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Work Session

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For the benefit of the people in the audience, let me introduce the members of the committee that are here. Across the table, we have Senator John Sacket from the Interior, Senator Poland from Kodiak. Next one here is Senator Radar from Anchorage and I am Bob Palmer from Ninilchik. We have Mike Whithead here as our committee assistant and has been working on this thing non-stop for all the time since the session began and this is Joe Bennett, one of our attorneys from Legislative Affairs agency. Okay, to go back to where we were, one of the earlier proposals that we have been working on in really great length and have been discussing has been free transferrability of these entry permits so that they would have a property right and the fisherman could sell that either back to the commission the entry permit could be sold back to the commission when the fisherman wanted to get out of fishery or he could turn around and sell it to anybody else that wanted to get into the fishery. We had known of some of the drawbacks and we recognize some of the drawbacks to this system though, but we hope to include in that idea the fact that the commission would need approve the transfer of any of these permits which would give an opportunity to discuss the advisability of the sale with the fisherman that is wishing to sell his transfer - or his permits. We have also discussed the idea of having a two-year moratorium during which no permits would be sold. We have also talked about providing adequate funding for the fisherman through the fisherman loan program that we have now in effect in the state, though the fisherman who might be indebted to the cannery at the present time would have an opportunity to borrow money from the state fisherman loan program in order to pay off the cannery so that the cannery could not foreclose all names and force him out and force the sale of his permit

to the cannery perhaps. Well that's one concept - free transferability with a property right. We have another one before us in the form of a work draft today in which the entry permit is not transferrable, does not have a property right if the fisherman did not fish for a certain number of years, and that's not specified; then the entry permit would automatically revert back to the commission and after there had been enough reduction in fishing gear so that a so-called optimum level of gear the specific fishery had been reached, then when there were people getting out of fishery and the permits going back to the commission, the commission would make these available on a lottery basis to people who wish to get into the fishery. There are quite a few advantages to each of these things and a number of disadvantages to each of these systems. Ant the purpose of the meeting today is to consider some of these alternatives that we have or the transfer permits, the non-transferrability and the disadvantages and advantages of each. I think that we had not intended to have a great deal of testimony from the general public today, but I do recognize that alot of you people have travelled quite a distance to be here for another meeting, yes, perhaps that you're still here and we would like to take advantage of your expertise. Alot of you have been life-long fisherman and so we will give you an opportunity within the limits of time that we have to have your say. I think what we'll start then, I think we will start with Mr. Clay Linen. We'll let you, if you wish, to give us your analysis of the lottery type arrangement where no property right is attached to the entry permit and therefore it is not really transferrable and I would like to have your comments pro and con on that as you see, and I think we'll then go to the representative from the United Fisherman's Organization, Mr. Dejak, if he'd like to and

then to people in the audience over here. Okay, Frank would you like to set up a table, you may do that.

The non-transferrability certainly wipes out the problem we had with coercion, the economic coercion and one of things we worried about when we approach this two-year period on the transferability section is to your moratorium on the fishery permits, whether we hope in that two-year period to be able to educate the low-income areas as to what they had and perhaps bolster them up economically so that they could withstand the type of pressure and when they get to transfer those permits to financial interests. With this pipeline problem and everything else with the drying up of a lot of funds has just become questionable whether those types of fundings are going to be available. I know a lot of the people in the Bristol Bay area cannot qualify for the state loan program the way it's written now. Even if we could get the funds for it, I am not sure that would be the sole answer. On strictly legal issues, I think that non-transferrable is legal. I think that you might be able to get away with allowing transfers to family members. I think that it's worth the chance and I think it could be severable and thrown out to you and wouldn't be worse off and it's worth a try.

Excuse me. I interrupt. Are you saying that under the concept of non-transferrability it still might be transferrable within the family?

I think so. I think that you should keep that standard if you had the original governor's bill that anybody that gets the permit has to be able to actively participate in the fishery rather than

attach the ability to participate. I think that it would be one thing to give a permit to somebody that was 14 or 15 and something else again to give it to somebody that was 4 or 5 years old. I think that the original bill provided, in another section, that the commission would draft rules and regulations on the inheritance of permits and this type of thing. I think that they could investigate that a lot more as to ways to go about that and make sure that it was legal (loud coughing noise). I think one advantage I have been going back and trying to analyze the prior decisions in the advantage in the other Washington cases. One of the things that has troubled me is by advantage the court there said, the federal court there said that the problem they had we had no excuse for right of fishery clause, which is gone now, but also had the common resource, which is still there, that the fishery is a common resource. And their problem was vesting entry into that common resource into that private had so that anyone that looked into the future to get into the common resource fisheries would have to look into a private individual to get that and that is where they found the constitutional deprivation in that you had to go to a private individual in order to get into a common resource. I am not really sure that when we have free transferrability we have changed it. Legally in anyway, instead of a three-year standard now we are saying you have to buy it from them instead of working for them and I am not sure if that's not any difference without any significance in law. You say you still have that private individual that you have to (indesc. noise) get into a common resource. I wish that Dave was here today because I feel like I am taking an unfair advantage over the attorney general by approaching these things without having some playback but I think that's a problem that hasn't been looked into. I just wish we had some more

briefing on this. I think the non-transferability, if we could get into that, I think we would certainly take care of that problem. Despite John's reservations, Senator Radar's reservations, I think that you might want to put some basic memo qualifications that anybody could meet if they tried to on new applicants. I think that the state could do that and I think that it would be wise to do that so that you would go to a lottery of people that could actively participate now and go to a lottery of incompetence or something or anybody but somebody that would have the ability to participate and do some basic memo qualifications, hopefully not something where you get into some credential position, at least some present type ability participator. I guess that's (indesc. mumbling).

Well, describe if you will, how you really see this thing working. I tried to summarize a little bit. Perhaps you would like to into a little bit more detail as to how this actually works on a lottery basis.

Well, hopefully there would be a subforfeitures as the resource stabilize perhaps we have some more permits issued in the future. Once permits did become available if permits came to the state for forfeiture or came to the people that didn't leave any areas or something like this. Then these permits would then be reissued by lottery basis on basically the same standards that we had originally to maybe a little less harsh on the dependency and participation but they would go on a lottery basis to people who could actively participate. Of course, that's extremely fair. You're not showing any favoritism if you're on a lottery. I would myself prefer to see it go to people that have invested personal

time in this resource but that's a philosophical option the committee has to consider.

So it would not be a completely open option - er, a lottery as you see it, but there would be qualifications on those who are eligible to participate in the lottery.

Right. I would hope at least that there would be some basic qualifications that you would have the ability to participate in some manner. Maybe that's not acceptable.

Senator Radar, what's wrong with the lottery type situation?

I don't know. It has alot to recommend it. It really wasn't my idea. (person's name), I think, brought it up first, maybe Mr. Flaven did, I don't know who brought it up first, but, it has several things to recommend it. First thing is that we are worried about if we distribute permits today that economic interests would aquire those permits, either local or outside, it doesn't make any difference, superior economic interests. A lottery would stop that because the transfer that the permits could absolutely not be transferred to anybody nor could anybody buy them up. The best that they could do is to put their names in the lottery. That's the first thing. And this would be whether with the canneries or the canneries' nominee. Most of anybody can do it and put their names into the lottery and presumably they could only get one license in at the most. So it seems though that a number of people buy them up, and therefore the guys are going to be on the beach. It also keeps the fisherman from having anything to sell which is a disadvantage to the

fisherman. If he had something that was really transferrable, he could have something that was saleable. This way he doesn't have anything that's saleable because the moment he quit using it, he can't determine who the subsequent users are going to be because they'll go to the lottery. So he doesn't have anything to sell, therefore, the economic interests have nothing to buy, therefore the economic interests presumably could not corner the market on them. The second thing is that if it is done by a lottery, it's eminently fair. I think that that has a lot to recommend it but it doesn't mean that any group or group of people are going to necessarily be the only ones in the lottery. As a matter of fact, I am convinced that they guys in Seattle, if he wants his name in the lottery too, you'd have to put him in.

Can you see a certain requirement though, that can be in this group of lottery?

I think that it would have to be really minimal. If the requirements are safe, then you should require that of everybody today. If the requirements are ...

How about of knowledge?

Well, why don't you require that today? What difference does that make? Maybe a guy has a fish but he wants the right to fish. I think that it was Phil Daniels here who said that he had never been fishing in his life and on the third year he's a highliner. Well, he wouldn't have been eligible for the lottery but people like him should be eligible for the lottery whether they have ever fished or not because if they don't catch any fish, they haven't hurt the

resource. Like the argument we made before, if they don't catch any fish they haven't hurt the resource. They other fisherman catch more fish and the only thing that is is that he has a permit there which he has not fully utilized. The argument is that what are you going to do if you have only a limited number of permits and you need a full harvest and the number of guys are incompetent because they are learning. I think that that argument has some wave to it. But I assume that what the knowledge thing here... I don't know...

Thank you.

Could I make one more response?

One disadvantage of the lottery is that the guy that's in the crew members status or something investing his time into the fishery would hopes that someday gain a permit. With the lottery system it would seem like playing Russian roulette, which he has no real manner of improving his position as the years go along and I see that as a real disadvantage in the lottery, where on one hand it's fair and on the other it's hard for a person to really to (word) gut effort to improve his position.

Why wouldn't it still be a defacto type thing of these licenses or permits gravitating to the canneries simply by the fact that the canneries might have a pool of twenty, thirty, forty applicants for every space that comes open. Any one of which can be successful in the lottery becomes a cannery fisherman. Whereas everybody else is definately one against one.

I would say that somebody would have to work on that lettering system to make sure that it was fair and that there wasn't any packing going along with it. That's why I still believe in some basic memo qualifications because I think that's one way to prevent that type of thing.

Well can't the cannery have qualified people..

Sure they would have..

They would have but they are not going to weed them out that way.

You know it's a little bit like this. The problem of deciding the qualifications is a light thing and you can't go to college unless you graduated from highschool when the fact of the matter is that they let you take the courses so you can work your way to college. A lot of people didn't go through highschool for a lot of different reasons, but it's the idea of making everybody hold certain credentials and letting them go out and see who really can do it and letting them produce...

Same thing for attorneys?

As a matter of fact, I agree with you. I agree with you 100%.

Let's keep to the subject.

I think you're absolutely right. As long as they work, I don't care how they acquire their knowledge or information or that they

want to spend a couple of years learning how to do it. There may be people who won't want to go fishing until they know that they have a permit or are going to have a permit because maybe what they really want out of life is to be independent and on their own. There is no point in learning how to fish if you're going to be a deckhand all your life if you don't want to be a deckhand so I don't think you really want to limit it to any class of people on getting in there. I think you should limit it to people who think they want to fish. If they don't use it, then they lose it. Anybody who didn't use it, say three years or five years, or whatever be a reasonable cycle, would automatically lose it, which means that there would be no (word) value in the thing.

I agree with you except that while you're doing all this and while you're allowing these people to go in use, I believe that there has to be some method whereby you can make it easier for Alaskans, particularly those that are in the field that don't have all the advantages to be able to have at least a better chance than others. And of course that's the questionable...

If you could figure out a way to do that. If it is based on knowledge and goodwill you could get the Seattle fisherman the knowledge too.

Mr. Chairman?

Yes.

I think that I am the only one that (indesc. mumbling) sometimes the crucial part of the testimony.

Alright. Thank you. I'd ask everybody to speak a little bit louder. I don't know whether the acoustics are not too good here or what. Anyway let's try to speak up a little bit more so that the people in the audience can hear. Incidentally I didn't introduce Mr. Flaven. He's an attorney representing the people from south Naknek. He is here, Phil Daniels representing the United Fisherman's Association and Mr. Dajak representing the Governor's Office. He's worked with the Governor's version of this bill for quite a few days, weeks and perhaps months with us here since the session began. Did you have something more that you wanted to say?

Yeah, just one quick thing. I think that what we are talking about is we've got three options as far as a new entry bill. We have got a lottery option which has had the advantage of being eminently fair, but perhaps no one knows where they stand and the other two options are we are going to have two kinds of qualifications; you're either going to have a money qualification or you're going to have a personal type of experience type qualification or educational type qualification with some type of personal qualification. I think that's our three options. We're going to have to look at fairness and we are going to have to look at what kind of qualifications it's going to take to become a member of the industry. I think those are the (indesc. noise) we have. Either personal qualifications or strictly monetary.

Alright John, let's get you're opinion and Joe I'd ask you too if you wanted to give us one. If we were to go the lottery route, there's two things we might think of as far as qualifications as things we would like to do perhaps and one is to make it transferrable to son or someone within the second degree of kinship. First of all, do think that we could possibly do this within the confines of the constitution? Is this something we could work out perhaps? I know that I don't want to pin you down. I am just saying what is your immediate reaction?

My immediate reaction is that anytime you have a group of people that have a special franchise permit and you make it inheritable so to speak, that you're creating the worst type of a closed society. I understand precisely the idea of a family in a fishing situation but you have to recognize the people who don't have anything, for their interests generally, that the special privileges to fishery resource or something else is that the pre-entry into it and not to be precluded for pre-entry into it. Because someone's father who is a fisherman and two kids are going to school together, one of them therefore is assured that he has the right to fish and the other one is equally sure that he doesn't have the right to fish because of his father, doesn't appeal to me as being basically fair.

Well the question is constitutionality, not morality...

Well I strike it as the father's place as being unfair.

It probably was not a fair question since you hadn't had an opportunity to study the constitution, so we now retrack the question and see now what can be done as far as research into the constitutionality.

Certainly certain benefits or a lot of benefits of the nerve of the family (indesc. mumbling).

Are we in the same situation if I ask the question about applying the same criteria to those who might go in a lottery pool as we apply to those who dub the original entry permit? You follow me? We have some qualifications. There's a criteria here. Primary your second career fisherman consistent participation in this fishery provides the primary substantial income source, etc. If we try to apply these kinds of qualifications for one to be eligible under the lottery even. Do we hit the same problems? Are we in the same situation? And answer the constitutional question. (indesc. mumbling).

I think the committee knows my feelings. I have always felt that if you're going to use those same criteria in the future, you sort of undermined their fairness and equitableness in the past.

Phil, would you like to present the other side as you see it or some of your thoughts on the other side?

I will make it very clear that what I say will not be the official position of the United Fisherman's, because they are coming back down.

We're not asking for their position just some thoughts that you see as far as the other side perhaps, of this coin.

Well I would have an enormous amount of reservations on the lottery approach. From this point of view initially from travelling around the state and meeting with fishery organizations, that the biggest argument against limited entry was the argument that you're interfering with the free enterprise system and that you are excluding the hope of the fishery creating perhaps a closed class. Well it's bad enough to have to exclude someone from the fishery but then you turn right back around and say that by establishing an apprenticeship school and by putting on a lottery basis, we're gravely jeopardizing your possibility of ever getting into that fishery. It's going to be that much more discouraging to the general public and to a lot of other fisherman. In other words, if you went the lottery route and you had ten licenses and you had only eight fisherman, just in terms of the laws of probability alone, a man can go back and put his name on that list thirty years in a row and never get a license and I think that this is going to be very discouraging to a lot of people who see themselves as one day wanting to fish. I also think that in my own case, and in many other people's cases, has come here and wanted to fish that they had to go to the apprenticeship school as required by the state five years for participation as a crew member and various other things before they could become eligible to roll the dice, that they would be discouraged and evidently see themselves as excluded. And this is my real reservation: if I were a crew member and somebody said well you're going to have a chance to fish but only if you're lucky enough as far as the lottery is concerned, I would really be discouraged at that. On the other side of the coin, if

you make your license really transferrable and a property right, you're really saying to somebody that although we have an exclusive fishery, still, anybody who has the courage to buy a license can get one. Now this, I think, is legitimately pointed out that this is a disadvantage to people who don't have the money. But as far as the concern that these licenses will eventually end up in the hands of the cannery, I think that's a bit short-sighted from several points of view. First, the license attached to a man and the cannery can only own one license. I can't, for the life of me, see a cannery put down 10 to 15 thousand dollars for a man to get a license, when that license cannot be encumbered and that man can turn around the next day and tell the cannery to go jump and take off and do whatever else he wants to do and I imagine that when the cannery has been burned two or three times, as it no doubt would be, that they would become very reserved about buying a man a license for 10 thousand dollars when they can't get their hands on that license. Secondly, I think the cannery's ability to dominate the fishery economically, would not have been precluded because as long as the cannery is able to loan a man money, as they are going to continue to be able to do, then their going to have a way of getting their hands on that man whether they've got his license or not. As long as it hasn't been a hard winter, a man can go to and say how about loaning 3 or 4 thousand dollars, they have him under the same kind of economic coercion as they would have now, as some canneries do, and I don't see you're going to preclude this by making that license put on a lottery base. I don't see the advantages. Now, from another point of view, I think that the idea to the fisherman who is the really serious professional fisherman, the idea that by being able to buy a license...take a man who already owns a license, say in Cook Inlet,

the idea that he was go to Kodiak, buy a license, be it that he would have to pay the assessment cost, but he would be able to fish more than two areas and that's going to be an enormous boom for that man as far as the ability to earn a living fishing. And there are alot of people who could make a living fishing if they can fish more than one area as we used to do. That I think is one of the strongest points in that entire bill as far as the fishermen are concerned. I would like to see the license made a pretty negotiable item. Now actually I'm pointing out that you're giving a man a big economic windfall by doing this and if you have an assessment by way of a buy-back program, you're going to requiring that fisherman to pay one or two hundred dollars a year or so in order to buy these excess boats out of the fleet. Well, if he does pay that and his license is valuable, I don't think he's getting a windfall game. The man who is getting the windfall game will be the man under the system where you had no cost on your license and the man comes into the fishery 10 years later after you've (indesc. words) you're looking and he doesn't have any assessments to pay, the fishery will then help his state to reach optimum level. He's the man who's going to get the windfall game. So those are my reservations on it. I am certainly in sympathy in the idea of trying to protect people in low-economics bracket. I know that the Alaska Native Land Claims provisions provided that you could only sell your license by going back to the B.I.A. I believe that's the way it's written. And the idea there, I imagine, is to keep a man from selling something valuable when he doesn't realize the value. Well if we could do something on that level, the cause of this license when it wants to be transferred to be referred back to the commission for their approval so that a man doesn't sell when he shouldn't, at

least you can try to discourage him from doing so, and it still allows to be open as possible by way of the license being pretty negotiable between whoever wants to buy or sell would seem to me to be a lot more desirable way to go. Again, I want to make sure that everybody understands this is not the U.S.A. position and this is the way I feel about it and I may change my mind before it's over

Question to Mr. Anderson.

I started out, I think that at one point in my thinking here, to the statement that you just made and I don't know whether I agree or not. I am very troubled by one argument that we presented the other day in the hall. That is let's forget about the assessment that we are going to make here against the fisherman. Let's figure out whether the (indesc. mumbling) amount of fish he catches for each license or what, and reduce the number by a fish per license. We assume that the salmon resource (indesc. noise) and I don't know what you want to assume but it's got to be worth probably several times that the North Slope oil is producing; many, many times in a long term. If you assume that you're going to divide that up among a certain number of people and that they will have the right then to sell that when they are through using it, aren't you really giving the first group the resource and then when they sell it, they receive the value of the resource and the second group pays to get into the industry. The first group doesn't pay. They get it for nothing. This generation of fisherman get it for nothing but the second generation of fishermen don't get it for nothing. They have to pay this generation of fishermen and then what are they paying this generation of fishermen for. They are paying for a public resource that this generation of

fishermen did not pay for but was given to them and once you make it pretty transferrable, there's that element to it that it would be a little bit like us saying why did we give away the North Slope oil on a lottery instead of selling it on the basis that they will pay us maybe a royalty or something like that because they want to use it because they'll develop it. We'll make the money off the pipeline or royalty or something else. The public will make the public interest here on this fishery. And that's the thing that bothers me now and didn't bother me a few days ago about the very thing you're talking about. Maybe I'll get back to where it doesn't bother me again, but it does right now...

Well, I would hate to see it go the route that you just indicated, if not having a buy-back. Because of the first place, I think that your (word) is going to be painfully slow and if what we are trying to do in the first place is limit the fisheries for what I think is a very, very good reason, then I think we ought to accelerate that limitation being arriving at the optimum level, you're going to have to have a buy-back of some kind. I would prefer to see it by way of assessment simply because in talking to all these fishery crews around the state, these guys are willing to be charged money as long as it they see it benefiting the fishery. So I would really like to see the buy-back. Even if you didn't have the buy-back, I would be perplexed too, because obviously the guy is getting it for nothing.

Let me ask you this. What if we made the rule that when a particular fisherman got through with his license, his permits, and wanted to give it up or sell it, that the only amount that he would receive for that would be the amount that he had paid in assessments between the time that he held it and until he put it up for lottery?

Well I could see the fairness of the first part of it, but the second part of it still bothers me tremendously. I just can't see a man going up to the fishery going up to roll them back. I only disbelieve because of the fact that, again, if you got eight licenses and 10 men, some of those guys can go back forever and never get a shot at that fishery. And I just think that publicly that's going to be tremendously objection and plus the fact that I think that apprenticeship school is not going to provide the kind of benefits to people that they may think would. Because for one thing, most of the people in the apprenticeship school are going to be fishermen who are actually fishing other areas and if you were to use the same criteria for priority rating, that you have in that bill, they are going outweigh the group, they are going to outweigh the man who hasn't got experience because obviously they've got all the experience and all the requirements and qualifications because they are already fishermen.

I like that first part John. It's interesting; just pay back in turns of the amount of assessment. I have always been concerned about exorbitant or inflated costs at a buy-back division.

The chairman suggested the other day when we were going through this thing that ...

But of course if you do that, where is the incentive then for someone to sell out?

Of course there is always the question about whether he would want to buy that in the first place. We're still on that question. I am not going to go back...

Well, let's don't get too far off of this, though they do fit together, I grant you. Okay, Allen?

There's just another wrinkle on that. If you were to apply for the first man's selling and then that all he pays back is the amount he paid in assessments, assume that the assessments were spread over ten years and he was in there for ten years and then decided to sell, he'd get that back. The second man then, would be the one who got the windfall gain if the amount of assessments over ten years didn't equal what the market value of the permits were. He would suddenly benefit from a great increase in value, so you've got a problem there.

So if you follow the string through, then you'd have to charge the guy in the lottery the amount that you paid the first man on assessments, which then puts in a financial qualification for getting into the fishery, but is not guaranteed, and that's what Phil objects to and yet, what the problem of the guy who doesn't have any money, we have suddenly made it so that he has to pay to get into the fishery, and he would probably have to do that to. So ultimately, they would have a value, but they are going to have a value more than the assessment. The assessment value will only represent a very small value of that permit. The value of the permit is really going to be as if you'd taken a billion dollar industry and divided into a thousand parts, and there's a thousand people who have a franchise now.

So somebody gets the advantage, whether it's the first guy or the second guy...

No. You could keep on passing to where they all got what they paid for, but finally it gets to where you're not get into fishery then unless you pay your way in.

But then there's no purpose for a lottery.

Yes there is. Because the assessment will be only a small part of the value of that... For instance, if the assessments were say, two thousand dollars, if it were freely transferrable property, it might be worth ten thousand. So there is an eight thousand dollar equity there. The eight thousand dollar equity would be the wind-fall if you let a man sell it to the second generation of fishermen. Whereas, if you took that lottery, the eight thousand, which represents one one-thousandths sale of the billion dollar industry, whatever it might be, you know. It's horribly complicated if you pull the thread through.

One thing I like about the free transferrability is because it obeys the law of parsimony, a rather simple approach; something a person can understand without ever having to agree.

Well I think that's really (indesc. mumbling)

I think too. (laughter)

It has to be understandable by the people by the who are the people involved in this, it's the worst.

(indesc. mumbling)...it may be understandable, but the thing we're really concerned about is the remmifications, and I thought that surely those are so (indesc. noise) understandable.

Well about economic dominations by processing; can anyone tell me exactly how the cannery is not going to be able to dominate?

Well I am not so concerned about that as much as I am about the immediate large number of people going into the fishery or as I see it, if we go this route, it has a free transferrability and this thing has a property right, and it were locking in everybody in categories one, two and three, so that anybody that has been a fisherman in the past, that depends upon the fishery even to the amount of substantial supplemental income, is guaranteed right back into the fishery. Then it seem to me that we are going to have an awful lot more people coming into it because, purely from a speculative approach, if nothering else, they think that thing is going to have a five or ten thousand dollar value in a few years, Therefore, they are going to get in now and get it and even thought they may not be too interested in how many fish they're going to catch in a year or two, simply if they think they're guaranteeing themselves having a property right of an x-number of thousands of dollars after a few years, they're going to be willing want to fish now. Don't you think that's really going to happen?

Well I am not sure it will, because in Australia, one of the healthiest fisheries that I know of, is one (indesc. mumbling) that we talked about, and that is that down there you can buy a lobster license, there are three hundred and twenty of them available, and you can buy them and they cost about \$2500, and they don't seem to have these problems with the enormous inflation...

But they have already reached their optimum level...

They have an optimum level right now...

So they're not under the pressures that we are at this point when we look back and see how those people that may be eligible under the criteria that we're setting up here. Frank?

I'd like to reply to the argument on the economic power Crutchville(ph?) that's booked as Crutchville, that I referred to on the Alaska Salmon Management: The Study and Irrationality. His proposed plan covered Alaska and Washington. When he talked under their plan, they had a free transferrability of the permit. He expected, under that plan in the state of Washington, that they would, after a period of years, find a gradual migration of permits towards financial powers and that he expected that there would be quite a bit of verticle integration in that fishery after an extended period of time, just because when when they do have this free transferrability, it becomes a sort of monetary type of thing where the ones that have the most interest in the permits skip them. I think we're going to do away with it a little bit by saying that the license has to an individual, but then Washington is a much freer marketplace than we have up here because you just don't have company towns in Washington and it's

foolish to think that if the processor wants to maintain this bargaining power that he has now through having too many boats by increasing his percentage of non-resident boats to get this payoff against each other for bargaining position which is very real, that they cannot tie these people in contractually that they are going to get the permits for. I think we can do it on a contractual basis and then again if the guy doesn't fish for him, they just cut his boat off and he's not going to fish very well with a permit and no boat. We have never said that this, by making this non-transferrable, would go into break domination of processors in certain parts of the state over the fishermen. We have never said that that would be the case. We just said that we're not going to make it any worse than it already is. I think it's a very real concern. I don't think it should be minimized. I think that unfortunately we have two kinds of fishermen in the state. Some of them are more independent than others. We're talking about people going to Kodiak and buying permits and having permits in Cordova and putting out \$10,000. People out in Bristol Bay right now in a foreseeable future, they'd have one hell of a better chance if you rolled the dice than coming up with four or five thousand dollars for a permit. I don't see that changing in the near future. I wish it would but I don't see it, and so I don't think we can minimize that problem.

I think that when Dave made a good point the other night in Sitka, some guy raised up and asked him what did you pay for your license when you started fishing and Glen said nothing and that's exactly what it was worth. I think that he's right in his point, that if you institute a limited fishery and you began to achieve the goals of limited entry, that license is going to become to be able to earn

money and the guy is going to be able, by the virtue of the fact that he's got the license and that there is not someone else standing three deep behind him to take his place to go to a bank, to the go to the state, or wherever, and have an awfully good chance of getting financial backing. Whereas, into the present system, it's almost impossible to get it because we don't have limited entry. So if limited entry works, it's going to change that position of not being able to compete financially.

I was going to say in commenting on the possibilities for category for economic control participants of whether it's true that the cannery may decide in a boat. On the other hand, because the entry permits issue to a person, they need somebody to run that boat. There are certain number of unit to gear so that the number of times that they could exercise that option become very limited because then they have a bunch of idle boats. There are only so many people to run those boats. Without a man with an entry permit on that boat, you can't have a crew and you can't operate it. So I think that there is a limit. There is another cutting edge on that thing in favor of the fisherman and again, the coercion powers of the cannery.

Of course, the danger is that when you cut - you got to make a substantial cut in Bristol Bay - we know that the area residents are much more dependent; I think that the danger is that once you cut those guys from outside, the danger is that these are highlite fishermen, they want them to have a permit. They'll end up with a permit again after he's lost it and there will be the guy who can't hang on that's a (indesc. mumbling) so that boat isn't going

to be idle, it's going to have a guy that's been on there for the last four or five years on there. It's not a question of idleness. I hate to sound like a great paranoid.

Are there any other questions?

I do have a couple comments on the work draft here...

Okay, we'll take your comment but we'll see if there is any further questions from the committee and then we'll go to...

I'd like to apologize for David not being here...

Apology not accepted...

Very well, I'll offer it anyway...and acknowledge from the beginning of the fact that I am not a lawyer and have been out of town for a week so I am not completely up on everything the committee has done, but a few thoughts did occur to me as I was looking through this. One of them is that if you go for total non-transferrability, it seems to me that what you're doing, and I may misunderstand something here, is locking in the fishery...(end of tape)

## Work Session Side II

...what would happen if you have two sons, whereas if you have a transferrable permit, I don't see that there is anything that says that a father has to sell his son permit. He can give it to him if he wants to. It seems to me that that's perfectly valid kind of transfer. If the old man wants to bail out and sit on the side and let his son get into the fishery so that there is a way of passing on the permit if it's transferrable whereas, if it's not transferrable there may be some difficulty with coming up a fair system, have some sort of limited transferrability as long as it's a blood relative. It seems to me that if you use a lottery system as proposed is here, then while in one way it's fair, it's impartial and to that extent it's fair, to handicap a man who again, wants to develop himself within the commercial fishery because there is no way he can plan. He can't save his money and say you know I am going to build it up and then I'm going to investigate in this type of gear and this type of gear and switch over and get this type of boat. All he knows is that he throws his name into the thing and maybe they draw his number and maybe they don't. I think that this is a handicap if what we're looking at is the system which will allow the upgrading of the fishery; for growth and diversification so that eventually Alaskans in the commercial fishery are in a far better position than they are now. I think that the lottery works against that.

Can I interrupt on that point?

Sure.

You mean your thought here would be that if a guy here were a troller and he wanted to really get into a net of sort and he wanted to upgrade himself, but his present permit wouldn't permit him though to buy a bigger boat and to buy better gear now huh? The only thing he could do is to join the lottery and try to get a fish net and ...

Sure. Right. If he wanted to diversify, the only way he could do it is to try the lottery first and then if he lucked out, and then if he was a winner, then he could go buy but otherwise he might lose, which makes it very difficult to plan and to manage your money...

It would freeze him into a hand troller forever...

Yeah, right...

Because that's all he could afford starting out. That's where he is today.

Right. I think that the lottery makes it very difficult to have a man manage his own finances in any intelligent way and the other question that was raised here was about the application of standards for qualifying for something like a lottery and using the same five categories that are proposed now initially. Well, it seems to me, and again I apologize for not having the chance to study this in detail and study it all through, but it seems to me that something has changed if, say hypothetically, you set up this system and for five years no permits become available

for one reason or another, and then after five years you go to conduct the lottery and you apply those same standards; it seems to me that over a passage of time, you've made a much difference to come up with people who will fit into those categories. Maybe there's going to be no one to fish in the top couple of categories or very people and a lot more who will fit in the bottom four or five. I wonder whether because you have already created a change circumstance by limited entry, you haven't made it less possible if not impossible, for people to qualify in any manner to meet the standards as they would be applied five years down the road compared to applied now when everybody stands at a given point of time confronting them equally. Do I make myself clear there?

Frank, would you like to reply to that?

When I thought of applying the standards, I didn't think in terms of our five categories. I thought in terms of our two basic standards that we were using to set up those categories. And as for participation and dependence, the crew members are not going to cease to exist over the next four or five years. Again, I think we're looking at three options we're getting into the resource. We're looking at luck, money and skill and that's three options we have by determining whose going to get in in the future and what I try to do for some of those other alternatives of maybe a lottery within the qualifications, or maybe a sales through the commission into that to qualify was to use a little bit of each of these because that's probably what it takes right now to get into the fishery; a little luck, a little money and a little skill and I think that those are the things

we have to work with and if we go to strictly money, we are cutting the people out, and if we go to strictly skill, then perhaps we're cutting people out of it too. I don't know I'd rather hear on the personal side rather than on money, but that's a philosophical, but I think those are the three standards you have to work with to let new entry in.

Questions?

Well, Bob, I do have now. I am sure that it's been asked before and I apologize. Have you considered just plain using a waiting list instead of a lottery?

First come first serve. It's like a standby to get on an airplane. You sign up and take them off the list (indesc. mumbling).

That might work. That way you could get, uh, depending how you work it, you could get Alaskans on there first. You could have the list open Iqigik in January or something like that.

You be that person in January to put your name on that list.

Right, you have one hour to sign up...

Just like the Oklahoma land rush.

Well, I mean, you know the whole intend is to try to get some economically deprived Alaskans on it someway or another. At least a partial guarantee.

Mr. Chairman, it seems to me that there ought to be a way that's a little fairer than just a lottery, but I came in on it too late.

Well, it's got a lot. Is money more fair than lottery?

Pardon?

Is money more fair than lottery, whoever can afford to buy it?

No. I wouldn't say so, but the fellow who shows the greatest interest, perhaps who has signed up and waits a little bit longer, ought to be entitled to more consideration and just lucks out.

So everybody signed up; the barber, the butcher and the gas pump filling station operator and to hope that they will get when their name will come up some day. When it does, it will be a very valuable permit...

Well another way to get that many people waiting is to have a list...

Initially, it would like the oil simultaneous firing list. You'd have the very first time around would you anticipate a very large number of people...after that I think it will have an awful lot of merit that they have anyway. Are there other questions?

Well I was thinking on this waiting list. You have one or two permits open up and you have a dozen people that signed up on the same day, how are you going to decide who?

**You'd have the highschool bids for seconds.**

Let's go onto the money content for a moment. If this were down to the more nearly optimum amount of gear in the water, then it had a property right, became something valuable, don't you think the individual would have a great deal of better opportunity because now, as far as borrowing from the bank is what basically what failed the thing earlier, plus the fact that we started last year this state fishermen's loan fund to buy boats or repair boats it would certainly seem reasonable to amend that to allow them to use this money also for the purchase of an entry permit. If this thing were funded, it certainly could be, this would a source of funding for that so money wouldn't really become such a problem then.

Well given the optimum conditions, you're correct that it would take care of even the people who have permits now.

Would it end up to maintain the permit?

Yep. This money becomes available. The way the loan program is written out, their standards are such that a heck of a lot of fishermen can't give all (word). It would have to be increased a great deal and that's assuming that we are going to give two optimum levels at sometime in the near future. That determines how fast, how much the state is willing to compensate when they take that first bite to get people out like Bristol Bay, they're looking for what, eight, nine years before they really get a stable fishery out there.

Well let me ask you this. I'll turn around and look at the other side and look at the lottery. Where, depending, perhaps unreasonably so, on a rate of attrition, if the lock won't do in three in Bristol Bay or anywhere as far as that's concerned, where depending on attrition to get rid of a certain number of category three people, if this were a lottery and the fellow didn't receive anything when he sold out or if he quit fishing the first year he gave up his license, wouldn't that slow down very drastically the rate of attrition, compared to what it would if he had something of saleable value?

Actually, it would go down somewhat.

Let me ask you a question. What's a category three person?

Category three is alternative occupation, the individual depends on the fishery or a substantial income supplement.

Alright now, are the great number of these fishermen going to be alternative three people in the bad years when there isn't enough fish to go around and don't you have to have them if you're going to have people there to harvest a good year? Aren't you going to have to have a lot of people in eleven years that are getting part of their income from this...no, huh?

...Because there's no requirements when they fish in those years.

Well then they're going to be a category three person...

We take their highest year. The peak year of their run to determine ...

You're going to have category three, you're going to want category three people in (indesc. noise) years aren't you?

Yeah well...

(indesc. noise) fish full time so that they can harvest the crop.

You are going to want them eligible to have a permit for these off years but you're not necessarily going to require or need them to be fishing (indesc. noise) you're going to let them fish...

Yeah, so you're not going to get class few people out into fishery...

No but you're going to want to class some of them out to fish in Bristol Bay.

You're going to have class three people in the fishery all four years and then on the fifth there'll be class one because they'll be full-time on the fifth year because they make a living at it. The first four years, they can't because they'll be class three: partial, that's the worst but there's not going to be results though.

Taken on an average, your rating would be taken over several years.

I think that one of your standards for setting your optimum level of gear is the amount of gear that's necessary to harvest peak runs. That would determine your optimum and I would imagine that if category

three people were component of that, a certain number of them would be included. I see what appears to me to be a discrepancy between two portions of this working draft though, and that is the one which includes people in the first three categories and the other portion where the optimum level of gear is set since obviously you're going to get in an awful lot of people who'll be in there a long time. They may all lump in category one, two and three, and then you finally get down somehow to your optimum level and I just throw out a suggestion, that an alternative way of proceeding might be to say that the people in category one, two, and three will either get entry permits or be compensated for their law suits if they don't get them.

Yes, we understand that. Thank you. Of course, what we have said before is that alternative is not necessarily good enough to leave to the commission to decide. That's giving them the opportunity to force out substantial numbers of those that are presently there which would be saying that politically impossible or perhaps politically impossible. Well, we've required the audience to sit for a long or are those who would like to give us a benefit of their things now? Would you like to...

Let's see, can we pick them up from here?

I'm Bob, on the CCC meeting and I'm from the Cordova area. I've heard about saving the salmon and also limiting the gear, licenses. And reading this report here about spawning areas being depleted because of too many nets out there. Now there's nothing said about law and order in this stuff. There's many years that these streams have been wiped out because of people going in there and taking

away our salmon and then they don't come back because they ruin (indesc. mumbling). There's a certain amount of illegal fishing going on. Now in order to remedy the situation, there might be something put into the law that any salmon fisherman that is arrested three times, loses his fishing license for at least five years, or whatever they wish to chose to do, in that district. This would give them, the fish, a better chance to reach the spawning area. Now you're talking about a lottery system - now that makes some of these people that are illegal fishermen into honest type fishermen. Secondly, it could give them initiative fish leal. Thirdly, if they are caught three times and their license is taken away from them, it could be put in to a lottery type system for the boat pullers to drop out of that hat and try to get that license if these people have their license taken away. There you'd have a lottery type system that would take the apprentice fisherman on the boat a chance to get a license.

We've been talking here about the various advantages and disadvantages of the lottery system verses the opportunity to buy one, freely transferrable. Now the thing you're talking about could be used either direction if the guy is penalized and part of the penalty is to give up his entry permit, then it goes back to the commission and now becomes available for other people. If that were the case, what would be your desire? Would you rather see it available on a lottery basis, or for sale?

To the boat pullers (indesc. mumbling)...

Well, okay. Assume that that's not constitutionally probable that we can't limit it just to a specific class of people that would be eligible. Suppose we have to make it available on the same basis to everybody. Now, would you rather see it on a lottery basis or on a basis where you could go in to buy the thing if you got the money; buy it from the commission or buy it from an individual? Do you have anything that you feel strongly about there on one of the other wave...

There is a possibility on some of these people. I'd like to see them sell it back to either person or family or relative that hasn't been fishing and that hasn't got a license. (indesc. mumbling and noise).

Thank you.

That's the problem we're running against all the time here; what's constitutional and what's not. And I'm almost thinking that we're getting to the point where maybe we ought to sit down and maybe find a better constitutional lawyer that's available on this thing and hire him on whatever basis of the costs and get him up here and sort some of these things out.

He'll set up a nice constitution and might be able to conclude...

(indesc. mumbling).

Alright, Ernest?

I'm Ernest Madsen from Ninilchik. I would like to say that my thinking would go in line with Mr. Daniels except for one thing. On the sale of the permit, what would be to stop the person just putting out if he did get a permit, just putting out a very minimum effort whereby everybody would lose; the businessman, the state, by him not producing any fish. And then waiting until such a time when his wife's permit was worth say \$15,000, \$20,000. That would be my concern.

Thank you Ernst.

Mr. Chariman, could we get a reading of these qualifications (indesc. mumbling)?

Alright. You're saying that when you've talked to these people now, how they would go about an apprenticeship verses straight monetary...(indesc. mumbling).

Alright. Instead of talking about lottery verses buying in, the lottery; apprenticeship qualifications verses buying in. How would you feel about that, Ernest? One of the ways to get in would be through an apprenticeship program.

Yes. I would go along with that.

Would you prefer that over the other two?

Yes.

Okay. Anybody else with a question or two?

Let me ask you a question about the apprenticeship program. Would if a man has a license and is a troller and he wants to become a gillnetter. Would he have to go through an apprenticeship program, would that mean that all fisherman would automatically be eligible to get a license?

There would be some priority...(indesc. mumbling and noise) That is a trolling permit that's coming up for the guy that's been trolling for ten years, is certainly going to have something not involved, he's a crewman (indesc. mumbling).

Would if he has a permit as a troller but he'd like to go trolling (indesc. mumbling and noise)...

...transfer from one type of gear to another type of gear.

He's not one to transfer. He'd want to do it as an addition, or?

Either an addition or transfer, either one.

(indesc. simultaneous speaking)

We'll probably have (indesc. simultaneous speaking) from one type of gear to another but commission regulations will look relatively different to the average fisherman.

I don't get what that means. Does that mean what it does mean that where you make a lot of money with a gillnetter down here and not very much with the troller, all the trollers will then buy gillnetters and your equipment is going to get away from

fishing, and the boats are fishing because they're going to be the only kind of gear ultimately in the fishery. If one permit gives you any kind of gear you want you can always move out.

I would imagine on your question, just about your problem. (indesc. mumbling) guy that would be the highest qualified for troller would be the guy who has worked on as a crewmember for a long period of time, they would have the higher standing than guys that worked for a number of years on a gillnetter. And to be constitutional, you have to also include those guys in Washington.

I still don't understand how selectivity made within the rights of the people who are in the priority apprenticeship school. Are you still going to roll the dice or the commission going to make the choice or how you going to do it?

I think that we're talking about...

Well, it looks like to me that you'll end up back in the lottery situation even though you may (indesc. mumbling) priority classification, again, I think, would be dominated by other fishermen, not necessarily by ...

You could (indesc. simultaneous speaking)...

I think you're talking about trying to get into another fishery when you're down there working on that same boat also rather than drifting with a gillnet, is that what you're saying? If you're wanting to get into apprenticeship school for seine...

I hate to be pessimistic. His story explains that if there is anything that's brought about the ruination of the Roman Empire when everybody got frozen into their occupation and couldn't transfer from one to the other...

Alright, let's get back to the audience again. Ward do you have...

My name is Walter McGinnick. I'm from Fort Graham. I've got a question. In finishing up this bill is to reduce the gear, right? How is this bill going to reduce the gear, which now exists, if we with the permit is appropriate (word)?

Now the concept is that we would only have that property right. First of all, we hope to limit it to some extent by the qualifications that the individual would meet in order to get the first entry permit in the first place. Now even after that we hope to reduce us more by providing an incentive if we go to property rights. Providing an incentive where the commission buy the permit back from the individual and hold it. If only after a number of those have been bought out and the commission held them, we got down to an optimum level of gear, then after that, others who wish to sell out, would be able to sell to somebody else. If one was not (word) on that, it's just one of the possibilities.

Would you be willing to sell the permit to me now. I'm not willing to give up my permit knowing that it's going to be worth money.

That's the reason...

Don't forget to look into Cook Inlet, 1971 Gear Union, now we trading with. You and I are going to have the same problem we just had last year. We're not going to fish. Last year we only fished three 48-hour here. We're going to have the same problem if the gear isn't reduced right away.

How do you suggest that we do that?

I don't know. The permit shouldn't be put into a property value.

You don't think it should have a property value?

Because nobody is going to keep up the permit. I know that I wouldn't. You know you wouldn't.

I probably wouldn't do anyway.

This year, you and I are not going to fish. The Fish and Game Department are not going to open the fishing early. We might be sitting back like we did last year until three days before season. The idea of this limited entry of fishing is to reduce the gear, now it's only going to stop it from increasing, but it's not going to help to reduce. You got it?

I was only speaking as an individual for myself, Mr. Chairman,  
not for any...

You got me?

Yes. I thank you.

I was talking to Mr. McGinnick earlier about the responsibility  
I think that you may be interested in being able to pass the  
license back within the rights of your family...

Right.

I'm curious about how you may feel about the lottery on that basis.  
It would seem it would be less likely being able to do that whereas  
if it were a copyright, you might be able to pass it back just by  
giving it to them.

Yeah.

It's something to consider.

I haven't thought it to much .

My concern is with my son who is now fishing. (indesc. mumbling)...  
We need to come up with something like this to decrease the gear.  
I don't see how it's going to reduce the gear because there's 600  
unit of sitting in in Cook Inlet now. They're going to remain that  
way for a few years. So maybe ten years. Nobody's going to keep  
up the permit.

Of course, we do see the thing happen each year, then that's like come up for sale, don't we?

Yes, well, somebody else's going to buy it...

Well?

...the same unit of gear is going to remain. If I can sell the permit to somebody, I'm not reducing one gear because I sold it to this guy here.

If we can power the commission to buy these out at a market price, and really meet market price of anybody else or beat it, then we have provided something heavy for this gear that goes to the commission itself...

If we give the commission power to purchase the permit, then we're going to transfer from cannery to cannery and the cannery is going too slow because they don't have any fishermen.

Yeah well, of course we wouldn't go to that extreme. Only if we get to a point where we got down to the optimum level. Okay, Alex?

If we slow it, and if we expect people to sell their license every year, why should we? Why should they sell their dollars. They know it's not (indesc. mumbling).

Well they said that you always got...for instance, one of our neighbors, last year, they split up; he went back to Pennsylvania and she went back to Hawaii. You're always going to have this type

of thing happening. People holding on, people getting sick, people getting dumped. You're going to have a certain amount. I grant you it will be slower than you've been having in the past. Alex?

Senator Palmer, members of the special fisheries committee, I am here just as a participating citizen. I just made a bunch of random notes here with you learned people because you're so far ahead of me, I'm going to try to catch up and do a little thinking on this, but I would, try as far as Cook Inlet. I've proposed this for the Fish and Game board a number of times. Free the gear and reduce it in half. Just freeze the gear and reduce it in half.

Leave everything, the distance between gears, but I said reduce s t nets by half...I proposed instead of 105, say 75 fathoms, if you want to go drastic, go to 50 fathoms, reduce the drift gear from 150 fathoms to 75 fathoms and just chop it in half.

How do you decide then, Alex, who stays in...

I say freeze it...

what do you mean by freeze it?

Freeze it under '72 licenses that exist in 1972. Freeze it right now.

Suppose a man fished every year up to '72, but it was Ernie back there and suppose Ernie was in the hospital back then and he couldn't fish in '72 and somebody else came in in '72. Let's just suppose Ernie got disgusted. Every year up until '72, all of his life, he

has been fishing out there, but he got disgusted and I'm going doing to do something else, there's not going to be enough fish, etc. etc. Somebody else came in and '72 was the first year that he had ever fished, one of your schoolteachers. Now that schoolteacher fisherman '72, for the first time is going to be given a permit and Ernie, who has been there every year except 1972, is not going to be given a permit?

You have special provisions. Anything that you do you have to have something that's amendable and have special permits. The concept that you have here, dependency and some of these others could be utilized in these special provisions. Then it's going to be the general thing. They're going to be a small part of the total. If the...I'm not sure that the gear itself is the total problem. I think that the fishery at the estuary, is that we haven't made a determination if that's the total problem of why the fishery is reducing. I get a trend here, a feeling, that the trend of the discussion is not really making much attempt to protect the fishery sources for the people of Alaska.

Mr. Sojour, your problem is that we've been on this for several weeks, you've happened to have heard that we have picked out the day of having the problem of transferrability. But we really have believe me, we are really trying to do the same thing that you are but you haven't heard an hour and a half today, and if you had heard the last 30 days like this...

I'd like to go back again when you...

Yeah, that's what I tried to make clear in the beginning. All that we're looking at today is the...

Well, here's the thought that I'd like to put out. Are we concerned with a continued and sustaining fishery as to maintain an economic climate within the resource to earn a livelihood, or are we giving an opportunity to a select group of fishermen to benefit?

Let me read the opening paragraph of our bill then, and maybe that will help you out. We say it's the purpose of this chapter of this legislation, to provide the economic health and stability of commercial fishing in Alaska. In the conservation of sustained management of Alaska fishery resource, by regulative and controlling entry into the commercial fisheries and the public interest and without unjust discrimination. It is also the purpose of this chapter to prevent economic distress among fishermen by stabilizing the levels of participation in the commercial harvest of the species such as this section, at levels reasonably commensurate with the ability of the resource to provide a livelihood to the fishermen participating.

Alright. I would just like to state from my experience. Last fall I made a special trip on behalf of the Governor. I travelled throughout the whole Bristol Bay area. I made a detailed study of each village. Every fisherman that were involved in the fishery, how much each were in debt, and I found out this one thing that was really shocking. There is enough fishery resources to sustain those people in that area, in that watershed.

**There is?**

There is. But only in two areas, where fishing was fairly good was in the Igigik and Togiak area. In those two areas, the people who took the most of the catch were not fishermen, they were all stateside fishermen. So there is your basic problem. I'm concerned with continued resource because an uncontrolled will eventually be depleted. It will happen. But these people have depended on that in that area. Or else it's the responsibility of the state if they don't allow to use this resource to earn a livelihood, then the state will have to do something else to provide them an economic base for them.

This has been the real concern of the objective of all of the subeconomics, but we're continuously faced with the problem of the federal constitution and our inability to restrain interstate commerce anytime we start discriminating in favor of the residence. This is what we run up against.

Let's exclude the residence. I know that I talked to Mr. Arnold about this. We had a discussion about residency and think that Mr. Flaven is convinced is that you cannot use the residency.

I thought that was your point about the ...

No. You can use administrative area. You can use watershed. You don't have to use residency.

But you have to treat all people equally...

Yeah, all people equally in that watershed.

Okay. Any questions? Are there others in the group that would like to...

Yes. I'm not sure. You say that we're only discussing the issue of transferrability?

Well, that's what we were discussing. But I recognize the fact that you people are going to have to be leaving here, so we would be more than happy to hear your comments about any of this.

Bill Vaderan, Pedro Base, Lake Illiamna, Bristol Bay watershed area.  
Bill Vaderan?

I fished at Naknek for 14 years. I've not missed any seasons, but I've been forced, along with the great majority of the people from our village, to leave and find employment during the winter from lack of being able to sustain ourselves in the village any longer on fishing. This last year we had two 12-hour periods and one 24-hour period of fishing while there was fish. I mean they give you a week before and a week after to look for them (indesc. mumbling) We had 48 hours of meaningful fishing. Our village population is few now, it's 18 people. We have 6 students in the school. We will likely lose our school next year. The typical population was running say 50 to 65. But nobody could afford to stay there anymore. None of us made any money. (Indesc. noise and mumbling) ...the gravity of the situation to the local residence. Also, my understanding of the bill that in one aspect, it rewards what might be negative and anti-

progressive behavior when a man has got a family and he is faced with a situation of two or three or four seasons in a row. At certain points he comes up to the issue of I've got kids to feed, and I've got to get through the winter and I don't have any other source of income. I can either go to welfare or I can go to work. I understand that the bill is being proposed that limited entry permits will be given on the basis of percentage of dependence on the fishery. Is that correct?

Well, we're considering first category one. They call it a greer fisherman and this means that consistent participation in this fishery provide the primary or substantial income source. Then, again it's greer fisherman, but this time there is more than one fishery involved, instead of being just Bristol Bay salmon, he may be catching crab, shrimp, and so on and so forth. Category two, again, consistent participation of this fishery together with participation with other fisheries constitutes the primary income source. Number Three: Alternative Occupational Fisherman. Participation of this fishery provides a substantial income supplement. Then we go on down to the guy who's doing it, more or less as a hobby and so on.

Yeah, but at this point, you decide to the rights because at level three, the guy who goes and gets a job will be in level three. Whereas, if he's on welfare and didn't have a job, he'd still be up in lazy level one or two. I think you make an excellent point. You're absolutely right.

That's correct in my case then.

**That's right.**

I'm a fisherman. I have three years of losses and I'm working for the state now and now I'd be disqualified...

The two important categories of people...I myself have had the opportunity to keep coming out of the village and go to school and I have been able to do enough work that I can come into town and I can get the kind of job where I can earn a living. A very good living. In fact, such a good living, that it's equal to four or five of our poor here. Everybody is not so fortunate. Another guy in the village who was chief there for over ten years; five or six years came up against the same thing. He's got eight kids to support and he couldn't support them any longer and he is very proud that he never has once been on welfare and he wants to raise his kids up as that as a model. He always tried to have a home for them but that's not the way to lean on his people so he had to take his whole family and move into town and now he's just staying there until he can get all his kids through school as soon as he can go home. If we had the kind of season where we could depend on a level of this to get through the winter, he'd be back there right now. But he's moved out for five or six years now and he's been holding down a winter job so that again, according to the criteria, he wouldn't be uppermost, although he spent his whole life in that area, fished for over 40 years. That's all he ever did. That would be his prime source as chief of the village. But now he may be and I may be, all of those in fact that are cut out. Two families have sent one kid each back to the village now to raise the student population to 8, which is still isn't enough to hold the school but we're going to those kind of those extremes to try

to keep the school there to try to hold the village together, but we all know that next summer is going to be even worse than this last summer and ...

Let me interrupt...don't misunderstand us. Our main thrust so far, riding in this way, has been statewide, we would guarantee everybody in categories one, two, and three that they were in. It's only when we got down to the hobby fisherman, the advocational fisherman and the guys that was the paper license holder that they were out one, two or three to begin. Now, we have been concerned about the problem with Bristol Bay, that if we guarantee that categories one, two, and three, that they were in, that they still had wayward gear in Bristol Bay that (indesc. mumbling) And perhaps we want them to give the commission authority to inaugurate a more rapid buy-back program so that they could encourage some of the ones that are three fishermen in Bristol Bay. If they voluntarily wanted to buy it, that could be encouraged. Now there has been all sorts of talk about perhaps a compulsory buy-back for category three fishermen in Bristol Bay (indesc. mumbling and noise).

I'd like to comment also on the fact that I understand that the gear dropped cutbacks 25,000 per man per boat. Again, I'm not speaking for any association, I'm just a fisherman and I'm not a mobilizer or a recruiter or a union representative...

You're speaking for the boards actions for the next year or individual as limited ... (indesc. noise).

Per man on board as I understand. I wish that more of us had the opportunity to be aware of these things that are going. I just

happened to be going next door to hear about this so I learned about these meetings after they've taken place. I hope that opportunity made for particularly watershed residents to express themselves on these issues instead of some professional representative they do hear about these things. But for my own personal view, that's going to hurt us, that's going to bust us; nobody possibly...I lost money. Last summer I had to go talk the cannery to leave there and it will happen again this coming summer and I do like the idea of regarding us who stick with it year after year after year on four years because a lot of guys have a boat and they fished during the good years and take off and rent it from cousins in the four years but that will kill us next year but also, it will kill those guys that are coming up. Anybody who fishes knows that 25 fathoms of gear won't hold the boat in the water. The wind blows up on the beach so nobody going to come by and sell if maybe a lot of guys would. You got to have at least two more guys. You've got to have 75 fathoms in order to keep your head in the water so that he's going to have at least two partners that he's got to pay transportation up from San Francisco. I like that because I think that will cut the gear down and although we'll all suffer for one year, the year after that. I think that will be a miserable change. Whereas those of us there, we can get a couple of kids from the village and pay them a wage, and we're making a wage and we'll just tough it out.