

CHAPTER I

INTRODUCTION

The Tlingit and Haida Indians of Southeastern Alaska reside in the heavily-forested, coastal "panhandle" of the forty-ninth state. Eighteen Tlingit and Haida communities elect delegates to a Central Council which serves as their general governing body.

Unlike the overwhelming majority of American Indians, the Tlingits and Haidas do not live on a reservation. Rather, they inhabit 18 separate, organized communities, either in self-governing small Indian villages, or as Tlingit-Haida minorities in larger, usually Caucasian towns and cities. Fifteen of the communities are in Southeastern Alaska;* the others are in Anchorage, Seattle and Oakland.

In 1968, the Central Council of the Tlingit and Haida Indians of Alaska received a judgment award from the United States for lands they claimed under aboriginal Indian title. Subsequently, the Central Council set aside four million dollars of the award monies to fund a Congressionally approved six-point "Statement of Plans" for economic development and social advancement.

Upon the application of the Central Council, the Economic Development Administration in June 1970 approved a technical assistance project to provide development planning aid to the Tlingits and Haidas and contracted with Wolf and Company to provide the required services. The Central Council specifically requested assistance in (1) acquiring professional guidance in determining how the "Statement of

*We count the Klukwan-Haines organized Tlingit-Haida council as one community.

Plans" allocation could best be used to produce maximum socio-economic results; and (2) training two Tlingits and Haidas in the principles and procedures of development work, so that -- upon completion of the project -- they could adopt leadership roles in the planning and implementation process.

From July 27 to September 5, 1970, a five-man survey team made up of three Wolf and Company specialists and the two Tlingit-Haida planner/trainees conducted a diagnostic appraisal of the involved Tlingit and Haida communities -- visiting twelve communities twice and six communities once. Team members conducted meetings and interviews with Tlingit and Haida community leadership and councils; with officials of concerned municipal, state and Federal agencies; with Central Council executives; and with representatives of the Caucasian business and educational communities.

At the conclusion of the field survey, the five specialists proceeded to the "Lower 48" -- primarily in the Washington, D.C. and New York City areas -- where project efforts through November 1970 were concentrated in four main areas: (1) further research; (2) analysis of the data gathered in Alaska and elsewhere, to determine developmental objectives and strategy; (3) continued training of the planners; and (4) preparation of the development planning program outlined in this report.

Thus, this report represents the combined four-month effort of Wolf and Company and Tlingit-Haida planning specialists. Throughout that time, the five have worked together, in the company of other Wolf specialists. Both Wolf and Tlingit-Haida specialists have contributed to the report. The concepts, plans and programs delineated herein reflect joint evaluations and decisions.

After formal presentation of the report findings, conclusions and recommendations to executives of the Central Council of the Tlingit and Haida Indians of Alaska, the work of the final three months of the project begins. It will consist of (1) startup and initial operation of the Central

Council Planning Office in Juneau (the two planners comprise its initial full-time staff); and (2) continuing project implementation.

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Our work in Alaska was expedited and logistically supported by the Central Council and the members of the Tlingit and Haida communities who gave generously of their time and ideas. We are grateful to the Alaska Native Brotherhood and Sisterhood for frequent use of their halls for meeting sites. And we thank for their aid, Federal officials of the BIA, DHEW, EDA, DHUD, OEO, SBA, USDI and USDA in Alaska and the Lower 48; and State of Alaska officials -- who opened doors and provided insights and data that enabled us to accomplish our task efficiently.

CHAPTER II

SUMMARY OF FINDINGS AND CONCLUSIONS

II-A. SOCIAL AND ECONOMIC BACKGROUND

One-third of the 9,500 Tlingits and Haidas residing in Southeastern Alaska inhabit Indian fishing villages; the remainder are minorities in largely Caucasian cities. Several thousand additional Tlingits and Haidas live in the "Lower 48" states and Westward Alaska. They are organized into 18 Tlingit-Haida councils.

The large Tlingit and Haida juvenile population in Southeastern Alaska is potentially explosive in terms of future growth, and will require a rapidly expanding educational program in the near future, as well as major new housing over the next 15 years as new families are formed. Health care must be expanded rapidly to reduce the apparently high rate of attrition in the prime labor force age groups.

Tlingit-Haida education lags well behind that of the U.S. population taken as a whole; and tends to be discontinued before and during college. Only 1 of 9 Tlingits and Haidas who graduate from high school graduate from college, compared to a 1 of 3.4 national ratio.

A summer 1970 Tlingit-Haida survey indicates that 32.5% of the male labor force and 42.5% of the female labor force are unemployed for more than six months of the year. The Indian skill bank appears strong in the construction trades, automotive or marine engine repair, and fishing; it is weak in the skills associated with business management. The female labor force appears to contain numbers skilled or semi-skilled in the needle trades.

The economy of Southeastern Alaska is shaped by a richness of natural resources, remoteness from world markets, a high-cost economy, and lack of a sizable internal consuming population. Its high seasonality of employment and business are more closely related to the extractive nature of the region's industry than to climatic factors. Forest products and fish processing account for almost all of manufacturing employment. The economy has been heavily dependent upon spending by the Federal government. Within the private sector, supportive industries and activities are responsible for an unusually high percentage of employment and output. Among Tlingits and Haidas, the attraction of the short, speculative fishing season limits the availability of a steady work force.

Air and water travel are vital in many-islanded Southeastern Alaska, where no two major cities are connected by road. The Alaska Ferry System connects the larger, predominantly Caucasian cities of the region, but until now has not reached the isolated Indian villages. The ferry bond issue passed by Alaska's voters in November 1970 promises some relief of the situation by 1973-1974. Logging roads are slowly opening accessibility for some of the Indian villages.

Serious problems have faced Tlingit and Haida communities because of difficulties in financing and maintaining basic sewer and water facilities, but electric power provides the greatest challenge; there may be no way to obtain unsubsidized low-cost power for the isolated villages, and potential industry for the region generally requires a high energy input.

The larger communities of Southeastern Alaska offer full banking services, but none of the Indian villages has a formal bank. Business loans are difficult to obtain because they cannot be effectively controlled in the villages, collateral is minimal, and the Indians have an irregular seasonal employment pattern. Apart from the banks, prospective investors are eligible for financial and technical assistance from SBA, EDA and the Alaska State Development Corporation. (Only Juneau does not qualify for EDA assistance) The Alaska Industrial Incentives Act provides worthwhile investment advantages.

The Indian villages of the region have no school or property taxes (most of the property is restricted) and thus have very limited financial bases. Consumer credit is a continuing problem for Tlingits and Haidas, who have either had to pay premium prices for borrowed funds, or have been unable to obtain them. Banks are reluctant to lend for mortgages in the Indian villages, where housing has so deteriorated that at least one-half needs to be replaced.

The Federal government has been the principal source of aid to the Natives of Alaska, although apparently less has been spent in that state on a per-capita basis than for American Indians as a whole. Although past state support for Natives has been relatively low, recent developments indicate that it is to be augmented significantly.

II-B. MAJOR INDUSTRIAL AND COMMERCIAL SECTORS OF THE ECONOMY

Tourism and recreation: Southeastern Alaska is the most readily accessible region of the state to visitors from the Lower 48 and Canada. Its wilderness and wild life attract tourists who seek exposure to a primitive environment and its recreational opportunities. Tourism to Alaska doubled from 59,000 to 120,000 between 1964 and 1970, and is expected to reach 185,000 by 1975 and 480,000 by 1985. At that time, income from tourism should total about \$175,000,000.

In spite of large recent and projected increases, the tourism industry is hindered by lack of appropriate facilities and developed attractions, distance from the Lower 48 and other populous areas, and importantly the marked seasonality (June-September) of tourism travel.

One-half of Alaska tourists visit the Southeastern Region, with the vast majority stopping only at the larger cities and transportation "hubs." In 1970, 33% of tourists reached the region by highway, 25% each by cruise ship and airline, and 17% by ferry. Of these, fastest-growing are cruise ship and airline tourists, in that order.

Although Tlingit and Haida culture is a colorful tourist attraction and important potential force for economic development, its effect is only first being felt among the Indians in the larger cities. The outlying villages are almost completely bypassed. Local Tlingit-Haida groups have begun to serve (and sometimes profit from) tourists in the cities that receive sizable tourist flow. Dance groups have been formed and some native handcraft is sold to the visitors.

Limited amounts of public and private tourism-development aid are available, but for the most part, Tlingits and Haidas will have to rely on their own initiative, and planning ability. Several of the outlying villages -- despite current inaccessibility and lack of tourist attractions and facilities -- possess medium- and long-term potential for diversification of their fishing economies through tourist industry development.

Commercial potential of artifacts: The legend-based designs and colorings of the Tlingits and Haidas are attractive and dramatic in their traditional and modern forms, and have strong appeal for resident and tourist. However, from the point of view of a large tourist-oriented business, talent and capability are geographically diffused; some Indians are reluctant to exploit tradition; and genuine handcrafting is too expensive to generate a high volume of sales.

Neither the local market nor identifiable markets elsewhere appear to justify short-term optimism for expansion of Tlingit-Haida production on a handcraft basis, whether by direct stimulus of Central Council capital or encouragement of private venture capital, into a year-round occupation for appreciable numbers of Indians. The Central Council should avoid a jobbing role in that respect. The prospect of mass-produced machined or semi-machined lower-priced souvenirs and curios appears brighter, but feasibility must be weighed in the light of detailed market research, which has yet to be done.

Fisheries: Far more Tlingits and Haidas find employment in the fisheries of Southeastern Alaska than in any other field, but almost all of this employment is seasonal.

51% of the male and 46% of the female labor force are seasonally employed in commercial fishing and processing (mostly canning) -- men predominate in the former and women in the latter.*

Salmon accounts for about two-thirds of the value of seafoods landed in the region, but the total varies markedly from year-to-year. Halibut is the second most important fishery, then shellfish and herring. The fishing industry is undergoing marked change, with frozen fish products growing at the expense of canned fish. This is causing cannery closings, with production centered at more advantageously located plants.

Tlingits and Haidas have always been fishermen and their economy has been linked to the resources of the sea. Fishing is not only a livelihood, it is a way of life -- one that is in trouble. Salmon runs seem to be declining, and the Indians -- even in their own canneries -- have not become involved in operating management, and seldom have the better paying jobs.

The cost of operating and maintaining purse-seining salmon fishing vessels, mainstays of the Indians' fleets, has risen beyond viable limits, and many vessels are deteriorated. Rather than attempting to finance a vessel loan program from its own limited resources, the Central Council should seek increased support from the BIA (which has been of prime assistance in the past), Bureau of Commercial Fisheries and the state. Improved fishing techniques, expanded boat utilization, and better maintenance offer more hope for long-range solutions than do additional loans. (The operation of boatyards by the Indians appears unpromising as prospective ventures.

The community-owned Indian canneries reportedly pack 20% of the salmon landed in the region. They have received massive, continuing financial support from the BIA, but are said to have lost money in 1969 and 1970. While five such canneries functioned several years ago, only three remain, with only one apparently operating near break-even. Faced with the continuing decline of the Southeastern

*An additional 5% of men are year-round fishermen.

Alaska salmon fishery, and profits, the Indian canneries now pack for one another, share some labor costs, and pool tenders. But, although the term "consolidation" upsets the cannery villages, there is general consensus that -- at the least -- diversification and a coordinated marketing effort are needed. The cannery cooperative executives should collectively seek ways to further eliminate duplication, and institute formalized training programs to raise Indians to positions of executive and technical responsibility.

It is forecast that, within ten years, more salmon will be marketed frozen than canned. Cold storage enables canneries to hold fish, permits separate marketing at prime prices, lengthens the fishing season, and opens new, largely untapped, markets. EDA has provided the major financing for new cold-storage facilities at Metlakatla and Yakutat. Other Tlingit and Haida communities seek cold-storage plants, but -- as in the case of the canneries -- an overall multi-community approach is indicated, if saturation is to be avoided. The interest of the large commercial processors in lease-operation of the facilities will be a major determinant of cold-storage growth in the region.

Other seafood species and products worth considering for diversification of the fishing base include smoked and kippered salmon, smoked and frozen herring, and kelp and seaweed. But all require detailed feasibility investigation.

Forest products: Industry in Southeastern Alaska is heavily dependent upon captive markets in the Lower 48 and Japanese markets. This dependence will continue because production costs in Alaska are high and because serving the Japanese market makes economic sense. The region's pulp mills and sawmills constitute its most important industrial activity. Independent sawmills have difficulty obtaining logs because they must compete with the large users who own the large logging companies. As yet, Tlingits and Haidas have played relatively minor roles in the industry, whether as mill laborers or loggers. The projected opening of a sawmill at Klawock and a pulp mill/sawmill complex near Juneau may provide the

Indians with significant new employment opportunities in forest products industry.

There is interest in sawmills on the part of several Tlingit-Haida villages. Cedar shake/shingle mills appear to hold promise. The viability of plywood and/or veneer operations, however, appears problematical, because of high operating costs, the impossibility in air-drying veneer, and current industry overcapacity.

Construction will be a major economic activity in the region although it may not pick up momentum for a year or so. It would be wise for Tlingit-Haida industry to orient itself in a major way to this sector because there is a serious lack of local professional construction firms, and all Southeastern Alaska communities will have to undertake substantial rebuilding over the next decade. Tlingits and Haidas possess the necessary construction skills, but sufficient numbers of such individuals will have to be available during the construction season, which corresponds closely to the fishing season. And mortgage and construction loans (possibly through Central Council-sponsorship) will have to provide the financial base to permit Tlingit-Haida construction firms to operate in the Indian villages.

Trade and services: Goods and services are costly in Tlingit and Haida communities, stocks and assortments are limited, competition is thin or absent in many categories, and new ventures develop slowly. This commercial underdevelopment stems from the effects of long distance (and thus freight cost) from Lower 48 sources, thin population, and limited income levels. The adverse effects are most pronounced in the villages, but are visible in the larger settlements as well. For the most part, Tlingit-Haida development in this sector will encounter the same problems faced by Caucasians. The feasibility of consumer cooperatives might be investigated, particularly in the isolated villages.

II-C. THE SIX-POINT PLAN FOR SOCIAL AND ECONOMIC DEVELOPMENT

In 1968, as a result of the Tlingit and Haida judgment against the U.S., a \$7,500,000 award was deposited to their credit. Following development and approval by the Central Council of a six-point Statement of Plans, allocating \$4,000,000 of the sum for social and economic development, Congress enacted legislation permitting use of such funds subject to USDI approval. The judgment-award monies legally belong to the Tlingit and Haida Indians, and thus can be used as matching funds for Federal grant and loan programs.*

Now for the first time, Tlingits and Haidas possess the vehicle (the Central Council) for social and economic development and job creation, and (through judgment award funds) have access to capital with which to accomplish these tasks.

Our attempt to detail specific programs within the key areas of the generalized Statement of Plans took into account the wide differences in outlook, desires and problems that characterize the widely dispersed and individualistic Tlingit and Haida groups, but also the prime importance of overall planning and its mutually reinforcing benefits for the separate communities.

The judgment award was made to all eligible Tlingits and Haidas. Need is a criterion of eligibility for some programs, but need is seldom the only criterion, and in most programs it is not a criterion. Economic viability and social desirability are also important. But the development program will work only insofar as valid criteria and standards are established, and these vary by the nature, scope and aim of the component programs.

* When the proposed Alaska Native Land Claims legislation is enacted by Congress, the Indians should have access to much larger funds.

Our modifications of individual "six-point" levels of funding are based on our evaluation of social and economic needs, economic potentials and political possibilities. We stress, however, the unity of the overall program and the interrelation of its components -- for improved education, health, housing and job opportunities are interlocking problem areas.

Point 1 -- Education and skill training (funding \$200,000): emphasis is placed on increased use of scholarship and grant programs for higher education and for business, vocational and technical training. Short-term program recommendations: establish a working group to develop the facts required to detail the program and implement it; develop an information service for students and their families specifying the wide variety of available student aid programs;* and have outside-Alaska Tlingit and Haida communities help market Indian skills. Longer term: vocational curricula should be redesigned; pedagogic quality of elementary and high schools should be improved through an Office of Education study which also might become the basis for a long-term educational development program for Tlingits and Haidas.

Point 2 -- Help to the "special" people (funding \$400,000): Priority-action program to provide each of the estimated 700 eligible Tlingits and Haidas with \$300 worth of goods (health aids, furniture, appliances, home repair materials) and/or services (payment of people to look after the elderly); with each community deciding how best the money should be spent for its aged. Longer-term program, using the remaining \$200,000 as local share of Federal programs, to sponsor construction of care shelters or rental housing projects for the aged on single community and/or multi-community basis.

*Additionally, the Central Council might consider applying to the U.S. Office of Education for a grant of funds or technical assistance in organizing and staffing a guidance program which would include help in locating sources of educational financing.

Point 3 -- Housing assistance (no separate funding): Turnkey, III may provide, at the most, 490 housing units of the 1,650 needed by Tlingits and Haidas in South-eastern Alaska during the next 10 years. Thus, we recommend that the Central Council investigate other programs including Federal Housing Administration 221 (d) (3) BMIR, 236 and 235 (i) programs, in which the Central Council can assume a sponsorship role. And (see Point 6, below), establish a Tlingit and Haida savings and loan association, with initial capital of \$1,300,000, whose basic aim would be to support housing programs, both in mortgages and construction.

Point 4 -- Community development (funding \$600,000): monies to be used as local matching shares for Federal community facilities programs -- probably most for the construction of multi-purpose neighborhood facilities centers for recreational and social purposes. Funds set aside on a pro-rata basis for individual community decision concerning nature, type and size of facility, within program cost limitations.

Point 5 -- Industrial and commercial development: Based on assessment of locational and resource-based advantages and disadvantages of the sites of Tlingit and Haida settlement, and economic, financial and technical considerations, the following potential business opportunities are discussed in the text:

Construction: one or more housing construction firms, subcontracting firms (electrical, plumbing, and heating, foundation preparation), mobile homes, concrete block plant, pressure treated timbers, paint manufacturing.

Forest products: logging, cedar shake/shingle mill, portable chipper plant.

Tourism/recreation: manufacture of souvenirs and curios, dance groups, "totem pole" tour, tours to the "primitive" west coast villages, trailer parks and campsites, guide services and hunting and fishing lodges, charter boats, and other tourist facilities.

Fisheries: smoked salmon, flash-frozen salmon, processed herring, processed kelp and seaweed.

Other: automotive repair, berry products, egg production, mink ranching, motel, peat mining and processing.

A total of \$1,500,000 is allocated for three entities in the industrial and commercial development sector:

- (1) \$1,000,000 to capitalize a MESBIC (Minority Enterprise Small Business Investment Company) which would operate at 2 to 1 leverage via an SBA loan, as a source for equity capital; MESBIC funds would be available on a project-by-project basis, from any Tlingit-Haida originating source.
- (2) \$250,000 set aside to provide Local Development Company shares of SBA 502 loans for long-term debt purposes; SBA 502 loans have 9 to 1 leverage (EDA business loans should be used for projects where secured capital need exceeds SBA 502 limits).
- (3) \$250,000 for the initial funding of a Federal-type Tlingit-Haida credit union, to provide a source of consumer credit and to assist in family emergencies.

Point 6 -- Financial Institutions: The Tlingit-Haida savings and loan association would be funded from this allocation. Although the institution would concentrate on housing assistance and investments, it would promote savings accounts as well as rapid fund turnover. It would provide mortgages for low-income housing (under Federally supported programs), and for better risk middle-income housing -- Caucasian as well as Tlingit and Haida. Because of the great need for such an association, it would prove an excellent business investment at the same time it provides required services to the Indians.

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The Tlingit and Haida financial institutions and funds established under the six-point Statement of Plans must be expertly managed, even though they may operate under somewhat-different-from-conventional rules regarding good risks. Unsound projects cannot be encouraged, no matter where they originate, because as they fail, they erode the limited wealth of the Central Council and of the communities; they do not provide lasting employment opportunities; and they prevent the undertaking of other projects which could contribute to Tlingit-Haida economic or social development.

Since the institutions require time to form, provision may have to be made to take care of a limited number of emergency situations during the interim. While emergency help should be the subject of priority attention, care must be taken not to compromise the long-range planning effort.

II-D. THE CENTRAL COUNCIL OFFICE OF DEVELOPMENT PLANNING

The Central Council planners, with EDA/OTA (Office of Technical Assistance) funding, participated in the project field survey, underwent intensive training in the Lower 48, primarily at Washington, D.C., where they explored pertinent Federal programs; and helped shape the content of this report.

EDA-funding of their salaries expires early in 1971; we recommend that the Central Council seek, on a priority basis, an EDA Section 301 Planning Grant for a total of \$75,000 (75%/25%), for a one-year continuation of funding for the Central Council's Office of Development Planning.

As the Central Council's planning officers begin operating at Juneau, their primary role will consist of identifying, researching, preparing and successfully submitting proposals for Federal and state assistance and funds, so that the limited judgment funds can be multiplied to produce the desired benefits. They should establish working relationships with public officials; be conversant with programs developed by agencies charged with development objectives

similar to theirs; act as bridges between individual Tlingits and Haidas and communities, and the Central Council executive office and private investors; assist local planners; and so forth.

In view of the sizable workload projected for the planning officers, the speedy assignment of part-time Tlingit-Haida program consultants (one for each of the six-point areas) is required, to provide them the benefit of specialized expertise. The program consultants would be on call for consultation, review of progress, and monitoring duties. In addition, two full-time planning assistants should be hired within three to six months of planning office start-up.*

Local communities and individuals, as well as the Central Council's planning officers and program consultants, have roles to play in the development of project ideas. The planning officers will be available to assist in refining the local project plans, identifying pertinent forms of financial and technical aid available from public and private sources, and help prepare applications. However, until initial ideas are detailed to the point where technical, financial and economic feasibility can be determined, such possible sources of assistance cannot be expected to act positively; thus projects will have to be formulated carefully and thoroughly.

It can be anticipated that, in time, the emergence of a Central Council staff of full-time planners and part-time program consultants will occasion a substantial shift of work from hard-pressed community volunteers.

*Under terms of the EDA/OTA contract, Wolf and Company specialists will provide part-time assistance to the planning office during its immediate start-up period.

II-E. ASSUMPTION OF BIA FUNCTIONS IN SOUTHEASTERN ALASKA

Under the impetus of concurrent drives originating on tribal reservations and at BIA/Washington, Bureau programs to assist Indians are increasingly to be planned and run by Indians themselves. The new approach is highly flexible and pragmatic, and appears to give Indians a wide choice of options. The implications of this movement to the Tlingits and Haidas and their Central Council are important: the assumption of BIA responsibilities in Southeastern Alaska would affect Central Council social and economic development planning profoundly.

Preliminary discussions concerning a possible Tlingit-Haida takeover of BIA Southeast Agency Superintendency functions began in summer 1970. Subsequently, under authorization of a Central Council resolution, the two planners engaged in further discussions at BIA/Washington. A bureau official attended the November 1970 Alaska Native Brotherhood convention at Petersburg, to elaborate upon the situation.

Help is available for the takeover -- both BIA/Washington and BIA/Juneau have offered cooperation. The Central Council has the ability and organizational structure to assume Southeast Agency functions, and has the available financing to undertake such a step. However, it requires more detailed knowledge of Southeast Agency operations and costs.