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Gigi Berardi

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Natural Resource Policy, Unforgiving Geographies, and Persistent Poverty in Alaska Native Villages

ABSTRACT

This paper presents an analysis regarding the causes of persistent rural poverty in Alaska Native villages. It discusses the background, structure, and function of PL 92-203, the Alaska Native Claims Settlement Act (ANCSA), how the Act undermines Native polities and traditional natural resource utilization, and the Act's consequent contribution to persistent rural village poverty. The principal problem is seen to be difficulties and conflicts in achieving sustainable and equitable economic development under the corporate structure imposed by ANCSA, due to existing constraints of physical geography, biological resource characteristics, and traditions of governance and resource use. The paper augments earlier findings of the Rural Sociological Society's Task Force on Persistent Rural Poverty regarding the obstacles to economic development facing natural resource-dependent communities in rural America, and the need to consider spatial location as a critical factor in explaining rural poverty.

INTRODUCTION

Despite decades of programs and policies designed to alleviate rural poverty in the United States, poverty persists. In the past, policymakers have focused on failures in the labor market as a cause of rural poverty yet have failed to answer a fundamental question: why are the same groups of people living in poverty decade after decade, generation after generation?

As a member of the Rural Sociological Society (RSS) Task Force on Persistent Rural Poverty, the author examined the relationship between extractive natural resources, local communities, and poverty. The present
paper discusses policy implications specific to the case of Alaska in more detail. In so doing, it augments the findings of the RSS Task Force regarding the obstacles to economic development facing natural resource-dependent communities in rural America, and the need to consider spatial location as a critical factor in explaining rural poverty.

This paper presents an analysis regarding the causes of persistent rural poverty in Alaska villages. It discusses the background, structure, and function of PL 92-203, the Alaska Native Claims Settlement Act ("ANCSA," or, "the Act"), how the Act undermines Native polities and traditional natural resource utilization, and the Act's consequent contribution to persistent rural village poverty. The principal problem is seen to be difficulties and conflicts in achieving sustainable and equitable economic development under the corporate structure imposed by ANCSA, due to the existing constraints imposed by the physical geography, biological resource characteristics, and traditions of governance and resource use. Approaches to resolving continuing issues also are discussed.

UNDERSTANDING PERSISTENT POVERTY IN VILLAGE ALASKA

Previous studies have identified a number of critical concepts in explaining persistent poverty in isolated communities in Alaska. These include economic factors as well as constraints on natural resource use. Identified factors include limited options for development, high cost of living, economies dependent on single resources, and restrictions on traditional natural resource use.

Lewis, School of Agriculture and Land Resources Management, University of Alaska, Fairbanks; Jean Melious and Lynn Robbins, Western Washington University; and, James Allaway, Resources International. Any errors or omissions are the author's responsibility.

1. See RURAL SOCIOLOGICAL SOCIETY TASK FORCE ON PERSISTENT RURAL POVERTY, PERSISTENT POVERTY IN RURAL AMERICA (1993). The task force was organized to outline new directions in theory that would provide complementary and cumulative explanations of persistent rural poverty. Its intent was to move beyond major existing theories such as the culture of poverty and embrace more robust theories such as rational underinvestment, dependency, moral exclusion, and global economic restructuring. The task force focused on rural rather than urban poverty since previous research had centered mostly on urban areas. Key terms—"persistent," "rural," and "poverty"—are defined and discussed on pp. 4-7 and 20-22 of the report. Briefly, "persistent" refers to the permanence of a substantial segment of the population with incomes below the poverty threshold despite ameliorative efforts, "rural" refers to nonmetropolitan or more sparsely populated areas, and families living in "poverty" are those whose cash income is below the official poverty threshold. In the 1990 U.S. Bureau of the Census data, 48 thresholds are used to determine poverty status; these are adjusted annually to reflect inflation.

Limited Options for Economic Development. Populations at risk often are situated in economically nonviable areas, which reduces their opportunities to escape poverty. This is particularly true of “Village Alaska,” the more than 50 percent of Alaskan villages that are home to over 50 percent of the poverty population in Alaska and that have no significant marketable natural resources. Income transfers and related economic assistance have heavily supported these villages and have been instrumental in maintaining village residents in these economically nonviable locations. This public sector support was particularly influential in the late 1970s and 1980s, a period of large infusions of public monies for fixed capital improvements and income assistance. During this period of strong state oil revenues, funds were made available for basic public service capital improvements—e.g., schools and electric utilities—to bring village living standards more in line with the rest of the state, and for income transfers to supplement scarce wage-earning opportunities.

High Costs of Living. Even though income in villages may be above nominal poverty levels, living costs often are extreme, and resulting health and safety problems may preempt people from living comfortably and securely. A case in point is the village of Gambell on St. Lawrence Island, where families often do not have enough money to buy fuel oil although the


4. The term “Village Alaska” refers to remote villages, many of which are characterized by their small size, with populations of less than 500, and at least one-quarter of the households living below the poverty level; see LEE HUSKEY, INST. OF SOC. AND ECON. RESEARCH, THE ECONOMY OF VILLAGE ALASKA 2 (1992). These villages are found principally in the Yukon-Kuskokwim Delta, southwest, and interior regions, as well as to a lesser extent the northwest, arctic, and Alaska Peninsula regions. More prosperous villages are found in areas where they receive direct income from oil or taxes on oil (as on the North Slope), fish (as in some coastal regions), timber (as in southeast and southcentral Alaska), or minerals (areas of the northwest region). Id. For more detailed information, see RURAL SOCIOLOGICAL SOCIETY TASK FORCE ON PERSISTENT RURAL POVERTY, supra note 1, at 21; STATE OF ALASKA DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS, COMMUNITY INFORMATION SUMMARIES (1995) [hereinafter SUMMARIES].

5. Income transfers and related support include money and services the federal and state governments provide such as: welfare, pension, and other payment programs; jobs in post offices and other public agencies; and schools and other services which also are subsidized. In 1989, transfers accounted for nearly 60 percent of per capita personal income in western coastal Alaska. See HUSKEY, supra note 4, at 9.

median family income was approximately $16,000 in 1989. Transportation costs alone double the price of goods and services, since virtually all materials must be flown in. Many other villages are located on major rivers or the sea coast and receive their year's supply of bulk fuel and other heavy goods in one barge shipment each summer. If this delivery fails (due, for example, to low river levels or shipping equipment breakdown), or if an accident such as a fire destroys stockpiles, then even more costly emergency air transport is necessary.

**Single-Resource Dependent Economy.** Poverty is especially persistent in states dependent on a single natural resource industry. No other state shows such a dramatic dependence on a single resource as Alaska. Eighty-five percent of Alaska State revenues are derived from one resource—oil—and about one of every three jobs in Alaska is supported by state spending. Economic development in Alaska, including the availability of public sector funding for transfers, is closely tied to oil production and markets. Increased oil prices from 1973 to 1982 led to a widespread expectation that Alaska would always receive large revenues from oil, and public sector programs and the overall economy expanded greatly. When oil revenues dropped in the mid-1980s, cutbacks in public programs inevitably followed and economic activity declined markedly.

**Restricted Resource Use.** The management of natural resources by regulatory agencies restricts resource use by the most vulnerable groups.

7. See SUMMARIES, supra note 4.
10. Before the Prudhoe Bay oil fields were discovered, Alaska was a state of modest means. Military and other federal government spending and extractive industries (fishing, mining, logging, and some oil production in Cook Inlet) provided most of state income. The economic impact of the discovery of oil in Alaska was dramatically different than elsewhere, primarily because the state government owned the field and thus could collect royalties as well as taxes, large amounts of oil could be produced (close to two million barrels a day), and soon after oil began flowing, the world price tripled. Thomas A. Morehouse, Alaska's Political Economy: Myths and Realities 2 (1993) (paper presented to the Western Regional Science Association Annual Meetings, Wailea, Maui, Hawaii) (on file with the Nat. Resources J.).
11. Id.; see also BERMAN ET AL., supra note 8, at 13–19.
and localities, contributing to their poverty. In Alaska this is manifested particularly by the establishment of harvest rules and quotas for fish or wildlife that can restrict subsistence harvests for village populations. For example, restrictions on harvest methods and seasons resulting from management of fish populations primarily for commercial and sport fishing industries has resulted in significant declines in the subsistence harvest by local residents of steelhead (an anadromous fish species) and various salmon species in the Situk River near Yakutat.

The understanding of rural poverty in Alaska is generally based on the foregoing concepts. The important role that policy plays in maintaining populations in economically nonviable areas is not as well examined. This role is exemplified by ANCSA, a major land claims settlement and natural resources policy that has had significant impacts on Alaska Native livelihood, polities, and poverty.

ANCSA AS ECONOMIC AND SOCIAL POLICY

ANCSA provided a federal land settlement extinguishing aboriginal claims to the state's 152 million hectares of land and territorial waters by providing Alaska Natives with 17.8 million hectares of land and nearly one billion dollars. One of the most significant features of the law was the establishment of village and regional corporations as owners of the land and recipients of the money. The consequences of this corporate structure have reverberated through Alaska Native communities and the entire Alaskan economy and society in the years since.

Background to ANCSA

The United States occupied Alaska without, for the most part, the wars and subsequent treaties that settled Native American land claims in the Lower 48 states. Although Alaska Native land claims were asserted as early as 1867 when the Tlingit Indians of southeast Alaska challenged the sale of Alaska by Russia to the United States, decades passed with little attention to and no resolution of these claims. Native groups intermittently


14. See JORGENSEN, supra note 12; for a related discussion of the political assault on subsistence harvest preferences by organized urban interests, see ALASKA NATIVES COMM’N, supra note 3, Vol. III, at 14–42.

15. See DAVID D. MILLS & ANNE S. FIRMAN, FISH AND WILDLIFE USE IN YAKUTAT ALASKA: CONTEMPORARY PATTERNS AND CHANGES 215-227 (Div.of Subsistence, Alaska Dep’t of Fish & Game, Technical Paper No. 131 (1986)).
pressed the issue. In 1912, leaders of the Tanana chiefs in interior Alaska asserted Native title to traditional hunting and fishing lands that were being used by settlers. In 1935, the Tlingit, joined by the Haida, challenged the withdrawal of lands for the Tongass National Forest. With statehood in 1959 and the provision that the state could take title to 41.7 million hectares from the federal domain, tension mounted over the effects of state ownership on traditional use by Natives and on their aboriginal land title. Native leaders and supporters, and the new Alaska Federation of Natives (AFN), pushed for a land settlement. The issue continued unresolved and in 1966 Interior Secretary Stewart Udall froze the conveyance of state-selected lands pending a Native land claims settlement.

Shortly thereafter the key incentive for concluding a land settlement arose from the discovery of oil at Prudhoe Bay on Alaska's North Slope in 1967. All sides realized a pipeline across Alaska to get the oil to market might be delayed for years by aboriginal land claim challenges. In addition, the state urgently wanted to continue to build its own land base. The oil was seen as enormously important to state development and national interests, and the political will coalesced to settle Native land claims and remove the obstacle.

16. It was not until 1959 that the Tlingit and Haida received a judgment in the 1935 action. As reported by Berger, "the U.S. Court of Claims explicitly declared that the Treaty of Cession, 1867, did not extinguish aboriginal title." Seven years later the tribe was awarded a cash settlement of 7.5 million dollars in compensation, with no return of Native lands. See THOMAS R. BERGER, VILLAGE JOURNEY: THE REPORT OF THE ALASKA NATIVE REVIEW COMM’N 22 (1985). Berger was head of the Alaska Native Review Commission. The commission was appointed by the Inuit Circumpolar Conference, an organization of Eskimos from Alaska, Canada, and Greenland, to review ANCSA.


18. Id. at 7.

19. There was tremendous pressure on Native groups as well to settle land claims, given the expected economic importance of the "super giant" Prudhoe Bay oil field. Its estimated 12 billion recoverable barrels of oil characterized it as an extremely rare geological find. See Morehouse, supra note 10, at 5.

ANCSA: Goals and Objectives

Although the immediate impetus for ANCSA was to allow North Slope oil fields to be developed, framers of the Act set out to accomplish much broader goals and objectives. For many proponents, a fundamental purpose of ANCSA was to achieve far-reaching social policy objectives.\(^\text{21}\) ANCSA was explicitly designed to change the structure of the body politic in Native communities, and thereby improve their economic situation. The framing of ANCSA drew heavily on a report by the Federal Field Committee for Development Planning in Alaska, which considered Alaska Natives to be part of a culture of poverty. To change the economic situation, the report held, one needed to change the culture.\(^\text{22}\)

Previously, a largely traditional, consensus-based polity typically existed, particularly at the village level.\(^\text{23}\) ANCSA mandated a for-profit corporate structure foreign to most Native communities as the mechanism for economic transformation. The intent of the corporate structure was to assist Alaska Natives in their social and economic development\(^\text{24}\) by giving

\(^\text{21}\) Some saw the Act as social engineering. See STEWART FRENCH, ARCTIC INST. OF NORTH AMERICA, ALASKA NATIVE CLAIMS SETTLEMENT ACT 3, 16 (1972):

> ... while admittedly a compromise and far from perfect, [ANCSA] nevertheless marks a great moral and ethical advance over the white man's dealings with the native inhabitants of the Lower 48 . . . the Act will provide an unparalleled case study on a large scale of the adaptability to a radically changed economic, social, and political environment of several markedly different ethnic groups, which have dealt effectively for centuries with a harsh physical environment and a totally different level of social and economic problems. The mechanism for the use, development, and control over the lands, resources, and money by the Native people of Alaska—only a few generations removed from aboriginal existence—is that relatively modern business creation, the corporation. As shareholders, the Native people are entitled to a voice in management and a share in the lands, assets, and income . . . .

*Id.* at 3, 16.

Economic benefits anticipated included development of natural resources, capital improvements (for example, housing, transportation, and services), employment opportunities, and establishment of small business enterprises. Broader social benefits included raised educational levels and greater Native political influence. *Id.* at 4-5.

\(^\text{22}\) See BERGER, supra note 16, at 45. As BERGER stated, "ANCSA is an attempt to recreate Main Street on the tundra." *Id.* at 45-46. ANCSA does this by promoting capital expenditures. Rather than strengthening the existing subsistence economy, it encourages extraction of natural resources and the anticipated economic development following.

\(^\text{23}\) See MOREHOUSE, ANCSA, supra note 20, at 1-2.

\(^\text{24}\) This is clear in some of the provisions of ANCSA. For example, the 70 percent revenue sharing among corporations underscores the role that Congress saw for the corporations, not merely to make profits but to provide a degree of equity among Alaska
them control—as corporate shareholders—over their land and other natural resources and the profit motive for economic development, while avoiding the paternalism (and attendant continuing federal obligations) of the reservation system in the contiguous 48 states. Most framers of the Act, both non-Native and Native, saw the corporation model as the key instrument to help—and perhaps induce—Native groups to make the transition to a modern economic society.

However widespread the desire for a settlement, many Alaska Natives either had doubts about, or were not aware of, particular provisions of the Act or their implications for achieving basic goals and objectives. At minimum, the full impacts of choosing corporations as the implementing mechanism for ANCSA policy could not have been widely understood, and the corporation structure thus can not be seen as the carefully considered choice by an informed populace for the favored form of resource management.

25. Before 1968 there was no mention of corporations; the first bills introduced in 1967 resolved claims through "tribes, bands, villages, communities, associations or other identifiable groups of Eskimos, Indians, and Aleuts," ROBERT D. ARNOLD, ALASKA NATIVE LAND CLAIMS, 153 (1978). In 1968, in U.S. Senate Interior Committee meetings, business corporations were proposed as the means of carrying out the settlement, in large part due to opposition to the power of the federal government, as shown through the BIA's bureaucratic and inept handling of its responsibilities on reservations. Senator Henry Jackson, one of the main architects of ANCSA, and other major figures in Congress rejected tribal governments as the "vehicle" for implementing ANCSA. ANCSA, in terms of policy, specifically avoided the creation of "permanently racially defined institutions," namely, tribal institutions. This was a departure from the prior practice of creating reservations and the special obligation of the federal government to provide health and social services to other Native Americans. Opposition to extending the Indian reservation system to Alaska was widespread. Even AFN attorney, Barry Jackson, urged the corporation structure as the main implementation vehicle. The theme of the 1971 AFN convention, the last held before the passage of ANCSA, was, "In the white man's society, we need white man's tools." Id.

26. There is no doubt that the enactment of ANCSA, although now celebrated as a holiday in certain Native organizations such as the AFN, was a bittersweet victory. An editorial in the Tundra Times at the time stated:

962 million [dollars]— a payment for lands lost. These are almost astronomical figures, but at the end of the voting, they were met with almost a dead silence by some 600 native delegates to the AFN convention. . . . . The delegates must have sensed that as they voted, they were also voting to relinquish some 300 million acres of land forever—lands they and their ancestors were accustomed to using. . . . . 'For several times today, I didn't know whether to laugh or cry,' said a woman delegate. . . . . The atmosphere at the convention hall seemed to be prefaced with a special kind of sadness—a strange ending to a great fight for justice." See Howard Rock, Congress Passes Alaska Native Land Claims Bill: 'I Didn't Know Whether To Laugh Or Cry,' in ALASKA NATIVE CLAIMS SETTLEMENT ACT: A SCRAPBOOK
Provisions of ANCSA

The key provisions of ANCSA concerned land and money, and the control of those resources. Most fundamentally, Alaska Natives received 17.8 million of the state's 152 million hectares and nearly one billion dollars for their aboriginal land claims. These assets were divided among nearly 200 village corporations and 12 regional corporations, with each village becoming part of one of the regions. 27 Village corporations received surface title to 11.3 million hectares, and the regional corporations received the subsurface title to village lands and full title to an additional 6.5 million hectares. 28

The for-profit corporation was superimposed on pre-existing village governmental structures, which were allowed to continue. For example, federally recognized IRA (Indian Reorganization Act of 1934) governments and traditional Native council governments in Alaska continued in a trust relationship with the federal government.

In addition to settling Alaska Native land and resource ownership claims, ANCSA extinguished Native claims to any other traditional land-related rights including aboriginal hunting and fishing rights. A variety of provisions set policy on other related aspects of resource ownership and utilization. 29

HISTORY 61 (1991). In particular, most Natives were not familiar with corporations as a form of organization, nor with the kinds of laws usually governing it. Compounding problems, many villagers, particularly older persons in northern and western Alaska, could not understand the language or meaning of provisions of the Act.

See BERGER, supra note 16.

27. An authorized Thirteenth Regional Corporation, for Natives residing outside of Alaska, formed in 1976 after contested elections and lawsuits.

28. The twelve regional corporations, organized soon after ANCSA was passed, actually began to function in 1975. A total of about 75,000 shareholders eventually enrolled in groups ranging from 1,100 (Ahtna Corporation) to about 16,000 (Sealaska Corporation). Regional corporations received 440 million dollars out of the 962.5 million dollar cash settlement; village corporations and individuals received the rest. STEVEN COLT, INST. OF SOC. & ECON. RESEARCH, FINANCIAL PERFORMANCE OF NATIVE REGIONAL CORPORATIONS 2, 6, 8, 21 (1991).

29. Some of the most pertinent provisions of ANCSA include the following: U.S. DEPARTMENT OF THE INTERIOR, ANCSA 1985 STUDY (1984); Fisher, supra note 20; ELY supra note 24.

Section 2 specifies the goals and intents of Congress: to settle land claims without litigation, with maximum participation by Natives in decisions, without establishing permanent racially defined institutions and at the same time without diminishing obligations of the United States or Alaska to protect and promote the rights and welfare of Natives. ALASKA DEP'T OF EDUC., supra note 17, at 30-33.
Changes to ANCSA

Although more than 50 amendments have made numerous changes to provisions of the Act, up to the present the structure of ANCSA, including the corporation model, has remained largely intact. The change in law with arguably the most importance for Native resource use resulted from the passage in December 1980 of the separate Alaska National Interest Lands Conservation Act ("ANILCA"), PL 96-487. ANILCA addressed a resource issue of great importance to Alaska Natives that was omitted from

Section 4 extinguishes Natives' claims to any traditional land rights beyond that given in the settlement. Section 5 contains provisions for enrollment of Natives, including the controversial provision that "New Natives," born after December 18, 1971, are not eligible to receive corporation stock. As early as 1991, over half of Alaska Natives were not shareholders. Section 7 provides for the creation of regional corporations and Section 8 for the creation of village corporations, with eligible Natives each holding 100 shares. No stock could be sold, pledged, seized for debt, or otherwise alienated (with a few exceptions, such as to pay child support). At the end of 20 years all this stock was to be canceled and unrestricted stock issued in exchange. Section 9 provides that 70 percent of net revenues from the sale by regional corporations of natural resources conveyed as part of the settlement must be shared among all regional corporations in proportion to the enrolled population of each.

30. Perceived legal, political, and economic problems with ANCSA resulted in strong demands, led by the AFN and Native leaders, for changes to the law, especially before the 1991 deadline when protection of stock from alienation and lands from taxation was to expire. See Thomas A. Morehouse, in Native Claims and Political Development 21-22, WESTERN REGIONAL SCIENCE ASSOCIATION ANNUAL MEETING (1987) (paper on file with the author and the Inst. of Soc. & Econ. Research, Anchorage, Alaska).

31. For example, in 1976, amendments extended the deadline for enrollment of Natives and contained provisions for the mergers of Native corporations, timelines for the submission of reports of the Joint Federal-State Land Use Planning Commission, and land exchanges. Amendments passed in 1987 made significant changes to provisions of the original law that were to go into effect in 1991 (causing it to be referred to as the "1991 law or 1991 amendments"). The amendments passed in 1987 extend indefinitely the restrictions on stock alienation, unless corporate shareholders remove the restrictions by majority vote. The amendments also extend the tax exemptions and other protection on all ANCSA lands that remain undeveloped, unleased, and unsold. In general terms, land cannot be taxed; taken by trespassers who otherwise might acquire rights to the land (through trespassers' or squatters' rights); taken by creditors to pay a debt owed by the corporation; or lost if the corporation files bankruptcy or is involuntarily dissolved. In addition, the amendments call for the issuance of additional stock to "new Natives" (those born after the enactment of ANCSA in 1971), elders, and others who missed the previous official enrollments of eligible shareholders in the ANCSA corporations. Protection of subsistence hunting and fishing opportunities was one of the most important motivations for these amendments. The amendments help keep Native corporations and lands under Native control, but they may also diminish the value of corporate stock by restricting its sale and providing for the issuing of additional shares. See ALASKA FEDERATION OF NATIVES, 1991: MAKING IT WORK 3, 14, 37 (1988).
ANCASA—protection of subsistence uses—by mandating a hunting and fishing preference for rural residents in Alaska.\textsuperscript{32} ANILCA's main function was to add 42 million hectares to Federal conservation systems in Alaska and to establish almost 23 million hectares of Federal wilderness.

Perspectives on ANCSA

Assessments of how well ANCSA satisfied its basic objective—to justly settle Native land claims—varied among observers. To most framers of ANCSA, and probably much of the general public, the monetary and land entitlement terms of the settlement seemed at least fair.\textsuperscript{33} It is not difficult to see why the settlement was considered generous, particularly in comparison with treatment of Native Americans in the contiguous 48 states. Alaska Natives were to obtain fee simple title to more land than was held in trust for all other Native Americans combined. Compensation for relinquished lands was nearly four times the amount all Indian tribes had won in the 25-year lifetime of the Indian Claims Commission.\textsuperscript{34}

Viewed in other ways, the settlement terms appear less bountiful. The $962.5 million cash settlement was an arbitrary amount, a blend of what the United States House and Senate in compromise with each other felt the country could afford to pay and what would be sufficient for the viability of Native corporations. It was not based on any lengthy review of the current or potential economic value of the land.\textsuperscript{35}

From the Alaska Native perspective, much was given up. In 1971, Alaska Natives held aboriginal title to most of the land in Alaska—about eight and one-half times the amount of land they received in the settlement.

\textsuperscript{32} See Monica E. Thomas, Conflict and Controversy: Land Ownership In Alaska, 5 LAND USE POL. 121, at 126 (1988).

\textsuperscript{33} As a former Chief Counsel of the U.S. Senate Committee on Interior and Insular Affairs observed, "the Act is the most generous settlement ever granted by a government to a relatively powerless minority." See FRENCH, supra note 21, at 16.

\textsuperscript{34} See ARNOLD, supra note 25, at 147-48. This perception in turn affected attitudes toward Alaska Natives in following years. As Berger noted: There can be no doubt that the amount of ANCSA's cash compensation caught the public's eye. Millie Buck, speaking at Gulkana, remarked that constant reiteration of the generosity of the settlement had left White people with the idea that an Indian who was driving a new car had not worked for it but had simply bought it from a share of the settlement . . . . Lena Dewey, at Nenana, said, 'You have a lot of the White community against anything that's Native because of the land claims, because they thought we got so much.' See BERGER, supra note 16, at 27-28. A change in public opinion about the generosity of the Act likely would require the public becoming better informed about the settlement terms and the overall consequences and beneficiaries.

\textsuperscript{35} See ALASKA DEP'T OF EDUC., supra note 17, at 32.
The cash settlement was equivalent to a little less than three dollars per acre (or seven dollars per hectare) relinquished. The settlement also appears more modest when compared with recent forms of State of Alaska assistance financed by oil revenues from state lands. For example, electricity consumers served by the Four Dam Pool hydroelectricity projects in Alaska have benefited from $485 million in state grants and loans, equivalent to about $16,000 per beneficiary.

In addition, although ANCSA policy was directed toward Native peoples, its economic impacts were far broader. It can be argued that major beneficiaries of ANCSA included the rest of Alaska’s population and its commercial and political sectors: organized sports people, state government, the oil industry, and others.

CORPORATE STRATEGIES, VILLAGE ENVIRONMENTS, AND TRADITIONAL VALUES

The implications of ANCSA policy—particularly its creation of village corporations—are far-reaching in Village Alaska. Constraints of both physical and cultural geographies hamper efforts to adapt ANCSA policies to Alaska Native goals. ANCSA’s separation of land ownership from communal governance has affected management motivation and produced conflicts with traditional subsistence uses.

Alaska’s Unforgiving Geographies

Overlooked in much of the enthusiasm for the corporate model introduced by ANCSA were the realities of Alaska’s geographies. Both the physical and cultural geographies of Village Alaska severely restrict the sustainable economic development intended to result from vesting profit-driven corporations with village land resources and bankrolling their startup.

Physical Geography

The physical geography of much of Village Alaska does not easily accommodate entrepreneurial ventures that require external markets. Villages generally lack arable land as well as the fuel and non-fuel resources needed for capital-intensive extractive industries. Labor is unskilled, and

36. See Berger, supra note 16, at 24, 27.
38. See Morehouse, ANCSA, supra note 30, at 20-21.
the costs of energy, transportation, and communication are high. Ironically, little investment opportunity exists for the substantial sums of money provided by ANCSA. The policy objective of economic development through corporate activity thus stood little chance of succeeding in many villages.

Probably the most important lesson learned from ANCSA’s limited economic impact is that there is scant hope for a self-sustaining mixed economy in much of Village Alaska. Many villages represent sites formerly used part of the year in a mobile subsistence economy. In short, locations ideally suited for subsistence activities are ill suited to the non-Native cash economy. Lands selected by the village corporations were chosen mainly for subsistence rather than for their opportunities for economic development. Most of the land selected had no commercial possibilities.

Yet village residents need the “omnipresent, nonnegotiable elements of contemporary village life” such as "heating oil, electricity, cotton, wool and fiber-filled clothing, coffee, sugar, televisions and other accoutrements of the American mass culture” that are difficult to obtain in Village Alaska. It is the public sector that supports the purchase of many of these items and the delivery of these services. Moreover, the per capita cost to the public sector of providing a minimum level of service is high in remote regions. For example, one school principal may be needed whether the school has 20 or 200 students. Extreme physical conditions such as harsh climates also add to the cost of service delivery and transportation.

Furthermore, the transfer economy is already proving to be unsustainable. As state oil revenues decline, state and local government expenditures are cut back, direct transfer programs are reduced, and capital projects providing needed cash income for families are eliminated. The transfer economy also encourages return migration, increasing the level of population in a region beyond its economic viability. Transfers then may

40. See BERGER, supra note 16, at 34.
42. See Gunnar Knapp & Lee Huskey, Effects of Transfers on Remote Regional Economies: The Transfer Economy in Rural Alaska, GROWTH AND CHANGE 25-39 (Spring 1988). Huskey estimates that village residents in the Norton Sound, Interior River, and Lower Kuskokwim areas would have had to pay over 20 percent of their average per capita income in 1989 for the same level of local government, school, and electric power services if these costs had not been subsidized. See HUSKEY, supra note 4, at 11.
43. For more discussion of fiscal problems at the state level and their effects on the village transfer economy, see BERMAN ET AL., supra note 8.
44. See HUSKEY, supra note 5, at 9.
provide the main financial base for people to live in a region without sufficient viable economic activity.

Cultural Geography

The cultural geography of much of Village Alaska does not easily accommodate business ventures for private gain. Subsistence activities remain an integral part of Alaska Native culture. In general, there is no well-developed market system (there are few middlepersons). Typically, labor is given as an obligation of life; it is not a commodity that is bought and sold in a village marketplace.

Further, most resources are used almost exclusively for local consumption in much of Village Alaska, and usually every effort is made to manage renewable resources for continued future use. In villages, the organization of distribution, patterns of consumption, and ideology of kinship and friendship obligations have changed little: Native subsistence is neither nuclear nor private, in that sharing is critical to cultural identity and survival. The corporate obligation to provide financial return to shareholders can run counter to these important subsistence uses of resources, particularly fish, game, and their habitats, as discussed below. Moreover, the values and processes of prevailing systems of governance and decision-making in villages were quite different from the corporations that now managed the communities' land and other resources, particularly forests.

Impacts on Subsistence

Subsistence is an important element of family economies and a central part of personal and cultural identity for Village Alaska Native residents. Alaska Natives rely on subsistence activities (often understood as managing and harvesting food or other natural resource products necessary for survival from the environment) for a significant part of their livelihood in rural areas. Data collected through the 1980s for more than

45. See ALASKA NATIVES COMM'N, supra note 3, Vol. III.

46. For example, studies in the village of Yakutat on the Gulf of Alaska coast illustrate the importance of sharing subsistence resources in Native and rural communities. In 1984, moose were harvested by 22 percent but used by 70 percent of households, dungeness crab was harvested by 40 percent but used by 98 percent of households, and shrimp were harvested by 18 percent but used by 86 percent of households. See MILLS & FIRMAN, supra note 15, at 89.

47. See BERGER, supra note 16; JOSEPH JORGENSEN, MINERALS MANAGEMENT SERVICE, SOCIAL INDICATORS STUDY OF ALASKAN COASTAL VILLAGES, PART IV (1993); KEVIN WARING ASSOCIATES, MINERALS MANAGEMENT SERVICE, HOPE BASIN SOCIOECONOMIC BASELINE STUDY,
100 Alaska communities show that the per capita median harvest of subsistence foods was 250 pounds, ranging from a low of 10 pounds per person in Anchorage to a high of 1,498 pounds in the rural village of Hughes. In half of the sampled communities, wild food harvests were greater than the United States yearly average of 222 pounds per person of store-bought meat, fish, and poultry. Harvests in northwest and arctic Alaska were the highest, averaging 610 pounds per capita.

Subsistence has important cultural as well as nutritional values due to spiritual linkages to some subsistence activities, the narrow distinction between work and leisure (subsistence harvest work is often pleasurable), and the scarcity of steady wage employment. For much of Village Alaska, subsistence is more than survival, it is a way of life. Physical and cultural geographies intermingle in the subsistence economy. For example, the availability of subsistence resources explains in part the size and location of villages. Small, isolated communities reduce the competition for subsistence resources.

In some ways, ANCSA has helped to financially support subsistence activities. Individual Alaska Natives often have used the funds from settlement and income transfer programs for equipment, travel, and other expenses related to subsistence. Estimates show that over one-third of household income may be devoted to subsistence food harvesting. These sources of funds also support the adaptation of technology in subsistence. In recent decades, modern mechanized tools to assist hunting and fishing and improve safety—e.g., snowmobiles, outboard motors, all-terrain vehicles, rifles, fishing boats, chain saws, emergency radios—have become widespread in Village Alaska. Thus, Natives retain subsistence life styles yet mechanize harvest activities, in part with ANCSA disbursements and state and federal subsidies. To the extent that such income helps achieve


49. Id.

50. JORGENSEN, supra note 12, at 78.

51. See BERGER, supra note 16, at 48-55, 67-68.

52. HUSKEY, supra note 4, at 13-14.

53. See JORGENSEN, supra note 12, in particular at 110, 179, 182.

54. As one village leader explained:

We take whatever technology works and shape it to our own purposes and uses . . . . Apparently that bothers people who want us to remain pristine, or to admit our contradictions of wanting technology and controlling and
the goal of greater harvests, villagers will continue to be dependent on them.55

Although this use of transfer funds demonstrates the persistence and primacy of subsistence as a Native cultural value, it also reveals another weakness in the corporate model for developing Village Alaska. Individuals often use increased income to support subsistence rather than enable their entry into the market economy as independent entrepreneurs, as ANCSA intended.

The principal impact of ANCSA on subsistence is to transfer control over many subsistence resources from communal governance to new owners mandated to be motivated by succeeding in a market economy. Non-market subsistence values—both economic and cultural—cannot compete on corporate balance sheets56 with the market value of timber, oil, gravel, waterfront recreational property, and other assets.

At the time ANCSA was formulated, some foresaw that it could lead to conflicts between Native corporate land development and subsistence uses by corporation shareholders.57 In fact, significant conflicts have occurred in several areas, most notably over timber cutting by village or regional corporations (which is seen by some shareholders as damaging wildlife and fish habitat as well as other culturally important resources).58 The corporate role in promoting oil development, particularly on lands such as the Arctic National Wildlife Refuge that are not owned by Native corporations but provide habitat for wildlife resources, also has been controversial with some groups.59

preserving the natural resources for our own use . . . . Why not? We've always accepted and reshaped technology that works for our own purposes.

JORGENSEN, supra note 12, at 69.

55. Government restrictions on the uses of many subsistence resources since 1971 have led to conflicts over the harvesting of resources. One of the most disputed issues is the regulation of hunting and fishing, in many cases pitting Natives against urban residents who sport hunt and fish, and against management bodies, in particular, the Alaska Department of Fish and Game and the policy-making Alaska Boards of Fisheries and Game.

56. See ARNOLD, supra note 25, at 263-264. For example, Arnold reports that there was awareness of the potential for conflict with essential subsistence uses from developments such as timber cutting, oil drilling and production, or building tourist facilities.

57. See ARNOLD, supra note 25, at 293.  


59. See BERGER, supra note 16, at 40-41. See also Bristol, supra note 58, at 21.
Changing Native Polities

At the time ANCSA was enacted, as discussed earlier, it was believed that the corporate structure being offered was an improvement on the trust relationship maintained between the Bureau of Indian Affairs and the Native American Tribes of the contiguous 48 states. Certainly, it seemed, social as well as financial goals could be accommodated within the structure.

However, the local governing bodies allowed by the Indian Reorganization Act of 1934 were structured more along the lines of a traditional consensus-based polity. In establishing Native corporate structures, ANCSA effectively separated Native political rights from the ownership and control of land. The federally recognized and supported political organization no longer administered the land.

The significant departure of ANCSA from other Native American policy was that no federally protected land reservation system was set up, nor lengthy wardship or trusteeship. Instead, modern corporations with essentially fee-title to the land were quickly established. ANCSA abruptly moved Alaska Natives into the mainstream of American capitalism as corporate owners focused on financial performance rather than land stewardship, with little regard to existing organizational structures or behaviors and lifestyles foreign to capital accumulation, and with little success.60

This sudden change did, however, parallel other more evolutionary changes originating within Native societies themselves. These included the emergence of a statewide organization (AFN) with increasingly centralized decision-making (in contrast to traditional local or regional consensus), and the emergence of statewide Native leaders with more experience in institutions of the dominant “Anglo” culture and advanced formal education. These developments were in response to state and national pressures, often centered on the land claims issue, and may be seen as continuing attempts by Alaska Natives to cope with the conflicts and contradictions of a changing world in responsible and effective ways. The tension inherent in changing from traditional social and political processes is demonstrated by unease exhibited by some about the centralized decision-making of the AFN while ANCSA was being prepared, and

60. As stated by a prominent Native corporate leader:
The irony strikes me that in the ‘Lower 48,’ Indian reservations exist with the land largely protected, but in many instances with little economic enterprise. For Alaska Natives, the land is totally at risk and economic enterprises now account for most Native organization and activity.
See ALASKA DEP’T OF EDUC., supra note 17, at 23. See also Colt, supra note 37, for a discussion of corporate economic success.
disquiet expressed in recent years by Natives who feel those decisions did not reflect their own views. These tensions were part of what has led to the efforts to change ANCSA, particularly concerning sovereignty and subsistence.

Employment as a Cultural Goal

One economic development impact of many ANCSA corporations is increased shareholder employment. Typically, jobs are scarce in Village Alaska. Non-Natives often fill federal or state government positions—teachers, postal workers, law enforcement. Usually a few service sector businesses such as restaurants, general stores, or transportation providers operate in a village. Otherwise, very little employment exists other than the jobs the corporations can generate. Understandably, job creation is a primary goal of many corporations.

At least one ANCSA provision indirectly promotes employment within some regions, albeit at the expense of other regions. The ANCSA Section 9 requirement that 70 percent of net revenues from the sale of natural resources conveyed as part of the settlement be shared among all regional corporations acts as an incentive to increase local employment or pay supranormal wages as a way of keeping revenues within the region. By means of such practices, some ANCSA corporations have been able to help finance the maintenance of cultural values in their own regions despite structures foreign to traditional Native social and political organizations.

Apart from economic development goals, many corporations view employing their shareholders as a way to promote cultural survival. For example, three of the regional corporations—NANA [Northwest Alaska Native Association], Ahtna, and Sealaska—stress the ability of their shareholders to keep their cultural identity and subsistence lifestyle while participating in the wage economy on their own terms as Native corporation employees. Shareholder employment thus can represent a limited success both as a form of economic impact from ANCSA corporations, and as an adaptation of ANCSA to support Alaska Native cultural values.

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61. See Berger, supra note 16.
62. Id. at 155-172.
63. See Colt, supra note 28, at 20.
64. For example, see Arnold, supra note 25, at 282, for the goals of the regional Calista corporation.
UNRESOLVED ISSUES

Two main, interconnected issues related to ANCSA remain unresolved in the view of many Alaska Native leaders: protection of subsistence opportunities and sovereignty.65 Both are aspects of the general issue of who has control of land and resources. The present shape of these issues and their persistence is due in large part to the mechanism ANCSA employed—creating corporations and vesting them with ownership of Native lands—to implement its economic development and social transformation policies.

Subsistence

In making no provisions for Native subsistence rights,66 ANCSA set the stage for continuing legal challenges over the last two and one-half decades for Alaska Natives to regain some control over subsistence resources. Current legal struggles over subsistence rights derive partly from incompatible policy directives at the federal and the state levels subsequent to ANCSA. ANILCA reserves subsistence hunting and fishing rights on federal lands for rural residents, while state law giving a rural preference has been found to be impermissible under the Alaska Constitution.67 This discrepancy between federal and state law has forced the federal government to reassert management authority over fish and wildlife on federal lands. The only resolution appears to be "...refinements to state or federal statutes."68 However, it remains uncertain whether Alaska Natives would see adherence to a rural preference consistent with ANILCA as resolving the fundamental issue of protecting subsistence. To many, neither federal nor state management of their subsistence resources is the solution.

65. For example, Nelson N. Angapak, Sr., the AFN's Special Assistant for Land, Anchorage, Angapak states, "the two major changes needed to ANCSA are to delete the section on repealing aboriginal hunting and fishing rights and rewrite a section on Native self-governance." Interview with Nelson N. Angapak, Sr., AFN Special Asst. for Land, in Anchorage, Alaska (August 21, 1996).
66. See ALASKA DEP'T OF EDUC., supra note 17, at 37.
67. See the discussion on federal and state subsistence policies, and in particular, subsistence statutes and The Alaska National Interest Lands Conservation Act, in ALASKA NATIVES COMMISSION, supra note 3, Vol. III, at 12-39. For an overview of issues concerning state management, see Alaska Department of Fish and Game Division of Subsistence, Subsistence Management in Alaska: 1991 Update (1991); Alaska Dep't of Fish & Game, A Brief History: Why Alaska Has a Subsistence Law, 21 ALASKA FISH & GAME, Nov.-Dec. 1989, at 11 [hereinafter Alaska Dep't of Fish & Game].
68. Id. Alaska Dep't of Fish & Game.
Sovereignty

Instead, actions are underway in a number of Alaska Native villages to assert and obtain federal recognition for tribal sovereignty as a way to, among other purposes, regain local management of resources, particularly fish and wildlife. Recognition of tribes as sovereign governments, with natural resource management authorities, is considered by some the only way to ensure that tribal interests in subsistence resources are protected from the potentially conflicting interests both of ANCSA corporations and of other entities: state government, local governments, sports fishing or hunting groups, other resource development businesses, and so on.

Tribal leaders hoped that the ANCSA amendments passed in 1987 would result in Congress recognizing the IRA and traditional Native councils, thereby honoring claims of inherent, self-governing power based on the existence of independent “nations” or organized tribes before the “discovery” of the New World by Europeans. The councils would then assume ownership and control of ANCSA lands and resources from the corporations. Despite the efforts of groups such as the Alaska Native Coalition fighting for political sovereignty, the corporate structures as established by ANCSA remained. Nevertheless, federally recognized IRA governments continue to exist and at least 90 traditional Native council governments in Alaska maintain a trust relationship with the federal government.

69. See ALASKA NATIVES COMMISSION, supra note 3, Vol. III, at 45-91; see also David Hulen, Court Ruling Upholds Authority of Tribes, ANCHORAGE DAILY NEWS, Nov. 21, 1996, at A1, col. 1. The most significant recent action was the Ninth Circuit Court of Appeals’ decision in November 1996 affirming that ANCSA did not undermine at least some tribal government powers to tax and govern land, including Native corporation lands. The court also affirmed for the first time the existence in Alaska of “Indian Country,” a legal classification that applies to reservations of self-governing tribes in the Lower 48 states. Alaska ex rel. Yukon Flats School District v. Native Village of Venetie Tribal Govt., 101 F.3d 1286 (9th Cir. 1996). Sovereignty advocates saw the decision as opening the way toward tribal government land and resource management authority. See Carey Goldberg, Tiny Tribe in Remote Arctic Is Jolting Alaska, N. Y. TIMES, May 9, 1997, at A1. However, the State of Alaska successfully appealed the decision to the U.S. Supreme Court, which reversed the Ninth Circuit. Alaska v. Native Village of Venetie Tribal Govt., 118 S. Ct. 948 (1998).

70. See MOREHOUSE, ANSCA, supra note 20, at 4.

71. Id. at 2. Morehouse discusses the unsuccessful attempt by leaders of the Native tribal government movement in Alaska to use the 1991 amendments to establish governments representing the values and interests of the minority Native culture. Congress chose not to act on the political claims of Alaska Natives, declaring that no provision of the 1991 ANCSA amendments would confer any sovereign governmental authority over lands (including management of fish and wildlife resources) or persons in Alaska to Native organizations.

72. See also ALASKA NATIVES COMM’N, VOL. III, supra note 3, at 66.
Land retention is the key issue to many Alaska Natives. Commonly suggested alternatives for resolving the issue involve restructuring the ANCSA settlement to transfer corporation lands to other institutions, either non-profit corporations, cooperatives, or tribal governments—all of which are membership organizations that derive income from their assets and provide members with benefits. Berger, for example, identifies and endorses tribal government ownership as the favored solution among the three options, based on his hearings in the villages.

Apart from land, the sovereignty issue also includes concern about the potential loss of tribal or Native identity with all its cultural and pragmatic implications. This concern arises from ANCSA’s departure from other settlements that treated Native Americans as wards of the federal government. Although this difference is commonly seen as a major strength of ANCSA relative to other settlements, some Alaska Natives voiced another perspective as early as 1973: “If [Congress] had a magic wand, they would probably do away with treaties, reservations, wardship, trusteeship, and maybe even Indian tribes in general . . . this process used to be called termination, but now they sometimes call it self-determination.”

The issue was partly that social service programs might be phased out “now that Natives are such wealthy citizens.” More basic, however, was the concern over the ending of the historic relationship between Alaska Natives and the federal government. Taken to an extreme, such a settlement could terminate the federal-Native trust relationship, governmental social services, and further the assimilation of Natives into the dominant society.

Sovereignty is seen by many as the best corrective measure to the social engineering of ANCSA. The Act extinguishes tribal title and rights to land and resources and opens the way to resource development and extraction, thereby encouraging the movement of Natives into a social and economic mainstream. In contrast, recognition of aboriginal political organization and relationships to the land could return control of the direction and pace of development to the communities. By making these fundamental changes in Alaska Native natural resource ownership and control, sovereignty might provide a management structure more compatible with traditional Native polities and more amenable to Native commu-

73. See Berger, supra note 16, at 113-116.
74. See Bigjim & Ito-Adler, supra note 20, at 91.
75. Id.
76. See Arnold, supra note 25, at 275.
77. See Morehouse, supra note 30.
78. Id.
nity efforts to protect subsistence while providing for compatible economic development.

CONCLUSIONS: ANCSA POLICY AND POVERTY

ANCSA demonstrates the risks in formulating policy that does not reflect the cultural values of target populations and their natural resource utilization strategies. Framers of ANCSA, including many Native leaders, assumed—or at least hoped—villages would prosper with the creation of corporations. For the most part, however, the for-profit corporations have not been financially successful.79, 80 Local employment has been only token in some communities, and many villages have continued to grow, with people remaining or returning to participate in the ANCSA disbursements and public income transfers.81 The villages are now more dependent than

79. For example, since 1976, with an initial cash capitalization of $458 million, the regional corporations have produced aggregate shareholder wealth of $874 million (compounded to 1988 dollars), equaling 85 percent of the $1,033 million that could have been generated by a financial trust invested at a nominal average risk-free rate of seven percent. If the figures are adjusted down for the high performance of one corporation and for the effects of a series of questionable federal tax subsidies, wealth measured in 1988 is about 24 percent of the trust fund alternative. See COLT, supra note 63, at 1; see also ALASKA DEPT OF EDUC., supra note 17, at 21. Although Colt argues that the corporations would have been better off financially if they had taken the cash settlement and invested in mutual funds, others see the benefits that the corporations have brought. NANA Regional Corporation, for example, employs more than a fifth of its 5,000 shareholders in mining, the oil industry, and tourism. See COLT, supra note 63; Alaska: From Fur-trading to Portfolios, THE ECONOMIST, May 25, 1996, at 31.

80. The corporations have engaged in a variety of business activities, mostly direct investments in Alaska. Some were novel. CIRI (the regional corporation for the Cook Inlet area) secured the right to acquire surplus federal property in lieu of some of its land entitlement—$500 in property for every acre of entitlement relinquished, putting $120 million into CIRI's capital endowment. This is about three times the amount of cash originally conveyed to the corporation. Also, for several years the regional corporations had the right to sell net operating losses to other entities with positive tax liabilities, amounting to a major recapitalization of the corporate capital base. See COLT, supra note 63, at 4.

81. For example, some types of transfers (such as Aid to Families with Dependent Children) link the amount of the transfer to the participant's other income. If villagers move to take jobs elsewhere, their transfers are reduced. The negative effect of transfer income on mobility is also exacerbated by the low cost of public goods in the villages that provide an incentive for residents to remain in the villages. See HUSKEY, supra note 4, at 12. It has been estimated that transfers in western Alaska have increased population by as much as three times that which the area could otherwise support. See Knapp & Huskey, supra note 42. Yet from a Native perspective, the growth of the villages may be vital to the preservation of Alaska Native culture; see ALASKA NATIVES COMM'N, supra note 3, Vol. 1.
ever on state and federal income transfers.\textsuperscript{82}

For scores of small and remote Village Alaska communities, almost any economic activity other than subsistence can be done less expensively elsewhere. Goods and services can be imported more cheaply than they can be produced locally. ANCSA’s objective that corporations would be formed, capital accumulated, and profits made, has proven untenable for most villages. In many cases, corporate spending has resulted without concomitant sustainable economic development.

Moreover, subsistence—the principal foundation of the economy and a core part of cultures in much of Village Alaska—is compromised by the ANCSA corporate development and social transformation model. The separation of land resource control from village government produces resource utilization decisions that are not necessarily representative of village interests. Subsistence resources—fish and wildlife and their essential habitats—often suffer most. Their economic and cultural value to a village can be much greater than their market value to the land-owning ANCSA corporation. When corporations capitalize and exploit other resources, the integrity or quality of subsistence resources is sometimes threatened.

This could be expected because corporations operate under different rules than governments and cannot be their equivalents. Without governmental control over their land and subsistence resources, Alaska Native tribal members cannot determine for themselves the course of their economic and cultural lives.

It is now clear that in designing ANCSA and its corporate business structures more consideration should have been given to the natural resource base, rural business opportunities and the market for commodities produced, traditional values and practices countering policy objectives, and similar issues. If, culturally, Natives use low-risk strategies as a modus operandi, why superimpose high-risk strategies on them as evident in the for-profit business ventures ANCSA promoted? As Chambers notes,\textsuperscript{83} “It is safer and more humane to proceed by short steps into what can be foreseen than by long leaps into the unknown.”

In many ways, ANCSA can be viewed as regressive for Alaska Native political development. It institutionalized and reinforced divisions between regions and villages, jeopardized Native lands by exposing them

\textsuperscript{82} The transfer economy also increases dependency on decision-making bodies outside the villages that are responsible for state and federal laws, regulations, and programs directly affecting village welfare. See Huskey, supra note 4, at 12.

\textsuperscript{83} Chambers, supra note 12, at 145.
to alienation, corporate failure, and taxation, and did not recognize Native or tribal government institutions.\textsuperscript{84}

The public sector has provided the policy basis and the economic transfers to attempt to integrate precapitalist (subsistence) modes within a larger political economy in rural Village Alaska. However, ANCSA policy, with its key implementation mechanism of Native corporations, has not succeeded in fostering widespread private sector village development to replace public transfers.

Village Alaska’s economy is unlikely to provide a stable and healthy foundation for many of rural Alaska’s communities, since it remains dependent on currently declining public sector transfers and has restricted access to resources. These village populations, maintained in economically nonviable areas, inevitably constitute persistent rural poverty. However, moves to increase Alaska Natives’ sovereignty over resources (to modify or replace ANCSA’s corporate ownership structures) hold promise for strengthening subsistence economies and helping to alleviate village poverty.

\textsuperscript{84} See Morehouse, \textit{ supra} note 30, at 21. “We don’t want to become better white men or beat them at their own game. We just want a chance to develop our traditional values into a satisfying way of life that we can understand. AN ACT is forcing us into new ways of organizing ourselves . . . AN ACT could split the Native peoples even more, set region against region, village against village . . . . AN ACT is based on competition; the Native way is based on cooperation.” BIGJIM & ITO-ADLER, \textit{ supra} note 20, at 82-83.