



Nathan Jackson of Ketchikan, a Tlingit carver, at work on a totem pole that now stands in a courtyard at Juneau's Convention and Visitor's Bureau.

SEALASKA

# ALASKA'S NATIVES TRY A TASTE OF CAPITALISM

By Andrew L. Yarrow

**T**HE RAVEN, ACCORDING TO THE LEGENDS OF Alaska's Tlingit Indians, was unhappy because the world was dark — but then he learned of an old Indian Chief who kept a sun, a moon and some stars hidden away in a bentwood box. So the wily Raven transformed himself into a child and managed to get hold of the box. Before he was done, he had released the sun, the moon and the stars, and the heavens were all aglow.

In a third-floor office of the steel-and-glass headquarters of the Sealaska Corporation in downtown Juneau, the image of a raven dances across a computer screen. David G. Katzeek, the president of the company's cultural foundation, laughs delightedly and points to the accompanying text that recounts the legend. Then he shifts to another program, and a salmon replaces the raven. "Type in the English word," Katzeek says, "and the computer will print the Tlingit word."

The program was developed to help Tlingit children learn about their culture. "Much of our heritage was recorded on totem poles," Katzeek says matter-of-factly. "They were functional. Computers are really no different."

Sealaska and its foundation are part of a remarkable experiment, an effort by the Federal Government to give Alaska's 70,000 Eskimos, Aleuts and Indians a chance to control their own economic and cultural destiny. In 1971, the Alaska Native Claims Settlement Act created 13 native-owned regional corporations and about 200 village corporations and endowed them with nearly \$1 billion to invest and 44 million acres of land to develop. The corporations would lift thousands of natives out of dire poverty, generating rapid economic growth, providing jobs and paying generous dividends. At least that was the theory.

In practice, the native-claims act has raised the political consciousness of Alaskan natives and helped spur something of a cultural renaissance. But few of the regional companies have been profitable. Government delays in transferring land, corporate power struggles and poor management (Continued on Page 51)

Andrew L. Yarrow is a researcher on the staff of this magazine.

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# ALASKA

Continued from Page 36

have kept dividends low. Hopes for a surge in native employment have been dashed. And many natives fear that, when the stock in the corporations becomes available for sale in 1991, non-natives will take over the companies.

A fast-growing, angry dissident group representing some 80 villages is demanding that native lands be taken from the corporations and placed in the care of traditional tribal councils. "People are realizing what they are losing," says Sheldon I. Katchtag, the group's leader. "That includes control of their resources and access to their land."

**JOHN BORBRIDGE JR.**, 58, is a Tlingit and a longtime native leader. A gentle, reflective man, he leans back in his chair in a hotel restaurant in Juneau and casts his mind back two decades when he traveled to Washington to lobby for the passage of the native-claims act.

Borbridge believed that Sealaska and the others would not become "carbon copies" of the standard, profit-oriented corporation. "They were formed," he recalls, "as part of a high-minded cause seeking justice. These would be corporations with a conscience, with a soul."

When he went to Washington, Alaska was in ferment. The 1958 Statehood Act had given the government in Juneau the right to take over almost a third of the state's 375 million acres. Oil companies were filing for leases to drill. Native land was even being sold in five-acre lots at the New York World's Fair. "We were determined to preserve our land base," Borbridge recalls.

Natives organized politically. The Alaska Federation of Natives was founded; it would become the major statewide Indian organization. Teams of natives were sent from village to village, documenting the sites where

families had fished and hunted for generations. As opposed to most other American Indian tribes, the Alaskan natives had never signed away their ancestral lands to the Federal Government. Their maps, presented to the Bureau of Land Management, claimed virtually the whole state. An unlikely coalition of liberal politicians and oil-industry lobbyists pushed for a settlement, and eventually Congress obliged.

It was a revolutionary plan. Past Government policies had wavered between maintaining tribal culture and pushing Indians toward assimilation. The native-claims act reflected both points of view, but left it unclear whether the new native corporations were to be primarily defenders of traditional culture or instruments of economic development.

Alaskans who were at least one-quarter native became the owners of shares of stock in newly organized regional corporations and in village or urban corporations. (For Alaskan natives living outside the state, a regional corporation was set up in Seattle.) All told, the corporations would own almost as much

land as is held by all other native Americans put together. The Federal Government also promised to disburse \$462 million, with another \$500 million to be provided from taxes on oil leases. About 10 percent of the total would go directly to individuals; the remainder would be split between regional and village corporations.

John Borbridge was elected the first president of Sealaska — its name derives from its location in the southeastern corner of the state. His six years in the job were tumultuous. "While addressing the bottom line," he says, "I hoped it would be a people-oriented organization." But critics focused on his business stewardship. In 1976, for example, he presided over the purchase of the Alaska Brick Company, a general construction company, just as the Alaska pipeline building boom was ending. Two years later, he was deposed as leader of the corporation he had helped to create.

The man who runs Sealaska today is a different type. Forty-one-year-old Byron I. Mallott, son of a Tlingit mother and a French trapper, is the complete executive —

serious, bespectacled, black hair parted down the middle. He studied political science and served as an aide to former Senator Mike Gravel before taking over the nation's largest native American corporation.

Sealaska's employees work as loggers in the forests of the Alaska panhandle, as construction workers in Anchorage, and on fishing boats and in canneries from Oregon to the Bering Strait. (Employment varies between a summer high of 2,100 and a winter low of 1,000.) The company's estimated 1984 revenues of \$230 million on assets of \$420 million make it, by all accounts, the bellwether of the new corporations.

Sealaska is owned by 18,000 Indians, most of them members of the Tlingit tribe. Their ancestors were well settled along the island-studded southeastern coastline 5,000 years before the first Europeans arrived in 1741. (The newcomers were impressed by the Tlingits' elaborately carved totem poles, and by the potlatch ceremony, an extravagant rite of gift-giving and feasting that advertised a clan's wealth and prestige.)

Over the eons, the Tlingits

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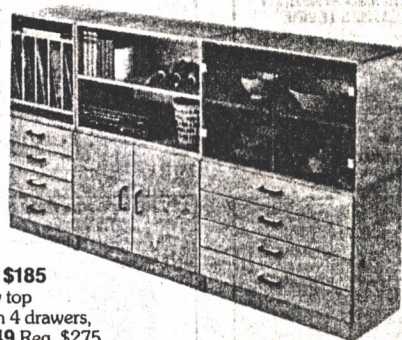
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The modern world has intruded in the form of snowmobiles and cash incomes. A way of life that had been meager but traditional, and thus acceptable, has been lost for many.

and other natives eked out a subsistence living. Eskimos hunted and fished in the Arctic and the Aleut peoples inhabited the string of islands that curl westward toward Siberia. The largest of the Indian tribes are the Athabascans of the interior and the Tlingits.

In this century, the modern world has intruded in the form of snowmobiles and cash incomes. A way of life that had been meager but traditional, and thus acceptable, has been lost for many. Now native leaders measure their people's lot in terms of a 50 percent unemployment rate, poor health care and education, and substandard housing.

Many natives like John Borbridge and Byron Mallott believed that the native-claims act could change all that. Today, they are not so sure, and they believe that Washington has been much to blame. "There's no question in my mind," Mallott says, "that the purpose and intent of the act were not followed by the Federal Government."

Before any land could be transferred to the corporations, the Interior Department's Bureau of Land Management required that claims by non-natives be identified and resolved. It was years before the corporations started taking title. Even today, only two-thirds of the land has been transferred, and the process still goes on. According to Richard M. Balsiger, executive management officer of the Bureau of Indian Affairs, at the present rate it may be another 40 years before all the land surveys are completed.

The delays have proved costly. Sealaska, for example, went into the forest-products business in 1980, just after receiving title to its first substantial tracts of land. As its first cargoes of logs were being shipped, timber prices began to plummet, and have been depressed ever since.

"The act said to interpret in favor of the Indians if there was doubt about land titles," says Emil Notti, a founder of the Alaska Federation of Na-

tives who now serves as a state commissioner of community and regional affairs. "But the Interior Department chose not to do that. It created a spiderweb of easements across Alaska. We had to go into court about a dozen times." Corporations borrowed money and cut timber to pay an estimated \$50 million in legal fees.

A much heavier toll was taken by delays in paying off the natives' billion-dollar settlement. By the time that process was completed in 1981, the double-digit inflation of the 1970's had cut its value in half.

**T**HE SIGN OUTSIDE reads "Washington Fish & Oyster Company, Ocean Beauty Seafoods." Inside the cold, cavernous warehouse on the Seattle waterfront, men in yellow waterproof aprons scurry about — unloading a trawler with last night's catch of halibut, salmon and crab. The fish are graded by size and sliced up with giant knives in preparation for canning and freezing.

Ocean Beauty is by far the largest of Sealaska's four subsidiaries. It ships more than 50 million pounds of fish a year from 15 company sites in three states to markets as distant as Japan and Europe. The company has had its problems. In 1982, after a botulism incident in Belgium involving a can of Ocean Beauty salmon, the company had to undertake a massive recall. Today, foreign competition and declining catches have left the north Pacific fishing industry in the doldrums.

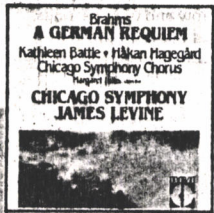
Yet the problems of Sealaska and the other corporations cannot all be laid to bad luck or Government red tape. The natives who were chosen to run the organizations had no experience managing multimillion-dollar businesses. At an Interior Department hearing in Alaska, one Eskimo commented: "They set us down and said, 'You're a corporation, now act like one.' It would be like setting a bunch of Wall Street people

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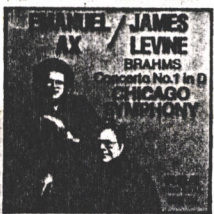
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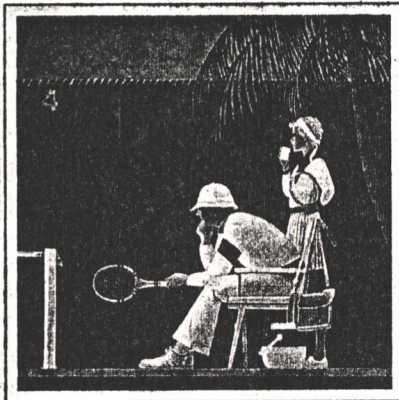
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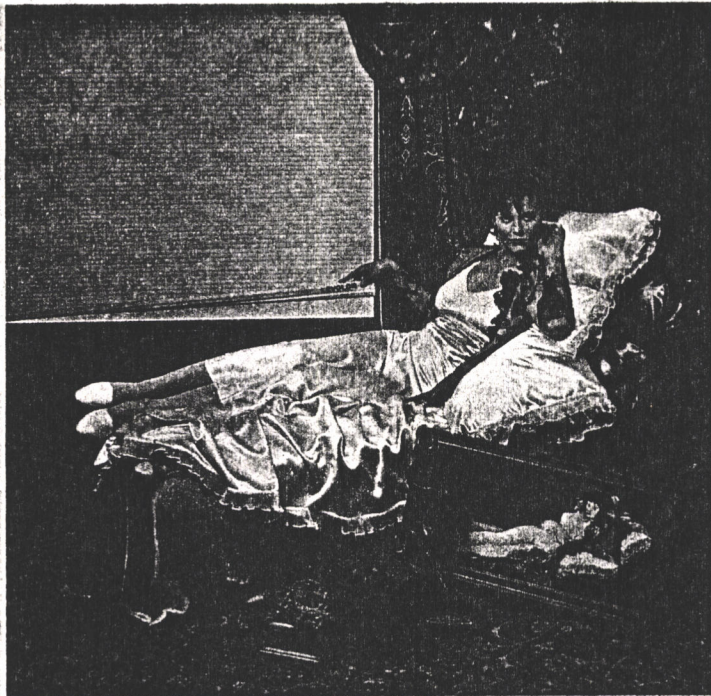
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down in the Arctic and saying, 'Now go catch a whale.'"

Moreover, according to George W. Rogers, an economist who has worked in the state government, the first priority of many native corporations was to build an elaborate corporate headquarters complete with lavish board rooms. He adds: "The people who benefited most were corporate officers. They got very cushy jobs, high salaries, all the perks. They moved out of the villages and became separated from the people."

But the people soon became impatient, not only with the managers' life styles but with their results: the floundering companies paid few dividends and made little headway toward providing new jobs for the natives. Shareholder meetings became boisterous affairs.

At Sealaska, John Borbridge was voted out of office and replaced by a non-native, Michael H. Chittick, a graduate of Dartmouth's Amos Tuck business school and a former I.T.T. executive. Sealaska built a \$391,000 house for Chittick and paid him more than \$160,000 a year. Shareholders objected, even though the company grew dramatically during his tenure. In 1982 he was replaced by Byron Mallott.

The corporation's performance has improved dramatically, and experts give Mallott high marks. Says economic consultant D. Eric McDowell, "He understands that the bottom line is not the only thing, but it's the first thing." The company went from a \$28 million loss in 1982 to a profit of almost \$4 million the following year.

The shareholders of Sealaska are still impatient. At September's shareholders' meeting, critics complained about infrequent dividends and six-figure executive salaries. David J. Parish, a shareholder from Juneau, says, in a reference to the new Sealaska building: "Our big white smokehouse is filled with bureaucrats insensitive to the poor and directors living in a self-made fantasy land."

Moreover, despite the company's recent profits, its prospects seem limited. Experts see little chance of an upturn in seafood and timber markets. Sealaska cannot easily move into new fields by divesting itself of unprofitable operations — by selling off its forest lands, for example.

The company is also embroiled in a controversy over shareholder employment. Many natives expected that the corporations set up by the native-claims act would create jobs for shareholders. But only one out of eight of its employees is a shareholder.

Two months ago, a maritime union went on strike against Sealaska's Pacific Western Lines tug and barge subsidiary. The union demanded that the company change its hiring policies to give preference to shareholders. The workers appealed directly to Sealaska's thousands of shareholders, but the corporation's board resisted and the strike settlement left hiring practices unchanged.

For Sealaska and the other corporations, the employment issue poses a fundamental dilemma. Several of Sealaska's subsidiaries, for example, were already going

### Solutions to Last Week's Puzzles

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**DREW MIDDLETON: (CROSSROADS OF) MODERN WARFARE** — After the "Fall of France," ... many ... believed ... the war was over. ... But the Russians were not cheered. ... They had expected a long, bloody struggle between the Axis and the Allies ... that would leave all Europe ... an easy prey for Moscow's missionaries.

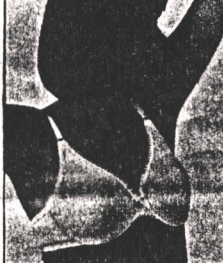
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concerns when they became part of the corporation and had their own work forces. And many natives lack the skills needed to hold down jobs with the subsidiaries. Sealaska has experimented with job-training programs, and Byron Mallott insists that shareholder hiring is a top priority, but he is also determined not to let principle get the best of profit.

**I WALK IN TWO WORLDS** with one spirit." That sign, outside the Eskimo town of Kotzebue, near the Arctic Circle, placed there by the local corporation, reflects a long-time problem. Since the 19th century, the Alaskan native's traditional world has been eroded by Western ways and values. Firearms and outboard motors, government efforts to discourage potlatches and the use of Alaska's 20 or so native languages, the introduction of

the cash economy — such changes took their toll on the native culture. Carved figures appeared with Caucasian features, wearing top hats. Children were no longer taught tribal legends or the skills and games of the old life. Alcoholism became endemic. In Alaska today, murder is 12 times more common among natives than non-natives, and suicides among natives are triple the national average.

In many ways, the native-claims act has accelerated the Westernization process. There is bound to be a problem, says native leader Emil Notti, when "you jerk people through a couple of centuries of development, from being subsistence hunters to corporate officers, in a generation." But some corporations and native leaders have begun new efforts to combat those effects.

Sixty miles south of Juneau

is densely forested Admiralty Island, known to the Tlingits as Kootznoowoo, "Fortress of the Bears." The island's chief village, Angoon, and its native corporation (Kootznoowoo Inc.) are dedicated, in the words of its president, Ivan P. Gamble, "not to stray too far into the Western world."

Angoon's 600 Tlingits live in a string of two-story wooden houses, many on stilts, which stretches around a waterfront cove. In 1882, the village was bombarded by the United States Navy, in the mistaken belief it was putting down a rebellion, killing several children. A century later the people of Angoon commemorated the anniversary by dedicating a new museum and cultural center. Several totem poles have been set up outside the simple wooden building, which has on display some ink drawings of the bombardment and a handful

of carvings and other ceremonial objects.

The people of Angoon have fought to maintain the traditional fishing and hunting way of life. Their opposition to logging operations has won praise from environmentalists and harsh criticism from some native corporations. "They've allowed themselves to be used by the Sierra Club," says Sealaska vice president Robert W. Loeschler. "They are losing their cultural traditions by having fancy pro bono San Francisco lawyers defend subsistence."

In one form or another, all over Alaska, the struggle for the native-claims act and its aftermath have helped spur a campaign to save cultural traditions. In many cases, for example, the requirement for proof of native ancestry inspired natives to explore their family roots and led to a heightened interest in their heritage.

Now, at workshops like Alaska Indian Arts in Haines and the Southeast Alaska Indian Cultural Center in Sitka, young natives learn wood-carving and jewelry-making. Some women are again weaving Chilkat blankets, the robes of wool and cedar bark worn only on ceremonial occasions. The annual World Eskimo-Indian Olympics has been organized to insure the survival of traditional sports. And last spring, a three-day festival of music, dance, storytelling and art called "Celebration '84" brought thousands of people to Juneau.

Since the passage of the native-claims act, courses on native culture have been added to the University of Alaska's curriculum. Today, almost 8 percent of the university's 32,000 students are natives. And a state law passed in 1972 requires that if

(Continued on Page 62)

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# ALASKA

Continued from Page 55



Henry Strong of Klukwan checks on some smoked salmon.

at least eight students in a public school district speak a native language, the education they receive must be bilingual.

The regional corporations are playing a key role. The NANA Corporation in the far north, for example, has opened a Museum of the Arctic, Sealaska, in addition to its computerized language program, has created music and oral-history archives and sponsored traditional celebrations. Several native corporations have financed so-called "cultural survival camps," where young natives learn how to smoke salmon or gather berries.

**T**HE TWO DECADES since the land-claims movement took root among Alaska's natives have witnessed another dramatic change. Once virtually without influence in political affairs, natives now play a major role. Passage of the native-claims act, says long-time state legislator and political scientist Vic Fischer, bolstered the feeling that "being a native is a good thing" and further united the tribes politically. They had fought for their rights against the odds, and won.

Three native leaders have run for Alaska's lone Congressional seat. Emil Notti

came closest to winning — he received 48 percent of the vote in 1973. In the State Legislature, Fischer says, "a number of natives have achieved leadership roles." In statewide elections, he adds, the native community actually holds the political balance of power between those who seek rapid economic development and those who are more concerned about protecting the environment.

The Alaska Federation of Natives, with substantial financial support from the corporations, has successfully lobbied in Washington for amendments to the native-claims act and for other pro-native measures. In 1982, the corporations also played a vital role in defeating a referendum that would have limited subsistence hunting and fishing as practiced by rural Alaskans.

Today, there is heated political controversy in the state and within the native community over the record of the corporations and their future. Critics point to the spotty financial achievements — only a handful of the 13 regional corporations have shown consistent profits — and to their failure to significantly improve the natives' economic lot. In fact, the corporations have been more of a

boom to Alaska's overall economy, bringing in new capital and thousands of new jobs. But Alaska's senior United States Senator, Ted Stevens, a Republican, feels that, given the obstacles the corporations faced, they have achieved a record "unparalleled in American corporate history." A massive Interior Department report to Congress, scheduled for release in June, is expected to present a more mixed picture of the act's impact. A draft report issued last year found that the act had increased native cultural awareness and political power but had made only a "relatively minor contribution" to improving native living standards.

The debate is complicated by two factors. Under the native-claims act, shares in the corporations may be sold starting in 1991, and many fear that the companies and the land they control will be taken over by people who are not natives. Surveys show that as many as 40 percent of the natives say they might sell their stock if they were economically hard-pressed. Moreover, natives born after 1971 have received no stock, even though these "after-borns," as they are known, will soon represent a third of the native population.

Senator Stevens favors changing the 1991 date. The Alaska Federation of Natives has embarked on a statewide campaign to gather native support for other changes in the act. They might include issuing new shares of stock to after-borns and putting land into a "land bank" — an arrangement provided for under a 1980 Federal law — where it could not be taxed or sold prior to development.

But there is also considerable support for more drastic revisions. Thomas R. Berger, a former Canadian Supreme Court justice and an expert on native issues around the world, has been conducting a yearlong series of hearings in some 50 villages on the effects of the native-claims act. His report, under the aegis of the Alaska Native Review Commission, is due out next fall. Since the native-claims act, Berger says, natives in Greenland, Canada and the state of Maine have considered and rejected the notion of shareholder corporations. Some have established corporations in which every native is a member, but in every case the principle of tribal government was affirmed.

Several villages have already openly challenged the

native-claims act. Under the 1934 Indian Reorganization Act, village tribal councils were permitted to make and enforce their own laws and determine and collect their own taxes. The rebellious villages cite the reorganization act in demanding that tribal councils have the right to control the land now held by the corporations, but the legal standing of the natives' claims to sovereignty is unclear.

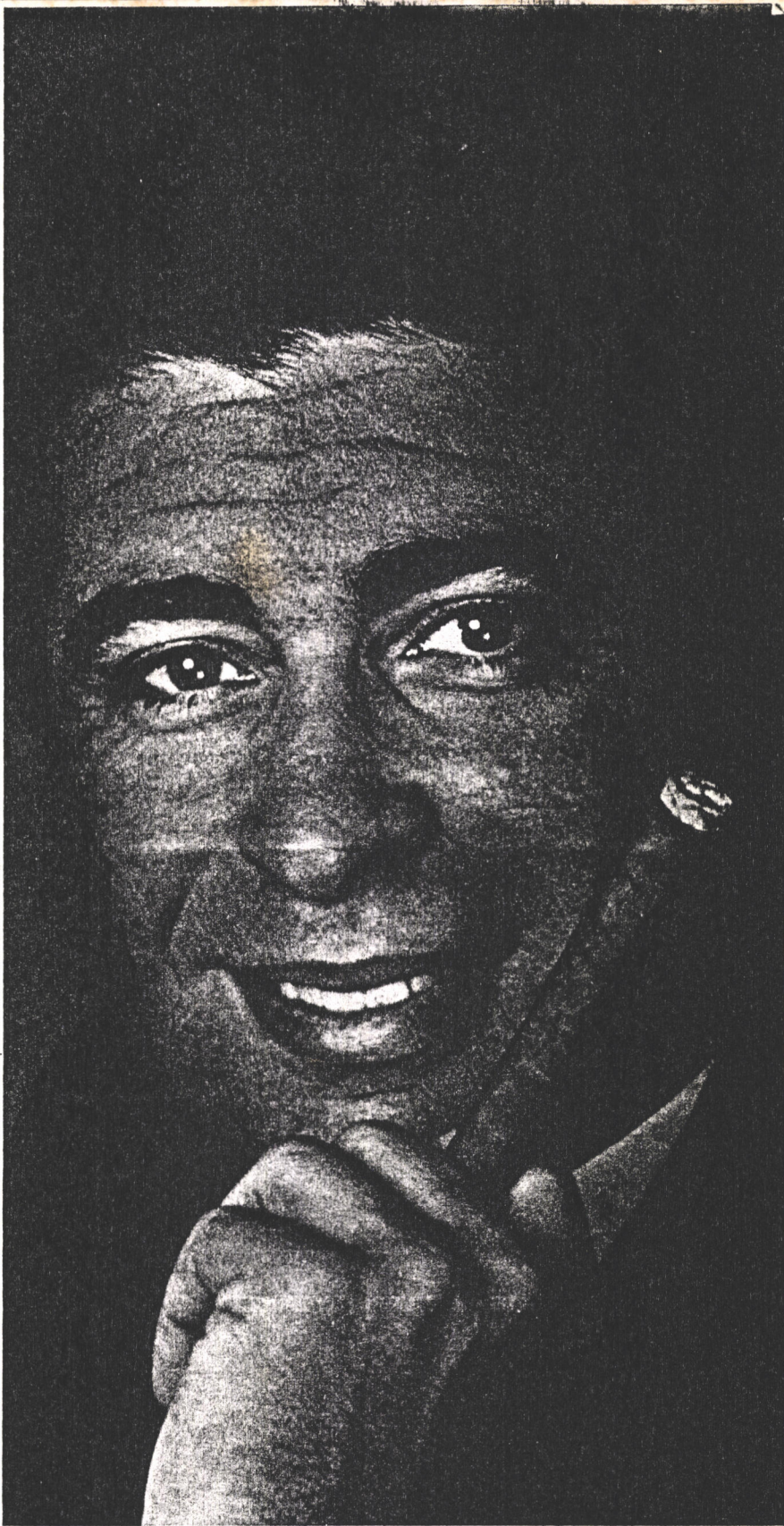
The tribal power movement is gaining momentum, particularly since the creation in 1983 of the United Tribes of Alaska. The organization, led by Sheldon Katchatag, a 36-year-old fisherman, now represents 80 of Alaska's nearly 250 native villages. "The land does not belong to the native corporations," he says. "It belongs to the indigenous people and can't be given to any state-chartered corporation or anyone without the consent of natives through their traditional governments. Now, natives only own pieces of paper."

Most supporters of the tribal power movement, including Katchatag, say that native corporations could coexist with tribal councils. Divested of the land and relieved of much of their responsibility as guardians of the native culture, the corporations could concentrate on managing and investing their assets.

Byron Mallott of Sealaska says he understands the pressures for change. "When people are frustrated and angry about their circumstances," he says, "they tend to transfer that anger to institutions that are close to them. The expectations for an economic windfall have been so great that they could doom the native-claims act."

Mallott, Senator Stevens and such native leaders as Emil Notti believe that, given political realities, the act was the best settlement the Alaskan natives could have obtained. The land and cash provisions were generous, they say, and the legislators' intent was good, though there should have been better protection for the lands. No one, they say, could have foreseen the long delays and high costs of implementing the act.

Yet one thing seems certain: Congress will be under intense pressure during the next year to make major revisions. There are growing numbers of natives, as John Borbridge says, who feel that "we received justice with one hand and had it taken away with the other." ■



A MAN AND HIS CIGAR.

The man: Terry S. Semel,  
President, Warner Brothers Inc.  
The cigar: Don Diego.



# DINING DELUXE

**DON'T THINK IT IS UN-**necessarily chauvinistic to say that New York is the ultimate city for all things relating to food. There is scarcely an herb, spice or arcane ingredient that cannot be found on the island of Manhattan. You may have to travel to Chinatown, to the Indian section on Lexington Avenue or uptown to Harlem, but your search will probably be fruitful.

And in my opinion, the ultimate "luxury" restaurant recently opened in the city. It is called Petrossian, and the owners are among the largest importers of all grades of caviar and foie gras in the nation. If you like, you may go to the bar of this uncommonly beautiful establishment (the décor is Art Deco) on the corner of Seventh Avenue and 58th Street and sample all the beluga, sevruga, ossetra or pressed caviar that your purse can afford, all the while sipping from a small glass of iced vodka.

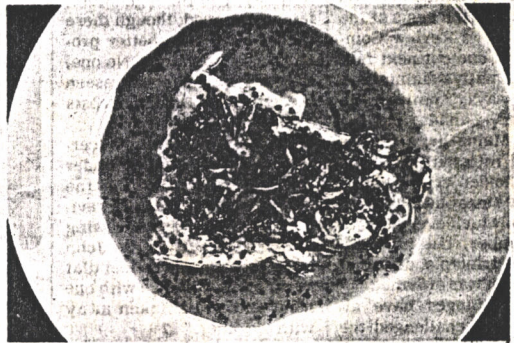
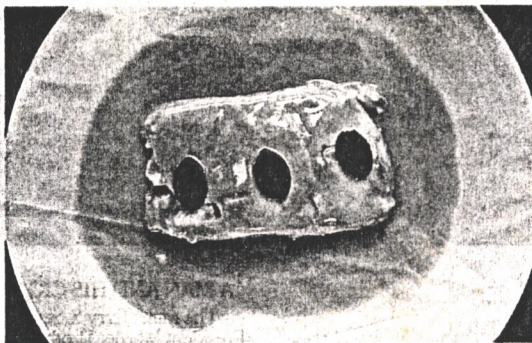
The cost of the most expensive meal is about \$38 per person for a complete caviar tasting, plus smoked salmon and dessert. At mid-day, there is a fixed price — \$27 — luncheon menu. There is also a fixed price — \$42 — dinner menu that includes an appetizer of caviar, a main course and dessert. A la carte dishes are priced at from about \$8 for smoked trout to \$225 for 250 grams of beluga caviar.

When I have been fortunate enough to dine at Petrossian, I have been extremely pleased with two of the main courses I have sampled. One is a superb dish of red snapper fillets baked with assorted vegetables (including shiitake mushrooms and truffle strips) and served with a butter sauce spooned over it. The other is an excellent dish of steamed salmon fillet with a "stuffing" (actually a topping) of scallop mousse. One dessert I have particularly admired is a "cake" made with a meringuelike filling and called a cassis gâteau. This consists of layers of spongecake inside a cassis meringue, all of which is doused with a fine cream of cassis.

The chef of the establishment is Michel Attali, who is 32 years old and was born in Lyons, which is said to produce the finest chefs of all France. He has had training at many fine restaurants in his homeland, including work with Paul Bocuse; at La Marée, one of Paris's finest seafood restaurants, and with Gaston Lenôte, the celebrated pastry chef.

(Recipes begin on Page 66)

Above: Michel Attali, chef of the Petrossian restaurant, prepares a cassis cake. Near right: Salmon stuffed with scallop mousse; far right, fish fillets and vegetables.



PHOTOGRAPHS BY BARBRA WALZ