

The Origin of a Concept— **How 2 Per Cent Royalty Idea Really Started**

The Honorable Henry M. Jackson, Chairman
Committee on Interior and Insular Affairs
United States Senate
Washington, D.C. 20515

The Honorable Wayne N. Aspinall, Chairman
Committee on Interior and Insular Affairs
United States House of Representatives
Longworth House Office Building
Washington, D.C. 20515

Dear Chairmen Jackson and Aspinall:

I AM AN ALASKAN of thirty years' standing. I wish to make some remarks about the Native Land Claims controversy.

I AM NOT a native myself. I was born and raised in Bremerton, Washington, and I have been working in mining, logging and contracting in Alaska and the Pacific Northwest for many years. The Alaskan natives have been my friends and neighbors. I've been amazed at the progress they have made in coping with the fast-moving changes in their societies in the last thirty years.

IN THE CONTROVERSY in Washington over the claims bills, and in the Alaskan press, the statement has frequently been made that the proposed two percent mineral royalty in the bill offered by the Alaska Federation of Natives was an invention of the New York or Washington attorneys retained by the AFN. This is untrue. It is a genuine proposal with good reasons behind it. It is not just something added at the last minute to be bargained away later.

SIX YEARS AGO a field geologist with a major oil company told me that there were fantastic geologic structures on the North Slope of Alaska, and that if they proved to be oil-bearing, the impact on Alaska would be overwhelming. I considered taking some leases on the North Slope at that time, and I asked him what was the smartest thing to do. He said that anyone owning the land or holding leases should hold out for at least a two per cent overriding royalty. Well, I thought, if anyone "owned" the land up there it was the natives who have been living and hunting all through that area for the last thousand years or so. I discussed this with Mr. Howard Rock, who is the editor of the Alaskan native newspaper, the Tundra Times, and with Mr. William Hensley, who is now the Executive Director of the AFN. I emphasized the need for the natives to perfect their claims to the North Slope by filing for aboriginal rights. Again about a year and a half ago I spoke to Mr. Rock and told him that the natives should get at least a two per cent override because that was what an oil geologist had told me was the minimum that anyone should ask for up there.

SOME OF THE PEOPLE in Alaska and in the Congress have argued that the royalty is some kind of "extra" that the natives don't really deserve. They say it's "cream on the top" or only a "bargaining point." I disagree completely. If I lived on land that my father had before me, and that his father had before him, and his father, and some oil company discovered oil in my backyard, I'd feel entitled to some of the profits of that well.

THE NATIVES DESERVE the royalty and they need it. No matter how big a cash settlement comes out of the Congress, there's a chance that it could be dissipated. Anybody can make a bad investment (I notice a major insurance company folded a few weeks back). The two per cent would be a steady source of income during the years that the Natives are building up their own education programs, scholarship funds, businesses, and all the other ventures that are proposed out of the settlement money. They can create their own employment opportunities and no matter what drawbacks occur they can still keep going—if they have the two per cent.

THE TWO PER CENT could be held in trust and allowed to accumulate during the period of disbursement of the cash settlement, probably by investing it in government bonds. Then, after full disbursement, the two-percent-fund could be made available to the native corporations. As far as the period during which the two per cent should be available, I feel that the royalty should extend over at least two or three generations. It will take that long for the natives to reconcile the differences between their ancient, highly

specialized cultures and our technically-oriented competitive society.

THE STATE OF ALASKA has taken what I consider to be a very shortsighted position on this issue. The State and proponents of the State's view seems to argue that the two per cent royalty to the natives will take something away from the general public, that all of the oil money should go to the State treasury. But who decides how the public's money is spent? The elected members of the State legislature. Who pays for their campaigns? In any state, the largest economic interest in the state exercises much power through campaign contributions. In Alaska, that will increasingly be the major oil companies, whose interests are only exploitative. Who counterbalances them, so that decisions on how much is spent on Alaskan schools are not made in Tulsa or Houston? Hopefully, the natives, with the cash settlement, the two per cent royalty, and the enterprises growing out of them. Otherwise, the spending of all of the public largesse will be decided by one specialized private interest. If a politician running for the Legislature in Alaska can play that private interest off against the natives and their power, he stands a much better chance of being independent, and may even afford the luxury of honesty.

ANOTHER MATTER in the claims controversy that concerns me is the proposal that one huge native corporation be set up to manage the settlement funds. This is not what the natives want, and it's a bad mistake. The proposal for independent regional corporations, is much sounder. A monolithic corporation would become like another BIA, and would soon be controlled by a few who would grow further and further away from most of the other natives and their problems. The AFN and other native groups have finally succeeded in quieting old rivalries between the different groups of Eskimos, Indians, and Aleuts and have been able to take a united stand on the land claims bill. But part of this success came about because the groups assume that after the settlement each will be able to carry on its own affairs fairly independently. These are regional corporations that were proposed by the AFN. They can be independent of each other, and yet will certainly help each other. This is what the natives want.

AND THEY WANT to control their own corporations. I know them, and I know they can handle it. Neither the Federal nor the State government should dictate to the Board of Directors of any of the proposed corporations. Again, this would only be fruitlessly repeating the old BIA pattern. The natives are responsible Americans who want to manage the profits of their own land themselves. They shouldn't be thought of as children or as welfare cases. They are proud and capable people.

THESE ARE THE VIEWS of a non-Native Alaskan. I am no politician and no wierdo or radical. I own my own company—Modual Components—and I do general contracting in interior Alaska. I like the Alaskan natives, and I believe in them. I feel that Congress owes them a first-class settlement acceptable to first-class citizens, and not any less.

THANK YOU very much for your consideration of these matters.

Very truly yours,
/s/ Donald R. Rowley

cc: Alaska Federation of Natives
Tundra Times
Fairbanks Daily News-Miner
Anchorage Daily News
Anchorage Times