

# ASNA Attorney Charges Bill 'Blinds' and 'Dazzles'

A Seattle attorney for the Arctic Slope Native Association has charged that the proposed Senate land claims bill is designed "to dazzle" and "to blind" and is falsely labeled as an overwhelmingly fair settlement.

Scheduled to come before the Senate in the near future, the bill provides for a settlement of about 10.5 million acres, \$500 million cash compensation, and \$500 million in royalties to Alaska's Indians, Eskimos, and Aleuts.

Fred Paul of Paul, Henry, Wheeler, Burton and Meade Law Offices in Seattle contended in a recent letter to the Arctic Slope Native Association that Alaska's natives, will in actuality, receive much less than one billion dollars.

He suggested that perhaps the "billion dollar" label was designed to fool the North Slope Eskimos and other Senators and Congressmen into accepting whatever was in the Senate Committee bill.

To substantiate his charge, the Seattle attorney secured computations from Dr. Guy Gordon, professor of Marketing, at the University of Washington.

Professor Gordon calculated that the present value of the \$500 million cash settlement is about \$287.8 million and the present value of the \$500 million from leasing revenue is about \$87.6 million. Thus, according to him, the present value of the monetary settlement is about \$375.4 million—not one billion dollars.

A simplified explanation of his results can begin with present value calculations done by the Senate Committee on Interior and Insular Affairs, which wrote

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the bill.

According to the committee, the present value of the \$500 million is about \$355 million—compared with Gordon's \$287.8 million. This calculation is based upon the fact that the money is to be distributed over a 12-year period and that during this period part of the \$500 million must be used by the government to pay the cost of borrowing the money.

In computing present value, the committee used a discount rate of 8 per cent "because it approximates both the cost to government of current borrowing and the current interest rates in private money markets," the committee's report on the bill read.

Again using the 8 per cent discount rate, the committee concluded that the present value of the \$500 million in royalty revenues to be \$162 million—compared to Paul's nearly \$87.6 million. Here the discount was figured over a period of 29 years by which time the royalty payments are scheduled to have reached a total of \$500 million.

Why the difference between Gordon and the Senate committee?

For one, Gordon contends that the real cost of money in private money markets is higher than 8 per cent.

Also, he said, a present value computation should make allowances for inflation.

On these grounds he used a total discount rate of 14 per cent rather than the 8 per cent used by the committee.

He also noted that attention should be directed to the high cost of living in Alaska—apparently a matter not considered

by the committee in its present value computations.

The marketing professor stated that, although he had made no computation taking into account the higher prices of Alaska, he wanted to stress that both private employers and governments recognize these higher prices in practice through the payment of higher wages for Alaskan employees than for those in similar positions in other states.

In addition, Paul contended that besides a misrepresentation as to amount, the staggered payments mean that the use of the money is fractured and fractionated thus causing the grant to lose its real effectiveness.

Also, he continued, the fracturing and fractionating have been compounded by the division of money as the state corporations make payments to village corporations.

"What I am saying is: there is no billion dollars for you, your villages, your region or any villages in Alaska," Paul wrote.

The Seattle lawyer also claimed that the 10.5 million acre settlement is not generous as it sounds.

One point stressed by him was that all existing reservations except the Tyonek and Annette reserves are to be abolished. Currently a little over 4 million acres have been set aside for natives, with the Tyonek and Annette reserves totaling about 113,000 acres.

It seems "tragically humorous," he said, that a committee of Congress says that "native land claims have substance in fact" on the one hand and yet comes up with such a settlement.