

Accelerated Payment

Governor Jay Hammond proposed in his budget message to the legislature that the state cash out of its obligation under the Native claims settlement act with one lump-sum payment of \$300 million. The Governor said the accelerated payment would (1) further stimulate the state's economy, (2) ease the impact of inflation from lengthier, staggered payments into the Native Fund, and (3) satisfy the state's moral obligation to pay this debt as soon as possible. All of these arguments have substantial merit. The proposal has since been well received by business leaders in the state, who have come to appreciate the importance of Native business activity to the economy.

The accelerated payment plan is a proposal worthy of serious consideration for all the reasons given by the Governor. There are, however, some questions which should be closely explored in evaluating the idea. In deliberating the proposal, some of these questions had ought to be answered:

- Will the payment hamper the willingness of the legislature to appropriate funds for much-needed basic services which affect rural Alaskans and all the state's citizenry?
- Will the payment (a highly visible maneuver in the sluggish state and national economy) create intense pressures upon corporations as they continue to strive to develop management expertise and capability?
- What type of plan may be developed for the administration of the payment?

The first question is an important one, as examination of one area in which basic service is severely lacking will indicate. The Governor requests \$300 million for the accelerated payment. The woefully inadequate and dangerous rural air transportation system, documented in graphic terms by a recent study for the House Finance Committee, may require an expenditure of perhaps \$500 million to bring it up to acceptable standards, by some estimates. The Governor proposes bond financing of \$9.8 million in his fiscal year 1981 budget proposal. This amount will be increased by supplemental appropriations requested, and by federal matching funds, but will fall far, far short of the commitment needed for an acceptable level of safe, reliable and efficient air transportation in rural Alaska. How effective will a \$300 million payment be to rural-based Native businesses if their management is forced to contend with the hardship of attempting to conduct normal business with embarrassingly inadequate transportation services, and with state citizens subject to travel under unsafe conditions in an age of "surplus" wealth?

The transportation system is only one example of inadequacy of basic services. There may be some danger of some persons getting the impression that rural Alaskans will have received their share of the "surplus" pie because of an accelerated payment. After all, as the Governor stated, the money is due the Native corporations in any case. Citizens should not be denied basic services due them — overdue in the case of the rural air service system — because of any such false impression.

The second question is also important. With state and national economies suffering as they are, the entire world would know about the \$300 million Native payment. Outside pressure from any number of promoters could be intense. Internal pressure may also develop from shareholders who may wish the money paid out in dividends at one time, leaving management short of capital for future investments, and to operate current investments, or even to manage assets such as land. Perhaps most corporations would like the money now, although others may be comfortable with the current schedule and a measure of breathing room in which to further develop management expertise and capability.

The third question stems from a very great consideration: what plan would be developed to administer the payment? Control of that amount of money in a single entity, agency or partnership of entities would bring great responsibility. It is important that all parties involved enjoy absolute trust in whatever plan is developed for administration of the funds.

The major consideration is that, once the state payment is made under this provision of the claims settlement, there will be no further money forthcoming.