</td>
<td>133%</td>
</tr>
<tr>
<td>Health Services Dev. Project (FY73-FY75)</td>
<td>8.3 million</td>
<td>16 million</td>
<td>93%</td>
</tr>
<tr>
<td>Health Services Subtotals</td>
<td>40.9 million</td>
<td>91.8 million</td>
<td>124%</td>
</tr>
<tr>
<td>BIA Housing Improvement</td>
<td>1 million</td>
<td>3.1 million</td>
<td>210%</td>
</tr>
<tr>
<td>Indian Sanitation Facilities</td>
<td>10.3 million</td>
<td>4.8 million</td>
<td>(533%)</td>
</tr>
<tr>
<td>Economic Dev. Public Works and Dev. Facilities</td>
<td>6.2 million</td>
<td>3.1 million</td>
<td>(50%)</td>
</tr>
<tr>
<td>Community Development Subtotals</td>
<td>17.5 million</td>
<td>11.0 million</td>
<td>(37%)</td>
</tr>
<tr>
<td>BIA Social Services</td>
<td>6 million</td>
<td>6 million</td>
<td>—0%</td>
</tr>
<tr>
<td>Public Assistance2 (cash ass't.)</td>
<td>18,2 million</td>
<td>28.9 million</td>
<td>59%</td>
</tr>
<tr>
<td>Food Stamps (Payments)</td>
<td>8.2 million</td>
<td>10 million</td>
<td>22%</td>
</tr>
<tr>
<td>BIA Employment Asst.</td>
<td>2.9 million</td>
<td>2.8 million</td>
<td>(3%)</td>
</tr>
<tr>
<td>Social Services Subtotals</td>
<td>35.3 million</td>
<td>47.7 million</td>
<td>35%</td>
</tr>
</tbody>
</table>

123.9 million dollars in FY73 was granted to the State Operated Schools Aid in FY78. 17.5 million dollars was granted to the State Dept. of Education and 19 million dollars to the rural school districts (REAA’s). The balances were granted to city and borough school districts.

2An estimated seventy percent of the FY73 client caseload were Alaska Natives.

Source: 2ac Report: Federal Programs and Alaska Natives, and agency interviews.
State expenditures are not available by geographic area or by the characteristics of the population served; however, because a substantial portion of state spending is for wages and salaries of state employees, we can get some indication of changes in state spending by geographic area by examining changes in state and local employment levels by location. From June of 1972 to June of 1978, state employment levels increased in all Alaska's labor market areas except for the Prince of Wales area, which experienced a modest decline.

Analysts of the state budget report that all state-supported service programs received more or less similar across-the-board increases in levels of expenditures, except for Rural Education, which received a disproportionate and dramatic increase in expenditures. Thus, the pattern of substantial increases in program services over the past six years is as true for the state as it is for the federally operated programs in Alaska. Similarly, the increases are for all types of services—health, education, housing, employment, and training.

These changes in the levels of program services for Alaska Natives provide an important context for assessing the effects of the Settlement Act. First, federal programs for Alaska Natives are important both to the Native Community and to the state. By injecting hundreds of millions of dollars into the Alaska economy annually, these program expenditures comprise a significant part of rural Alaska's economic base. Significant portions of the total expenditures are spent for goods manufactured outside of Alaska (such as housing) and for services rendered by non-natives (such as transportation). Nonetheless, the expenditures are of vital importance to individual Alaska Natives and provide many essential services many Natives could not afford to buy.

Second, this level of federal program expenditures for Alaska Natives is also large in comparison to the state's general fund budget. In FY 1978, the general fund budget was $853 million. Thus, these federal program
expenditures on behalf of Alaska Natives equalled approximately one-third the level of all state general fund spending. Hence, any substantial reduction in the federal effort would have a dramatic effect on the rural economy and would transfer a large fiscal burden onto the state (assuming the state would attempt to maintain some equivalent measure of service).

Third, both the economic impact of these annual expenditures and their immediate effects on the Alaska Native Community overshadow the immediate economic effects of the Settlement Act. The FY 1978 expenditures amount to almost one-third of the entire amount of the settlement. For the Native corporations to earn an equivalent annual amount would require an investment base of over two billion dollars, assuming an average annual return after taxes of 7 percent.

Although the Settlement Act did not cause this increase in program expenditures, it seems reasonable to assume it played an important contributing role. Several Native leaders have said that the major effect of the Settlement Act has been to give them a voice in all levels of government. The political skills they acquired in gaining a settlement, combined with their new economic resources and legal representation, have made the Alaska Natives an effective lobbying group, both nationally and in Alaska.

After achieving a settlement, the Natives redirected their newly-acquired organizational skills to create a series of Native nonprofit organizations within each of the state's twelve Native regions. These organizational efforts coincided with various national initiatives to increase the level of program services for American Indians and to change their method of delivery. At the very least, Alaska Natives have received their proportionate share of the national programs for Native Americans.

The Act had a direct effect on such programs as the Community Enterprise Development Corporation (CEDC) program, which provides technical assistance and low-cost venture capital to rural Native cooperatives. Native corporations are eligible to participate in CEDC projects, and several dozen Native village corporations have chosen to do so. It is somewhat ironic that the one program specifically mentioned in the Settlement
Act,\(^{24}\) that of the Public Works and Economic Development Act of 1965, is one of the few federal program services which experienced a decrease in the level of expenditures since the Act became law.

Changes in the Nature of Services

The most notable change in the nature of program services studied was the increased emphasis on how the service could better relate to and reflect Native culture and be controlled by Native people. Bilingual education programs were substantially increased as were various programs having bi-cultural emphases. Federal guidelines required that each program have some form of Alaska Native participation in program design direction and supervision. This emphasis on Native participation was certainly aided and reinforced by the Natives' fight for a settlement, and it was buoyed afterwards by the final terms of the settlement. This increased participation by Natives in defining the nature of federal services provided to them was an integral part of the national policy of Indian self-determination.

State educators incorporated the Settlement Act into educational programs and developed various educational materials pertaining to it. The Act stimulated student interest in the corporations as possible employers and encouraged an increased number of Native college students to enroll as business majors.\(^{25}\) New program guidelines even required that Native housing programs take into account Alaska Natives' living styles and cultures in their location and design. Youth employment and training programs offered opportunities for Native youth to acquire or improve their survival skills in the wildlands of Alaska.

Changes in Eligibility for Program Services

The eligibility requisites of the federal programs referred to above are based on either economic need, ethnic status, or both. The Act had no effect on ethnic status except that it registered almost 9,000 more Alaska Natives than the Bureau of the Census reported in 1970. For those program services whose funding depended on population size, this increase in the

\(^{24}\) P.L. 92-203, Section 2(f).

\(^{25}\) 2(c) Report, Task II.
known number of Alaska Natives gave some programs administrators a basis for requesting money for more program services.

Since few Native corporations have made any profits, and the mandatory distributions from the Alaska Native Fund to individual Alaska Natives was less than four to five hundred dollars per person, the Act has had little effect on income and correspondingly had little effect on Native ability to participate in programs whose eligibility was determined by income. The Act could, however, have affected Native eligibility for programs that based eligibility on wealth as well as income, such as federal food stamps. To prevent this from happening, several amendments were offered to the appropriation bills for these programs and passed into law. These amendments exempted the value of Native Corporation stock from program eligibility considerations as long as it could not be sold, traded, or pledged.

By certifying villages in Alaska as Native villages, the Act did have the effect of establishing the eligibility of Native villages for certain programs. For example, the Act specifically declared that Native villages would be eligible for 100 percent grants from EDA. The Indian Self-Determination and Educational Assistance Act subsequently recognized the Native corporations as "Native tribes," as did the Indian Finance Act. Thus, these new entities suddenly became eligible for services which otherwise would not have been available to them.

Geographic Areas Served

To represent themselves before Congress, Alaska Natives agreed to subdivide the state into twelve, more or less culturally homogenous, geographic regions. By the time of the Settlement Act, each region had formed a Native association to represent the Alaska Native people of the region. Having few independent sources of money to support their efforts to organize regions, Alaska Natives drew upon various federal and state programs for travel budgets and salaries for program advisory committees as well as for

---

26 Approximately 19,400 Alaska Natives who were not shareholders of Native village corporations did receive a substantially larger sum from the mandatory distributions (approximately $2,000 per shareholder). These sums affected their income eligibility for certain programs.
some staff positions, to help organize their regional associations. This reinforced the process of providing program services at the regional level and within the boundaries of the Native regional associations.

The passage of the Settlement Act also reinforced the regional boundaries; once the Act became law, almost every program service for Alaska Natives that had previously been provided at a statewide level began to receive substantial pressure from the Alaska Native Community to be subdivided into twelve distinct service units, coinciding with the Native regional corporation and the Native association boundaries.

Within six years after passage of the Act, every Alaska Native region had a regional nonprofit Native association administering program services that ranged in annual expenditures from $2 million to $10 million. Whereas prior to settlement most of the program services were provided on a statewide basis, by 1978 most were provided on a regional basis. As of 1978, twelve regions had set up separate Native health corporations, and twelve had established separate regional housing authorities.

Over this same period, the state dismantled its statewide rural school administration and formed twenty-six rural school districts. Several of the districts coincide with the Native regional association/corporation boundaries and others in combination fall within all of the Native regional boundaries. The state has also recognized the Native regional boundaries as official planning districts for the state.

**Changes in the Method of Delivering Services**

In FY 1978, approximately $18 million of the BIA's program services were provided by contracts with Native organizations (under the authority of the Indian Self-Determination and Educational Assistance Act). Almost all of the Native housing programs, except for a relatively few home improvement projects are contracted through Native regional housing authorities. Similarly, most educational programs—both state and federally funded—
are conducted by the local school districts or by the Native regional non-profit associations.

Over half of the CETA money expended in Alaska was directly contracted, under a special provision of that Act, to regional Alaska Native organizations. Even the Indian Health Service with its investment in an Anchorage-based hospital and eight service unit hospitals is contracting a sizable portion of its services to Native organizations. In addition to contracting for service delivery, an increasing number of service agencies are contracting with Alaska Native organizations or corporations for facilities and equipment.

Having no other source of income, these regional Native organizations are totally dependent upon federal and state grants and contracts. Overhead rates, calculated to recover the administrative costs of the regional organizations, are negotiated as part of the contractual agreement. The extent to which inefficiencies in regionalized administration of services is diverting money from direct services to administrative support is a source of increasing concern and controversy among Alaska Native organizations and public agencies.

Federal agencies are caught in a tautology of being unable to set realistic contract performance standards for their contractors because they are unable to define meaningful measures of service performance. Without concrete measures of performance, Native contracting organizations are vulnerable to criticisms that they are not accountable to either the Alaska Native tribal authorities they serve or to the federal agencies that fund them. Many of the tribal authorities recognized by the federal government are newly-formed organizations with limited prior experience in administering or evaluating the delivery of services or in exercising the powers of tribal authorities. To strengthen the accountability of organizations contracting with Native tribes will require an improvement in the definition and setting of contract performance measures.
Both the Alaska Native regional corporations as well as the nonprofit associations are directly affected by this dramatic change in the method of providing services. Having developed an economic interest in, if not a dependence on, this method of service delivery, Native non-profit associations and regional corporations now confront the issue of how they can organizationally and legally separate their economic interests in being a federal contractor from their public interests of improving the delivery of services to Natives.

POLICY ISSUES: HOW CHANGES IN NON-ANCSA POLICIES AND SERVICES EFFECT THE SETTLEMENT ACT AND VISE VERSA

As suggested above, the Settlement Act's success is partially measured by the well-being of Alaska Native people. Correspondingly, non-ANC SA public policies and services will affect the ultimate success of the Act as much as the actions of the Native corporations. To the extent that government fails in meeting these needs or fulfilling these expectations, Native corporations will be pressured to address them despite the corporations' business charter. Conversely, the success of the Native corporations in creating job opportunities for Natives or stimulating economic development in rural Alaska bears on the needs and circumstances which government programs are designed to address. Thus, many public policies and services designed to meet the needs of the Native community can be usefully reviewed with the explicit purpose of examining how they may effect the success of the Settlement Act and vice versa.

The following pages discuss several basic policy issues which impinge on the success of the Settlement Act and of the Native corporations, and which directly effect the state and federal efforts to enhance the well-being of Alaska Natives.
Alaska Native Settlement Patterns

Although neither the state nor federal government have a village settlement policy as such, yet incrementally each federal and state program or service tend to effect village settlements and constitute an unarticulated and often contradicting, defacto village settlement policy.

Just as federal policies toward Native Americans may change in the future, so also will the size and settlement of the Native population. Although the Native population is growing at a substantial rate, over 2 percent per year, neither the number of Native villages nor the number of people living in them is growing at a similar rate. Indeed, the smallest villages, with populations of less than 100 residents, with a few notable exceptions, are declining in number and their inhabitants appear to be moving to nearby, larger villages.

Village populations are disproportionately young and have few young adults. As youth complete their local schooling and cannot find work locally, large numbers of them move away from the village. In less than twenty years, the Native population of Anchorage, Alaska's largest city, has grown from less than 2,000 to over 10,000, a trend that is likely to persist, or even accelerate.

As has often been noted, however, village Alaska is not disappearing. Recent decisions to build village schools and extend other public services to villages will be a stabilizing factor. Further, villages play a vital role in the changing lifestyles of Alaska Natives. They serve as a permanent home for Natives who are too old or unable to adapt to urban ways. For Native youth, villages serve as a link to their cultural heritage and as a place to which they can return if the pressures of city life become too great. And for many Native adults, villages simply afford them the opportunity of living a lifestyle to which they are accustomed and prefer.

Villages are becoming increasingly dependent upon cash for survival, particularly as they become more modern in their physical character.

---

Limited economic development opportunities at the village level (in contrast to large-scale resource development projects) will seriously constrain both the success of Native village corporations desiring to invest locally and the villages' capacities to accommodate the rising expectations for modern amenities of their residents.

The future of many Native villages is uncertain. Confronted with limited conventional development opportunities and a substantial exodus of young adults, villages' capacities to care for themselves are limited. Policy initiatives such as forming local governments and village corporations may create unrealistic expectations and eventual disappointment.

The Decentralization of Services

As mentioned earlier most program services, in health, education, housing, employment and training and social services have over the past ten years been converted from a statewide delivery system to a regional one.

Subdividing services or money into smaller and smaller units decreases management efficiencies and increases risks of failure. Village corporations with less than a thousand shareholders are very susceptible to financial failure. They can neither afford the managerial talent nor bear the administrative costs that their larger (but nonetheless struggling) regional corporations can. Smaller villages also have fewer leaders with less experience in the world of business or finance. Obviously, there are exceptions. But village corporation size is inarguably related to both management efficiency and investment risk and is likely to be a reliable predictor of failure.

The problem of fractionalizing services into increasingly inefficient and ineffectual units is as pertinent to government organizations as it is to the Native corporations. A policy of self-determination is less likely to be achieved in 203 small, isolated villages with limited financial and human resources than it is in a few dozen federations of villages. Policies
fostering cooperation among small villages and village corporations by providing them financial incentives and technical assistance to pool their resources could contribute to a more cost-effective consolidation of their human and financial resources.

Policy makers who say villages can provide more efficient and effective service than multi-village organizations generally assume that the larger units are necessarily unresponsive to villages and incompetent. Some villages have argued that more public funding would be forthcoming if more villages were given the opportunity to organize. 28 A more probable result of policies giving village contractual preferences, however, is that a few well-organized and vocal villages will gain more services or government contracts at the expense of many less organized, less vocal villages.

At what level can services be efficiently provided and at what level can Native control be effective are valid questions for both village corporations and local governments. For any regional delivery system to be not only financially sound and efficient, but also politically viable requires the recognition of the diversity among villages and the sensitivity to individual village concerns. These issues have not, however, received adequate attention.

Perhaps questions of efficiency and effectiveness in providing public services have yet received little attention by either the Native community or government because there has been no need or benefit to do so. The 1970s in Alaska has been a decade of unprecedented prosperity. The above-cited increase in program expenditures, both federal and state, combined with the economic boom triggered by the construction of the trans-Alaska oil pipeline all injected new dollars into the Alaska economy. Real per capita incomes and government spending have been rising. Although many Natives, removed from labor markets or unwilling to participate in them, did not benefit from the prosperity associated with employment, they did enjoy substantial increases in services in rural Alaska.

28 The increase in the level of services for Alaska Natives from 1972-78 coincides with an increase in the number of Native organizations requesting these services. Thus, this political strategy is not without some plausible substantiation.
If the 1908s, however, become a decade of fiscal conservation, the state and federal government, as well as Native villages, may be forced to explore ways in which they can provide more services for less money.

Special Relations Between the Federal Government and Alaska Natives

The Native settlement was to be accomplished "...with maximum participation by Natives in decisions affecting their rights and property, without establishing permanent racially defined institutions, rights, privileges, or obligations, without creating a reservation system or lengthy wardship or trusteeship, ...". This language, buttressed by a United States District Court ruling that it does not create a trust relationship between the United States government and ANCSA Corporations (nor indemnify the corporations from their own mistakes), has served to restrain government from participating in the accomplishment of the settlement unless the Act specifically called for it. This is particularly true of the Bureau of India Affairs (BIA).

Native leaders regarding the BIA as paternalistic and meddlesome, rather than professional and constructive, deliberately sought to limit its involvement in the Settlement Act. Unfortunately, restricting the BIA's involvement created a void in both the oversight of the Act's implementation and in the assistance rendered to the corporations as they rushed to establish themselves as businesses for profit. The Act is silent on who, if anyone, is to aid and assist the corporations; to review the mandatory reconveyances of land; to maintain records on Native corporation mergers; or to serve as a source of information on the status of the settlement's implementation. Consequently, these important functions have not been performed.

The Settlement Act has caused the BIA to re-examine its relations with and obligations to Alaska Natives. Retreating from the opinion that the Settlement Act intended to terminate Bureau services for Natives, the Bureau has yet to define its role in Alaska. The Department of the Interior sponsored two major studies, one on federal programs and Alaska

29Public Law 92-203, Section 2 (b)
Natives and the other on the special relationship of Natives to the Federal government. However, the BIA has yet to change its role as a result of the Settlement Act or of these studies.\textsuperscript{30}

Unlike most American Indians the BIA serves, Alaska Natives did not fall under its jurisdiction as the result of a treaty. Alaska Natives began receiving BIA services as part of a series of administrative and judicial actions and laws which evolved into the recognition and treatment of Alaska Natives like other American Indians. David Case, in his study, The Special Relationship of Alaska Natives to the Federal Government, classified federal-Native relations into four categories: protection of Native lands, provision of human services, protection of subsistence, and promotion of Native government. Dissuading the reader from the use of vague and ill-defined terms as trust and ward, Case proceeds to meticulously document the legal history of Natives' relations to the United States government.

Although hazardous to generalize, the relations of Alaska Natives with the United States government have largely been defined by the Congress, not by the courts; and these relations tend to reflect the Federal government's relations with American Indians. Over recent decades, the Congress, subject to frequent policy changes, has continuously demonstrated a willingness to assume the responsibility for promoting the general well-being of Native American people. The issue before the BIA may be less what its legal obligations to Alaska Natives are but more what public (and moral) obligations the Federal government has to protect and to promote the well-being of Alaska Native people. The BIA's uncertainties over its relations with Alaska Natives and with the Settlement Act, corporations in particular, is neutralizing, if not negating, the agency's contribution to the successful implementation of the Settlement Act.

As long as Native people are seriously disadvantaged in contrast to non-Natives and are repeatedly subject to failure and exploitation by themselves or others, the need for a special relationship will persist.

\textsuperscript{30} As part of a national reorganization effort, the Bureau is study- in its program operations in Alaska with the intent of restructuring them to reflect the changed circumstances.
Many Alaska Natives are already exhibiting anxieties over the ability of their corporations to preserve Native ways and to promote Native well-being. Since the State of Alaska is unable to commit itself to help Natives as Natives, the Native community will continue to seek federal protection, if for no reason other than insurance against failure.

**Rural Economic Development**

Beneath some Natives' anxieties over failure is an ill-defined and unrealistic expectation of what the Native corporations can do to change the conditions of the average Alaska Native. Translating the cash value of the settlement into per capita terms provides some perspective for assessing the potential benefits of the Act. Twelve thousand dollars' (actually more like six thousand dollars in present value) worth of stock in any corporation, much less a high-risk one, is not going to make life easy or a person wealthy anywhere in the United States, particularly in Alaska. Even a 500-acre estate of remote tundra will not help much unless the estate is also endowed with commercial timber or valuable minerals. Yet, this essentially characterizes what the Settlement Act grants to each Alaska Native.

Suggestions that settlement corporations should be listed among "Fortune's 500" has not served the Native corporations well. It has fostered unrealistic shareholder expectations and caused some observers of the Act to think that Alaska Natives have a bright future. While this may become the case for some Natives, it most assuredly will not happen for most of them. The most likely way a Native corporation will find its way onto Fortune's list is by striking oil, and a lot of it.

In 1979, the per capita value of federal spending on programs for Native benefit was approximately $4,000. Individual Natives obviously did not receive this money (although many did through public employment). They did, however, receive substantial services. Yet, despite this federal support, over half of the Native population continued to live on incomes below the national poverty guideline. To assume corporate dividends would yield an equivalent amount of cash would require (with a 7 percent return after
taxes and retained earnings) a gross investment of over 2 billion
(1974) dollars, or an investment four times the present value of the
cash settlement.

This suggests that, even should most Native corporations be success-
ful, the value of a Native's stock, which is inalienable until 1991, will
not play a dominant role in the individual's ability to care for oneself.
The need for good health, formal education, and basic public services will
remain; and the tangible value these public services represent will make
the public role an important one for the foreseeable future.

The levels of programs expenditures and the services rendered are
based on the special relationship Alaska Natives have with the Federal
government. Any abrupt disruption of this relationship would have a
devastating effect on Alaska village economy and the Alaska Native community.
Because of the economic significance this special relationship represents,
it is unlikely that either the Alaska Native community or the State of Alaska
would see it in their economic interests to discontinue it.

The economic significance of this special relationship is accentuated
by the nature of economic development opportunities in much of rural Alaska.
Great distances from potential markets, combined with high labor costs and
a small and relatively unskilled labor force, severely limit the prospects
of significant manufacturing activities occurring in rural Alaska. Opport-
unities for processing natural resources such as fish, oil, or natural gas
are most likely to occur in a very limited number of places and locations
which offer transportation advantages, generally near or along the Alaska
coastline.

Mining developments and farming are likely to be large-scale endeavors
and will take place where the minerals are discovered or where farmlands
are located. Thus, these developments are likely to be enclave in nature
and may have a very limited effect on existing settlements. Efforts to
impose high taxes to support regional governments will add to the cost burden of the development and could hamper its economic viability.

There are opportunities for small-scale business developments in many areas of rural Alaska. One case study has indicated, however, that substantial increases in local economic activity did not result in the development of significant numbers of private businesses to capture portions of the increased economic activity. If this experience is applicable to other parts of Alaska, without an improved understanding of the obstacles to development and the substantial information and assistance to promote it, even the limited opportunities for rural economic development may be missed.

The opportunity for coordinating public policy to enhance the success of Native corporations and to promote rural economic development is apparent. Yet, the publicly supported programs which enjoyed substantial increases in levels of services and funding were those designed to support human services, not economic development. Despite specific reference in the Act to the activities of the Economic Development Administration or other federal agencies providing loans or monies to support rural economic development in Alaska, these federal programs have not increased at the same level that other educational or health services have.

The limitations and problems of rural economic development underscore the importance of having a balance in public policies. Policies designed to promote human development and to enhance the capabilities of Alaska Natives should and could be profitably synchronized with policies promoting rural development. The need for a better balance in policies is evident.

---

31 Yukon Procupine Regional Development Plan, U.S. Forest Service.

32 Man in the arctic Program. Institute of Social and Economic Research. (Research in progress)
None of the cooperative planning provisions among village and regional corporations set out in the Act have worked, except for mergers and joint business ventures. Regional corporations fear that if they require village corporation plans and budgets and approve them, they will be assuming an implicit legal liability for the viability of those plans and budgets.

Not surprisingly, few regional corporations have attempted to exercise their powers fully, given their potential conflicts of interest and the likely resistance from village corporations to having their own interests subordinated to the judgment of the regional corporation. As a consequence, however, there is little coordination in the investment planning of many village corporations. There is even less coordination with public institutions that have traditionally performed useful support functions and provided services (including the use of bonding to finance certain facilities) to local area investors.

Public financial support for development planning grants has declined over the past seven years, leaving a serious void in the coordination and orchestration of rural development. New housing projects, water and sewer facilities, regional schools, and other community facilities are being built throughout rural Alaska without regard for the capacity of the local population to sustain or operate these facilities. Some reference to the economic capabilities and prospects to guide this capital improvement process seems as basic as devoting resources to expanding the economic base of rural and village Alaska. However basic such references and planning may be, they are not taking place in rural Alaska.

Government in Rural Alaska

It is ironic that the BIA, while crediting the success of the Natives' efforts to win a settlement to the representativeness and effectiveness of the Native statewide and regional organizations, are also insisting that village councils, not regional organizations, should be recognized as the
representative bodies (or tribal authorities) for the purposes of implementing Native self-determination.

According to the current definition of a tribe in Alaska (for the purpose of administering the Indian Self-Determination and Education Assistance Act), over 550 entities in Alaska are eligible tribes. Obviously, the entities are not mutually exclusive, and one analyst estimates that an individual Alaska Native could be a member of as many as five different tribal entities. The tendency to proliferate organizations throughout Alaska without regard for the financial and human resources required to make such entities functional and effective is, unfortunately, commonplace in village Alaska. More often than not, it represents a political strategy on the part of agencies and Natives who are (1) attempting to find a balance of power within the Native community and between the Native community and the state of Alaska, or (2) simply attempting to expand the number of entities eligible for special services and funds.

For example, since the Settlement Act, many Alaska Native villages have filed for recognition as an Indian Reorganization Act (IRA) village. The BIA apparently views village IRAs as an opportunity to balance the political power of the Native corporations. The Native community views the IRAs as a possible extension of their special relationship with the federal government and an additional institution they could use should the village local government (municipal) functions become controlled or influenced by non-Natives. (The State of Alaska have been silent on or unaware of the expansion of IRA villages.)

Despite the perceived political (and potentially legal) advantages of creating large numbers of institutions at the village and regional level, the organizational proliferation does dissipate limited financial and human resources available to both the villages and to the regions. One paper organization superimposed on another has to be confusing to local Native people who are being asked to participate in all of them. Surely, there must be alternative, simpler and more efficient approaches to local
control and Native self-determination.

It is reasonable for government to be concerned that the Native corporation, particularly the regional corporations, do not become the sole political institutions for Alaska Natives. Native corporations will inevitably be involved in the politics of the state and the Native community. The absence of governmental institutions in rural Alaska, however, places Native corporations in the position of assuming powers more appropriately placed within public institutional structures. This process of private institutions' exercising public functions could, unless abated, be to the detriment of both the corporations and the Native community. Native corporations already face the difficult task of containing shareholder demands for the corporations to perform governmental functions. The more implied governmental powers (such as representing Native interests on subsistence issues) that the corporations assume, the more likely shareholders will expect the corporations to expend their capital assets by continuing to represent them on such issues. The inherent conflict in attempting to represent both private and public interest will become increasingly clear over time.

The very nature of the Native corporations is such that their success (if measured by profits) will tend to make them like non-Native corporations and less like a Native regional organization or regional government. The location of their business offices, the type of advisors they retain, the groups with whom they do business, and the qualifications of the people they employ are becoming similar to other business corporations. Corporate survival will force a concern for the "bottom-line" on corporate profits and for changes in shareholder equity. Correspondingly, performance measures focused on debt-equity ratios become of more direct interest than Native unemployment rates. Native corporations will, if they are to survive in the business world, come to behave like businesses. To the extent that the corporations' interests diverge from Natives' public interests, the need for other public institutions to represent the Natives' public interest will become increasingly apparent to both the corporations and to the Natives.
Although public institutional structures abound in rural Alaska, they generally exist on paper only and of those that do exist, such as municipalities or large villages or rural school districts, they are either single-purpose or their geographic boundaries encompass limited territories and small numbers of people. The North Slope Borough, encompassing the entire North Slope, is the one notable exception, and its existence and future depend upon the property tax base created by the oil developments at Prudhoe Bay. Unless other rural regions are equally fortuitous in having a substantial tax base to support regionally controlled governmental structures, the prospects for meaningful local government throughout most of rural Alaska are extremely limited. Alternative means of financing regional government in rural Alaska warrants the serious attention of the state and of the Federal government.

The Settlement Act and the politics leading up to it have made important contributions to government's ability to serve Native people and for Native people to represent themselves. The political developments prompted by the Act have first and foremost given Native people a voice by which they gained a settlement and can continue to make their needs and preferences known to government. Prior to the land claims initiatives of the mid-1960s, Natives (with isolated exceptions) had little influence over federal or state government, and a few Native organizations were capable of making effective representations before the government. This is no longer true. Through the experience of ANCSA, Alaska Natives have become increasingly successful in representing themselves before government on matters affecting them.

ANCSA has also solidified regional boundaries which are now recognized by both state and federal government agencies as quasi-official public service jurisdictions. More importantly, the politics, communications, and services evident in most Native regions—also byproducts of Native claims—have provided the basic structural elements of regional government. A framework wherein common interests are fostered and conflicting or different ones are argued is beginning to evolve in rural Alaska. For these structural
lement of government to come together into a cohesive and effective governmental institution will require much more discussion on the directions and forms such institutional developments should take.

The need for effective political institutions in rural Alaska, be they state or Native, is real and pressing. As suggested earlier, it is a worthy notion that every village in Alaska, regardless of size, will be recognized as a tribal authority and as such will be able to represent itself and secure the rights and services to which it is entitled. However, things have never worked that way in the past and they are not likely to work that way in the future.

It is grossly inefficient to require regional nonprofit associations to secure a consent agreement from all villages within a region before federal grants or contracts are awarded to the regional groups. In many instances, the response to such a requirement will only be a token gesture. It avoids the issue of how regional nonprofit organizations are governed by the people they serve and allows the management of the nonprofit corporations, even more so than for the profit corporations, to orchestrate how it will and will not be accountable to the people it serves. Furthermore, villages wanting to influence a regional association will be much more likely to do so as an organized group or federation than individually.

Native regional organizations are not tribes, as the term is generally understood among American Indian groups, but neither are most Native villages. The tribal concept is a new one for many Alaska Natives. Some institutionalized Native authority is, nonetheless, the foundation on which Indian self-determination is based. If it is to be realized in Alaska, the foundation must first be firmly established.

In many respects, what may be needed for many regions of Alaska is a Native constitutional convention, one that could affirm existing structures or create new ones. It could set out the powers and limitations of its
adopted tribal authority and its decisions could be the basis for recognizing tribal authorities in Alaska. Any such convention would want to address its role in state government. Indeed, it could serve as an occasion to address what responsibilities the state of Alaska has in providing governmental structures and services to the same geographic areas and people that the Native tribal authorities serve.

The state of Alaska is not only unable to assume or grant many of the legal powers that various pieces of federal legislation grant to Alaska Native organizations, it may be financially unable to assume a significant portion of the financial burden that the federal government now bears in providing services to Native people. Therefore, it is unlikely that any new state regional government initiative is going to replace the need for exclusively Alaska Native institutions. Nonetheless, the need for such an initiative is growing.

Alaska Natives are an integral part of the state and participate as such. The very nature of the land ownership pattern virtually preempts many governmental domains which require a well-defined and consolidated geographic jurisdiction. Alaska Native tribal and governmental functions in the future will, most likely, focus around providing human services and preserving Native cultures. The presence and expansion of these entities will be necessarily preempt or replace state-authorized regional and local government.

Many functions will not and some cannot legally be performed by the Native organizations without the state's consent. Furthermore, the state is obligated to serve the many non-Native people who live in rural Alaska (and the numbers will increase). The sizable service infrastructure and the effective political structures developing in the Native community confronts the state with practical and serious problems. How can it efficiently serve this non-Native minority population in many rural areas of the state where the dominant service structure is exclusively Native; and how can it provide for an effective political expression for the non-Native minority?
The answers to these questions and others like them will not be easily found. Despite the complexity and political sensitivity of the issue, the longer the state waits to address these issues, the more intractable they will become.

While the responsibility for fostering regional government in rural Alaska is primarily a state concern and responsibility, the pervasive presence of federal entities (IRAs) and the federal presence dictates that any state initiative must take full cognizance of the federal role and influence.

**Legal Issues Related to the Act**

Three sets of legal issues raised by the Act are pertinent to this paper. First, what regulatory powers should government exercise over the Native corporations? Second, are the rights of individual Alaska Natives or shareholders adequately protected under existing laws? And third, do local governments (including Native villages) and individual non-Natives know their legal rights related to the Act and its implementation.

Native corporations are not immune to corruption. Indeed, the unfamiliarity of both the shareholders and directors with corporations, the family nature of many village corporations (complete with feuding families), and the increasing complexity of the organizational structures combine to make the Native corporations exceptionally susceptible to corruption.

Interlocking boards of directors include municipal corporations, village corporations, regional corporations, and subsidiary corporations of the Native corporations. These corporations will have commercial dealings with one another, including debtor/creditor relations, as well as relations with other partially-owned subsidiaries and with corporations owned by family members, friends, or business associates of the corporation's directors. Potential conflicts of interest are pervasive and can
be as easily exercised through ignorance of the conflict as by self-serving intentions.

Inherent conflicts also exist between village and regional corporations, particularly in dealing with natural resource developments. The village corporation holds title to the surface estate, and the regional corporation holds title to the subsurface estate. The need for cooperation to bring about an orderly development is real, but the potential conflicts are equally apparent. On the other hand, the need for cooperation among Native corporations, particularly regional corporations, could tend toward monopolies and restraint of trade and raise antitrust issues at both the state and national levels.

The mandatory financial distributions which the Native regional corporations must make, the resource revenues which must be shared among all Native corporations, and the power to withhold another independent corporation's funds are but a few examples of how the Native corporations are unique from other business corporations. The need for some uniformity in the accounting of Native corporation affairs, such as consistent definitions of the revenues to be shared, is as obvious as is the desire that some corporations may not have to account for their transactions uniformly. Admittedly, litigation may be the only solution to differences of opinion among the Native corporations on what revenues are distributable; however, once litigated, some mechanism within the accounting and auditing communities should establish the outcome of the litigation if further lawsuits are to be avoided.

Having interlocked the economic interests of the Native corporations (and shareholders) and prohibited the sale of corporation stock, Congress has created a situation warranting some extraordinary oversight or regulation. To ensure compliance with the Act, to protect innocent and inexperienced shareholders and directors from fraud and corruption, and to

---

33 For a thorough discussion of these relationships, see "Region-Village Relations Under the Alaska Native Claims Settlement Act" by Monroe Price, UCLA-Alaska Law Review, 1976.

34 See P.L. 92-203, Section 7(k), 7(1), and 7(1), respectively.
mediate inherent conflicts among the beneficiaries of the Act are unattended functions which merit the attention of government.

A great deal of the recent discussions over amendments to the Act have focused on the alienability of the Native corporation stock. A principal risk of alienation, however, is in the nonstock areas. As suggested above, many Settlement Act corporations have a circle of diverse potential interests: individual, familial, corporate and public. Alienations can occur through the establishment of preferential contractual access for services (either the purchasing of services or preferential access in the sale of the assets of the corporation) or through other preferences such as in employment opportunities or the choice of investments which the corporation makes. The principal benefits resulting from the ANCSA corporations, at least as much as in the case of General Motors, are going to result from preferred access to some aspect of corporate operations rather than through shareholder dividends.

At a minimum, some basic, yet understandable, disclosures of corporate dealings could go a long way toward mitigating potential conflicts of interest and of tracking the alienation of the shareholders' interest. Both the state administration and the state judicial system could perform a constructive role by studying the Act and its ramifications and developing guidelines to help the corporations avoid conflicts of interest and prevent corruption.

"Maximum participation by Natives in decisions affecting their rights and property," a stated objective of the Act, may not be observed in the context of the corporate structure. Although responsive to local shareholder control initially, as shareholders become nonlocal and stock ownership diversifies, the corporations will be susceptible to increased management control. Shareholder attempts to force corporate accountability through lawsuits could, if large numbers of them are filed, weaken both accountability and management. Legal resource other than shareholder derivative suits, such as a special tribunal to hear shareholder claims, could preliminarily serve

35 Section (k) of the Settlement Act protects the alienation of Native corporation stock for a period of 20 years from the date the law was passed.

36 P.L. 92-203, Section 2(b).
to make corporate accountability more accessible and less expensive. For example, a special bush justice study resulted in the formation of local, village-oriented magistrates in an effort to make the existing judicial system move accessible to village people and more sensitive to village needs and circumstances. A comparable approach to selected legal issues associated with the Settlement Act would be appropriate.

Representation of the legal rights of Alaska Natives in the bush has for the most part been provided by Alaska Legal Services (ALS). Increasingly, Alaska Natives and their organizations will have diverse and often conflicting legal needs. Alaska Natives' legal rights and legal representation may center less and less around their ethnic status. For example, ALS may, in the future, be precluded from representing certain groups or classes of Alaska Natives or Native organizations because of direct conflicts of interests or because ALS amy not be inclined to undertake sensitive cases where Native plaintiffs are challenging the Native establishment or politically powerful Native interests.

As the need for free or low-cost legal services in rural Alaska increases, the question arises and should not be ignored or dismissed lightly. These legal needs are by no means limited to litigation. Indeed, unless new legal or quasi-legal mechanisms are created to mediate a host of potential legal conflicts (between council and corporations or individuals and corporations), resulting litigation could paralyze ANCSA corporations.

Numerous rights and benefits of non-Natives and non-Native towns were either created by or affected by the Settlement Act. The mandatory reconveyances of land to individuals or organizations who occupied Native-selected lands prior to the settlement have vested rights, as do village municipalities. Who will advise or assist them in their rights is less clear. Many of the village municipalities have limited financial resources and are unlikely to be aware of or capable of exercising their rights without some assistance.
Apart from any land rights created by the Act, the dominant presence of village Native corporations in Native villages creates the potential of the villages becoming a company (village corporation) town. Common problems with company towns have included unfair business practices, restrictions on free speech, religious practices, etc., and monopolized relations with the local government. Avoiding such abuses, however desirable, is difficult to achieve if the "company" is prone to exercise its influence. Village corporations owned and controlled by village residents may be able to control such abuses; however, a village corporation stock is alienated or shareholders move from the villages, this control will be weakened.

Conversely, Native corporations located in or near non-Native communities have experience non-Native resentment over the settlement. They could also experience some recrimination in the form of the non-Native community's refusal to work cooperatively with the Native corporation. The state could prevent or alleviate future misunderstandings by providing affected communities with impartial information about the settlement and the Native corporations and about the potential interests the communities might share with the Native corporations.

**Survival of the Native Corporations**

In considering possible federal or state actions in response to the following recommendations, it may be useful to keep in mind that most of the Native corporations are struggling to meet the legal and business and moral responsibilities the Settlement Act has imposed. They very much need the help, encouragement, and support of government if they are to succeed.

The sheer survival of some, if not many, Native corporations requires an active program of information and assistance and a means for aiding Native corporations in financial trouble. Unaware of the rudimentary requirements of business, many Native village corporations are ill-prepared to make any investments. Apart from incurring the exceptional expenses
associated with selecting village lands, holding annual shareholders' meetings, and having the corporation's books audited annually--tasks which are generally orchestrated by the regional corporations--many village corporations have little idea of what they can and cannot do with settlement monies.

Many village corporations who have actively invested village funds have simply bought out other businesses--such as stores or local fuel storage facilities (often at exorbitant prices)--or built a local office building to house themselves and government programs. Although no one has formally monitored or analyzed all village corporation investments, informal reports do indicate that those village corporations that are actively investing their monies are operating at substantial losses, whereas those villages that have put their money in investment portfolios are only suffering modest losses to inflation.

Delayed conveyances of land to village corporations may have been a disguised blessing. Few villages have either the technical or legal knowledge to carry out the mandatory reconveyances of lands to village residents and businesses, not to mention the expense this may involve. Poorly kept land records will create costly havoc for everyone, be it a public institution or a private individual that desires access across or easements on Native lands. Title insurance will be prohibitive and home mortgages will be denied unless a landowner can show clear, unencumbered title to his land.

The average Alaska Native knows little about either the Settlement Act or Native corporations. Yet, understanding and controlling these corporations are the keys to the Native estate. Without some understanding of how these new institutions function, ill-advised actions by shareholders could unknowingly disrupt the continuity of Native corporation management or abort long-term investment strategies. Or, conversely, shareholder inaction could result in the management's assuming full control of the corporations and managing them without regard for the interests of the shareholders.
It is generally recognized that the interests of village corporations do not necessarily coincide with regional corporations, and in numerous instances they conflict. Yet, most village corporations have their interests represented by regional corporations. Language in the Act and amendments to it have been generally drafted with the regional corporations in mind. Some structure is needed for examining and addressing village corporation problems independently from regional corporations.

Serious as well as casual observers of the Native corporations agree that some, if not many, of the Native corporations will fail, both at the village and regional level. One regional corporation, having lost over twenty-six million dollars to date, has been saved from bankruptcy only because a recent amendment to the Settlement Act enables corporations to encumber future receipts from the Alaska Native Fund. Even having encumbered future receipts, it remains questionable whether or not the corporation's experience just marks the beginning of a series of financial failures.

While it may be clear that the Federal government holds no legal responsibility to protect, save, or indemnify Native corporations from failure, it is much less clear that the government can be morally indifferent to the fate of the Native corporations. These corporations not only represent a potentially important economic base for the Native community, but they also hold title to Native historic places, cemetery sites, and traditional hunting and fishing grounds, the mainstay of Native culture. It seems untenable that the government would allow these lands to fall into the hands of indifferent, if not unfriendly, receiver corporations.

To avert such a disaster, the government could make available existing federal grant, loan, and technical assistance programs to organize an effort to assist Native corporations in financial trouble. Drawing upon the support and cooperation of the BIA, the Office of Minority Business Enterprise,

37 What obligations the Federal government has to individual Alaska Natives, including their capacities as shareholders of the Native corporations is less clear.
the Economic Development Administration, and other federal institutions offering loans or federal guarantees, a special financial and management assistance could be organized without requiring additional federal aid.

A process could be designed to parallel normal bankruptcy procedures. Because the program is to avoid bankruptcy, some process and standards of financial soundness would have to be established to trigger the proposed financial and management assistance.

Designed to avoid the wholesale loss of Native lands, the program could place the full faith and credit of the Federal government to work to put the Native corporations back on sound financial footings. But, whatever is done, if the bankruptcy and loss of control of Native corporations is to be prevented, discussions of what to do, how, and by whom, should already be underway.
RECOMMENDATIONS

Based on the preceding discussion of the effects of ANCSA on government and of selected issues which impinge on the ultimate success or failure of the settlement, several recommendations for governmental consideration and action seem both appropriate and necessary.

As the dominant federal agency participating in the settlement, the Department of the Interior, including the Bureau of Indian Affairs, shoulders a major responsibility for the implementation of the Act. The orderly management of Alaska lands, the conservation of its environmental values and the development of its natural resources, will be significantly influenced by the actions or inactions of the Department. The successes and failures of the Alaska Native corporations will be similarly affected by the department's policies and actions to fulfill its challenging responsibilities in Alaska. The following recommended actions are offered to the Department:

1. Create a mechanism capable of identifying and resolving inter-agency land-use conflicts, advancing federal, state and private cooperation, and impartially evaluating the effects of the federal land management effort in Alaska.

2. Design and implement a regional planning process for federal lands in Alaska which:
   a) synchronizes with state planning;
   b) invites the participation of local (and regional) governments, Native corporations and other public interests;
   c) develops a data base in cooperation with and for the use of all land managers in Alaska; and
   d) establishes a procedure whereby all land managers, public and private, and major interest groups have
the opportunity to identify common problems and
needs, potential or existing land-use conflicts,
and opportunities for collaboration in land manage-
ment.

3. Initiate a study of the requirements, problems, and alter-
 natives of administering easements across public and private
lands in Alaska.

4. Establish an assertive program of land management assistance
to new (as a result of ANCSA) land owners and managers. A
wide variety of training and technical assistance is needed
in the subject areas of land record keeping, land disposal
practices, and land-use planning. Legal, organizational, and
financial options to advance cooperative land management need
to be researched and, where appropriate, exercised.

5. Study, in collaboration with the State of Alaska and Native
corporations, how the rights of individuals and communities
have been or may be affected by ANCSA and how these rights
can best be safeguarded and served.

6. Conduct a comprehensive evaluation of ANCSA and its imple-
mentation in 1980, 1985 and 1990. The evaluation would be a
major study assessing:
a) the performance of the land managers and the environ-
mental, social and economic effects the new land policies
and practices have brought about; and
b) the performance of the Native corporations and the effects
the settlement has had on the well-being of Alaska natives.

7. Create, in cooperation with the Native corporations and the
State of Alaska, a program of aid and assistance to Native
village corporations in the management of their affairs. The principal purpose of the program would be to assist Native corporations achieve sound financial footing and retain ownership and control of Native lands. Aid and assistance in investment planning, venture analysis, management and resource development would be extended to village corporations. Assistance would include research and development (of investment and land management strategies), training and technical consulting. Aid would be limited to that of an intermediary assisting client village corporations finance or refinance present or prospective investments.

8. Create a federally chartered corporation authorized to participate in the reorganization of Native corporations filing for bankruptcy. The corporation would be authorized to receive federal grant and loan programs, including those of the Indian Finance Program, the Economic Development Administration, the Farmers Home Administration, and the Office of Minority Business Enterprise, and to apply such assistance to the refinancing and reorganization of the corporations in financial trouble. The corporation would also be empowered to impose management controls consistent with its credit participation.

9. Distinguish the ANCSA corporations from other Native organizations in seeking Native "public" input or in recognizing Native governing bodies.

10. Support and foster the formation of regional "tribal" governing bodies in Alaska and the creation of political accountability between such bodies and their members.
11. Strengthen the contract performance of Native contractors by drafting realistic performance standards, and by providing financial support for staff training and the research and development of alternative systems of delivering services.

12. Provide financial support for regional economic development planning.

The State of Alaska will play an increasingly significant role in the affairs of the Native corporations and in the implementation of the Settlement Act. Recommended actions for the State are:

1. Form a task force of state officials to examine how ANCSA will affect the state and to identify what state policy posture and action(s) can or should be taken to enhance the overall success of ANCSA and of the Native corporations.

2. Delegate the primary responsibility for coordinating state policies and actions related to ANCSA and the Native corporations to a specific agency. Require this agency to periodically report on the status of the Act's implementation and of the Native corporations.

3. Initiate a major rural policy study designed to:
   a) examine alternative ways of fostering local and regional government in the unorganized areas of rural Alaska;
   b) delineate the "de facto" and "de jure" roles of the federal government (and Native organizations) in rural Alaska; and
   c) assess the long term economic viability of present service delivery systems in rural Alaska.

4. Enlist the financial and technical help of the federal government as major responsibilities for land and resource management are transferred from the federal government to the state.