ECONOMIC DEVELOPMENT IN SOUTHEAST ALASKA AND ITS IMPACT ON THE NATIVE POPULATION

George W. Rogers

Southeast Alaska is a large archipelago and a narrow strip of the mainland lying along the northwest coast of the North American continent. Politically, it is an all but separate appendage of the State of Alaska, while geographically it is a continuation of the continental Pacific Mountain system and is closely related to the coastal region of British Columbia. It comprises all that land and intervening waters lying east of the meridian of 141 degrees west longitude, north of latitude 55 degrees north, and west and south of the Alaska-Canada boundary line from Portland Canal to the 141st meridian.

Within this region lies a land area of 35,527 square miles, 60 percent of which is a mainland strip and the balance consisting of the hundreds of islands comprising the Alexander Archipelago. The mainland strip consists of a mountain range or ranges rising from a few thousand to 18,008 feet above sea level. The crest of the mainland lies within approximately 25 miles or so of tidewater and is covered with snow and ice caps which feed numerous glaciers. It is cut by six of the larger rivers of the region which originate in the interior plateaus of British Columbia and Yukon Territory.
The islands of the Alexander Archipelago account for the remainder of the region's land area. Six of these islands exceed 1,000 square miles in area, ranging from 2,770 to 1,084 square miles. Nine islands range from 773 square miles to 127 square miles in area.

Land, however, accounts for only a part of the region's total area. The total region is roughly 400 miles long by about 120 miles in width from the Canadian boundary to a line connecting the seaward shores of the western isles. Its approximate composition, therefore, is about forty four per cent mainland, thirty seven per cent islands, and twenty six per cent water area. The first two elements in the composition—the mainland and the islands—are laced together by the third element which forms an intricate system of inland seaways nearly all of which is navigable by small craft, and the mainline of the system, the Inside Passage, by ocean-going steamers. There are 9,000 miles of shoreline around the contours of the islands and mainland.

Long before the European discovery of southeast Alaska, it supported one of the heaviest concentrations of aboriginal population found in the western hemisphere north of the areas of highest civilization in Mexico and Central America. In aboriginal times, it was known as the "territory of the Tlingit," one of the several "nation groups" among the coastal Indians of the northwest Pacific. With the exception of a beachhead of colonization established on the southern end of Prince of Wales Island by the neighboring Haida, the territory of the Tlingit was identical with that of the State of Alaska's present Southeastern Senate District. Not only did this region provide the means of support for a relatively heavy concentration of population, it also provided the economic means for the elaboration of a primitive culture rich in art, oral literature and social and legal organization.

This high aboriginal culture arose from an ample natural resource base. The land and the sea were divided among clans within the broad bounds of the Tlingit people and managed by local geographical units through tribal groupings of the clans. The land provided the timber for housing, canoes, and other artifacts as well as game, fruit and vegetable foods, but it was the marine resources which provided the principal source of wealth and well-being. The sea afforded rich harvests of salmon, halibut, cod, herring, "olachen" and other fish. The sea also provided tremendous quantities of edible mollusks, abundant marine game—hair seal, sea lion, porpoise, whale, sea otter—and important plant matter. The sea and the inland waters were the very source of life to the Tlingit and their culture and held the same place of veneration as does the abstraction "land" in Western cultural heritage.

A second principal cause of the rise of this high aboriginal culture was the degree to which a division of labor had been established among the people. Not only was there a division of labor among the members of each community group according to individual talents and skills, this specialization went beyond the individual and was organized upon a community basis. The inland waters which provided the basis of the aboriginal wealth, also provided the natural highways for the lively aboriginal commerce which made possible this specialization of labor and a further elevation of general living standards. If these protected waterways had not existed, communication, trade and social intercourse would have been difficult due to the mountainous nature of the terrain and there would have been no unified territory of the Tlingit nor any culture of the level they were able to achieve.

The waters of the region, therefore, served the double purpose of being the source of aboriginal life and the means of its unity and rich elaboration.

Following the ill-fated attempts to establish outposts near Yakutat (1796) and Sitka (1799), the Russians through force of arms were able to re-establish what was to become the capital of their Alaskan empire at Sitka in 1804. From that date until the transfer of Alaska to the United States, the economy of Russian America was based upon the fur trade and this, in turn, primarily upon the harvesting of the sea otter. In addition to trade with the Tlingits, furs were secured by company hunters plying the inland and coastal waterways of southeast Alaska in flotillas of skin kayaks. This colonial economy, although more narrowly based than the aboriginal, was likewise primarily oriented to the harvest of marine
resources. Among the several factors which influenced the Russian decision to sell its Alaskan holdings to the United States in 1867 was the decline of the sea otter trade which had provided the main element in the basic economy of that period.

The year 1878 stands as an important starting point in the economic development of southeast Alaska. In that year the first salmon canneries in Alaska were erected at Klawock and Sitka and within eight years canneries were operating in all areas of the region. The size of the canned salmon pack continued to expand rapidly, the peak being reached with the 1941 season. The year 1878 was also the year in which the first full-fledged gold mining camp in Alaska came into existence at Windham Bay. Discoveries extended throughout the region and production continued until World War II brought the closing of the last of the large operations in 1944. Gold values reported since then have been primarily from old mill cleanups. Significant values were realized from other natural resources, but canned salmon and gold were the economic lifeblood of southeast Alaska from the 1880's until the early 1950's.

During the period 1906 through 1957, a total of 6,489,480 fine ounces of gold were produced by the region's lode mines, and 107,543,175 standard cases (48 one pound cans) of canned salmon came from the region's canneries. Converting these quantities to 1957 prices (average 1957 wholesale price for canned salmon), the value of the products of the lode gold mines was $227,131,738 and the salmon canneries was $2,446,600,000 (more than ten times the value of gold at 1957 prices). As in the case of the aboriginal and Russian periods, therefore, the region's economy under American rule until the mid-twentieth century has been heavily oriented to marine resources.

The indigenous peoples accommodated themselves readily to the new commercial fishing industry. Existing labor skills were readily adapted to the new industry: men continued to fish, but with larger boats and somewhat different equipment; women continued to clean salmon and shellfish, but for a cannery rather than the family unit. The industrialization of fisheries also required little change in traditional ways of life. Tied to regular fish runs,

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the seasonal rhythms of life were little changed. Settlements were already oriented to a marine-centered life, so dislocations or relocations of population did not occur. During the period 1929 to 1950, the participation of the indigenous people in the commercial fisheries was almost constant in absolute and relative terms. More than ninety per cent of those of normal working age participated in some phase of fishing or processing each season.

Basic Change—The Economic Impact

Since the mid-century, the region's economy has been undergoing basic changes. Following the closing of the last lode gold mining operation in 1944, except for a brief export of significant values of uranium in the late nineteen fifties, the minerals industry of the region has been virtually nonexistent. Fisheries products have experienced almost continuous decline, falling from the 1941 high total output of 255,590,000 pounds prepared for market to the 1955 low of 86,580,177 pounds. The cause of this decline has been simply over-exploitation and depletion of the salmon resources and although heartening rehabilitation progress has been made since 1955, production can never recover its past high levels.  

But the region is not limited exclusively to marine resources. The major land cover is that of the dense coastal rain forests of the Pacific Northwest, predominantly western hemlock and Sitka spruce. Approximately 73% of the region's land area is within the Tongass National Forest which contains an estimated 146 billion board feet of commercial timber, 92 billion board feet of which is economically accessible under present conditions. Because of the marine character of the region, its forests fringe the many miles of shoreline of islands and indented mainland, about three-quarters of the timber being within two and a half miles of tidewater and the rest rarely extending inland more than four or five miles and reaching altitudes of no greater than 1,500 feet. The waterways of the region provide a ready-made system of trunk or main "roads" and the feasibility of logging much of the timber directly into tidewater reduces the need for feeder roads.
Despite the extent and generally good commercial quality of these forest resources and the natural means provided for their economic harvesting and movement to mills, until 1954 they had been subjected only to a modest harvest to provide special cuttings of high-grade spruce logs for export during World War I and World War II and small annual harvests primarily for local timber requirements. In 1954 a mill initially producing 300 tons daily (later increased to 525 tons) of high alpha pulp for use in rayon and cellulose acetate production went into operation at Ketchikan and late in 1959 a similar mill at Sitka started with an initial capacity of 390 tons per day for export to Japan. The average annual timber cut in the Tongass National Forest jumped dramatically from an average of 55 billion board feet for the five year period 1949-1953 to 189 billion board feet for 1954-58 and 317 billion board feet for 1959-1961.2

The generalized impact of these developments and shifts in the basic economy were registered in the composition of total natural resource products and employment patterns. A comparison of the value of products from natural resources in the five years immediately preceding the launching of the pulp industry revealed that 86.7% was accounted for by commercial fisheries. This is representative of the composition of earlier periods with a modest shift toward "land resources" before 1955 when gold was being mined. With the addition of one pulp mill, the relative importance of marine resources dropped to 53.3% for the period 1954-1958 and to 43.3% for 1959-1961, while the importance of "land resources" rose from 13.3% to 46.7% and 56.7% of the value of all natural resource products for the same periods.

Although generated within the region, much of this value went outside in the form of profits and other payments to absentee business interests and wages to non-resident seasonal workers. However, the changes did have important and beneficial impacts on the personal income received by residents. Comparing the data for the calendar years 1950, 1955 and 1960, not only was the relative distribution between various forms of income payment changed, but both the total and per capita amounts were increased. The region was more prosperous and its residents, on the average, more affluent.

Another profound change in the region's economy has been the introduction of the first major year around industry (other than government and "distributive" industries). In the past, general development and settlement has been handicapped by the extreme seasonality and uncertainty of fishing and fish processing and the lack of off-season job opportunities. This has meant that after the brief and intense activity of the fishing season, the indigenous population has had to round out its annual support from subsistence food gathering and welfare payments. The additional labor required has been met by a regular migrant labor force much as is done in many agricultural regions. In the new timber industries, the seasonal pattern is comparatively minor, resulting from the effects of winter weather conditions upon logging activities and the regular year-end shut down of the pulp mills for major repair and rehabilitation, etc. Unlike fisheries, the forest products industries require a resident labor force on a year around basis.

These are the impacts upon the economy and general employment. Now we must turn to the people involved, and this will be done in very broad terms of the impact upon the indigenous and the non-indigenous populations.

Basic Change—The Social Impact

The popular and official view on the expected impact upon the indigenous population of the expansion of forest products industries was stated by the Governor of Alaska before a congressional committee in 1947. "I know of no one thing that will be more beneficial to the economy of the Indian population than the development of this pulp and paper industry... It means a new day in the Indian economy. It means that instead of being obliged to subsist for twelve months on the rather uncertain earnings of three or four months' fishing, they will have something that will keep them employed all year around, and I can think of nothing that will equal that in benefit."3 This conclusion appeared too obvious for further comment. Thousands of new jobs would be created just at a time when fisheries income and employment were falling at an alarming
rate. All non-Indian persons concerned appeared to have no doubt that the readjustment would be automatic, immediate and complete.

Seven years after the opening of the first pulp mill, however, the actual experience has been that there was virtually no impact upon the Indian population as a result of the introduction of the new industry and its new jobs and income. For his basic livelihood, the Indian continued to cling to fishing and fish processing despite their depressed condition. This has called for expanded federal and state relief programs within the region. In 1953 and in 1954 the president of the United States declared that a major economic disaster existed in those areas dependent upon fishing and a program of agricultural surplus commodities distribution was instituted in addition to the more customary cash relief programs. Annually the Alaska legislature has appropriated money for a continuing program of work relief in the villages. The only significant geographic movement of Indian population within the region away from the ancestral villages has been into the town of Juneau and the Mount Edgecumbe center, the principal sources of public assistance. An occasional Indian found employment in the mills or logging operations, of course, but these are only minor exceptions to the generalization that these people have not received the expected benefits of employment and income from the new industry.

Although these conditions can be observed by the resident or visitor to the region, their verification by statistical means is difficult because employment records are not collected on the basis of race and the U.S. Census data are for the month of April, an offseason month in Alaska. A few indicators of the impact of these developments on the Native and non-Native (a less cumbersome terminology of the technically more correct indigenous and non-indigenous) people can be gleaned from a comparison of selected data from the 1950 and 1960 census reports. Despite the creation of a whole range of new employment opportunities, the participation rate of the normal working-age Native population actually declined between 1950 and 1960, while that of the non-Native population enjoyed a significant increase (refer to Table 1).

### Table 1.

<table>
<thead>
<tr>
<th>Employment Status, April 1950-April 1960*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons 14 Years Old and Over</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td><strong>April 1960</strong></td>
</tr>
<tr>
<td>Native, total</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Non-native, total</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td><strong>April 1950</strong></td>
</tr>
<tr>
<td>Native, total</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Non-native, total</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
</tbody>
</table>

The economic shifts within the decade of the 1950's was accompanied by a 25% increase in total population (refer to Table 2). Breaking this data into geographic areas and major racial classifications, there appeared to have actually been a movement of Native population away from the two centers of new economic development at Ketchikan and Sitka. (The location of the major Bureau of Indian Affairs health and education center at Mt. Edgecumbe near Sitka introduces some abnormalities into the picture, but the generalization would appear to apply.)

Both of these comparisons indicate that the new jobs were filled by more intensive utilization of the non-Native population and a significant immigration of additional workers from outside Alaska. The developments appear to have had virtually no impact upon the employment situation of the Native people.

The failure of the increasingly underemployed Indian to move into the new job markets has perplexed many other Alaskans. The Indian already appears to have made a transition from an aboriginal local-consumption-oriented economy to a modern commercial economy geared to fisheries production for overseas markets. He no longer ran naked or dressed in skin garments but bought his clothes, food and household goods from the same sources as other Alaskans. Most of his income had long been received in the form of negotiable commercial instruments or "legal tender" for fish sales, wages and welfare payments. He has enjoyed full citizenship rights under United States rule, is an apt politician and an active voter.

The experience of the past few years, however, has demonstrated that the difficulty and extent of the remaining transition was underestimated. The marine-based economy which developed from the late nineteenth until the mid-twentieth century required relatively minor adjustments in traditional means of securing a livelihood and no change in the seasonal rhythm of life. The new emerging economy is primarily land-based, urbanized, requires new and more specialized labor, skills, for all practical purposes is almost nonseasonal, and requires a labor force accustomed to working at a set employment within specified time limits of the day throughout the year.

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### Economic Development in Southeast Alaska

#### TABLE 2.

**GEOGRAPHIC DISTRIBUTION OF POPULATION INCREASES, 1950-1960**

<table>
<thead>
<tr>
<th></th>
<th>Total Region</th>
<th>Ketchikan Area 1</th>
<th>Mount Edgecumbe 2</th>
<th>Sitka Area 2</th>
<th>All Other Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1960</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>9,242</td>
<td>2,778</td>
<td>1,435</td>
<td>4,026</td>
<td>3,627</td>
</tr>
<tr>
<td>Non-native</td>
<td>26,161</td>
<td>9,064</td>
<td>449</td>
<td>3,404</td>
<td>13,244</td>
</tr>
<tr>
<td>Total</td>
<td>35,403</td>
<td>11,842</td>
<td>1,884</td>
<td>4,806</td>
<td>16,871</td>
</tr>
<tr>
<td>April 1950</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>7,928</td>
<td>2,581</td>
<td>713</td>
<td>1,447</td>
<td>3,182</td>
</tr>
<tr>
<td>Non-native</td>
<td>20,275</td>
<td>6,904</td>
<td>429</td>
<td>1,956</td>
<td>10,986</td>
</tr>
<tr>
<td>Total</td>
<td>28,203</td>
<td>9,485</td>
<td>1,147</td>
<td>3,403</td>
<td>14,168</td>
</tr>
<tr>
<td>Percentage Increase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950 to 1960</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>16.6</td>
<td>7.6</td>
<td>99.9</td>
<td>(3.1) 4</td>
<td>14.0</td>
</tr>
<tr>
<td>Non-native</td>
<td>29.0</td>
<td>31.3</td>
<td>4.7</td>
<td>74.0</td>
<td>29.6</td>
</tr>
<tr>
<td>Total</td>
<td>25.5</td>
<td>24.8</td>
<td>64.3</td>
<td>57.0</td>
<td>19.1</td>
</tr>
</tbody>
</table>

1. Ketchikan and Prince of Wales election districts.
2. Sitka election district.
3. Bureau of Indian Affairs major health, boarding school and vocational training center. 1950 to 1960 increase due to expansion of programs serving native Alaskans from entire state.
4. The decrease between 1950 and 1960 may be due in part to the movement of native population from the city of Sitka to Mount Edgecumbe as facilities were made available between 1950 and 1960, and in part due to different methods employed in collection of census data.

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Not only is there a shift in the natural resource base of the economy, but the organization of economic activity has changed. This requires a whole new set of skills from the Indian wishing to make the transition from fisherman to mill operative or lumberman, plus an entirely different attitude toward work and life. The fisherman is a man of many skills and talents, and within the rigid limits imposed by nature and economic necessity makes his own decisions as to when, where and how much he will work. As an industrial operative, the former fisherman will be required to learn one narrow set of skills intensively and be willing to submit to the discipline of working under the direction of others who will make his work decisions for him. The acceptance of public welfare assistance might appear to involve no greater loss of human dignity than the acceptance of such terms.

The importation of technically qualified workers from outside the region has also had its unanticipated results. Economic feasibility studies took into consideration the higher cost of living in estimating labor costs, but did not take into account the cultural characteristics of the imported workers and the physical conditions imposed by the region. The new labor recruit has not “taken” to the sort of life offered by the region. Although there has been an increase in the number of new Alaskans, they have tended to be a very restless lot.

Only one example will be cited. The automobile is the most prized possession of the highly mobile industrial workers of the United States and together with the superhighways represents a whole way of life. The new worker brought his family car along just as naturally as he did the family. But the topographic features of the region—the many islands, mountainous terrain, breaking of the mainland portion by deep fiords, etc.—make any significant milage of local roads costly and a fully interconnected system an impossibility. The difficulty in realizing maximum pleasure from an automobile in such country has contributed to worker discontent and to the unexpectedly high rate of labor turnover. During a strike in 1961, the Ketchikan local of the pulp and sulfite union included in its negotiating contract a proposal that the company pay for the barging of workers’ family cars to Seattle and return as a part of their regularly paid vacation benefits. The agreed upon compromise provided that the company subsidize the rental of cars at Seattle and pay milage rates beyond for workers who spend their vacations outside. This is only one of the costs of retaining outside labor recruits. 5

Another set of human adaptations, therefore, are called for in considering the recruiting of labor from non-Native sources. This involves the adaptation of man to a new physical environment. Although the economy has shifted to the land, life within the region is still dominated by its marine nature and must be amphibious in turn. As in the case of the need of the Indian to adapt to a new social and economic environment, this will not be simple and will be costly in the long run if not recognized as a real problem.

Goals and Problems of Further Economic Development

The Southeast Alaska region can be summarized in terms of a few strategic elements and their interactions. Physically the natural resource base is both marine and land oriented and its essentially marine nature imposes an amphibious way of life upon its inhabitants. The economy can be divided into three major levels, the relative importance of each varying over time. The first is the aboriginal subsistence hunting and fishing economy which still operates in a limited way. The second would be commercial fishing and processing for export to outside markets. This is a highly seasonal activity, and also highly nonresident in orientation. Not only are its markets outside the region, but much of the labor force must be imported for the brief working season and much of the means of production are owned by nonresidents. It is a typical colonial economy with the greater share of the income produced within the region and from its natural resources being distributed elsewhere in the form of wages to nonresident workers and profits to nonresident proprietors. Finally, the third economic level embraces the development and exploitation of land resources—at present primarily forest products, but also in the past and possibly in the future, mineral resources. It is more resident-oriented in the
distribution of income produced than is the second level. Although
much of the capital for this development must come from outside
sources, the industries included require a year around resident labor
force.

The aboriginal subsistence level stands at the lowest end of the
scale of economic development in terms of effective use of natural
resources and material well-being produced. The basic cause is
 technological, but also is due to the combination of the serious
decline in the once abundant salmon runs and the recently
accelerated increase in the indigenous peoples due to operation of
public welfare and health programs. The second level has been on
the decline since the mid-1930's and at best afforded only seasonal
employment and limited resident income. The third level has
increased importantly and shows promise of further increases.
Existing forest-products plants, if operated at their full rated
 capacities for three shifts a day, would utilize less than half the
U.S. Forest Service's annual allowable sustained-yield cut of
timber, thus leaving considerable room for additional expansion.
The State of Alaska's most immediately promising iron and copper
development potentials are located within the region.

Because the first two levels were based upon the same general
natural resources, there has been interaction between them in the
past. The people identified with the aboriginal economy found
seasonal employment and cash income in the colonial economy of
commercial fisheries, but they also were forced to surrender their
salmon base to heavy industrial exploitation and eventual
destruction. There has been no interaction between the first two and
the third level. Their natural resource bases are entirely different and
there has been a very high degree of labor immobility.

The goals of economic development in this region are quite
obvious. The third level should be expanded. It would result in fuller
utilization of the natural resource base, diversify the economy and
introduce into it very desirable elements of stability and balance, and
provide a means for improving the welfare of the inhabitants of the
region. Studies and investigations have been launched by public and
private agencies to foster this development. As a result the natural
resources of the region have had more intensive investigation and
evaluation than those of the balance of the State of Alaska. From the
background of this basic data, there have been studies of
transportation and costs of development. The probable requirements
in capital and labor and the competitiveness of resulting product
outputs in domestic and overseas markets are well known. The U.S.
Forest Service has organized the forest resources into four "working
circles" with hubs at the principal population centers of the region
and utilizing the patterns of waterways provided.

The actual realization of development appears to wait only for
further publicity of the potentials known to exist and the appearance
of the markets and other conditions assumed in the models of
projections. All of these factors are external to the region itself, as
the nature of development will still be colonial, or modified colonial,
with export of raw or semi-processed products to markets in the
continental United States and Japan.

Drawing upon the experience gained from the introduction of
two new pulp mills, it could be concluded that the truly strategic
factors remaining for study and consideration relate to the region
itself—the degree to which the people at present living here (the
people who are a product of conditioning by the physical character
of the region) can provide the required new labor force and the living
requirements of the additional labor which must be imported and
their compatibility with the physical conditions imposed by the
region.

For practical economic, quite aside from humanitarian, reasons,
there is an urgent need for more widespread intelligent and
sympathetic understanding of the Indian's problem of transition. The
region's further economic expansion will be hobbled should it be
saddled with the economic burdens of an increasingly unproductive
sector of its population. There is also a need for determination of
what the physical region imposes and offers in the development of a
satisfying life for new immigrants. Unless it is possible to develop a
citizenry adapted to the region, the newly established enterprises
will continue to be plagued with the added cost burden of
continuing high labor turnover.
For purposes of analysis it should be possible to devise simple statistical measures to assist in gauging progress and determining needs in these adjustments. At present measures of participation in the employed labor force by racial groups are available only at ten-year intervals in the regular U.S. Bureau of the Census reports. These are also a source of measures of the general population mobility, an indirect index of labor turnover. Current measures are needed and could be devised from labor data collected in connection with the administration of unemployment insurance programs and other sources.

Beyond devising measures of participation and turnover, the strategic factors bearing on the economic development of the region clearly call for the combined skills of the geographer, sociologist, anthropologist and others as well as the economist. It is in providing the interdisciplinary focus needed in devising the analytical and policy means for increasing the interaction between the levels and elements of the southeast Alaska region that regional science could be of the greatest value in promoting the region's economic development.

NOTES


4. The strike and contract negotiations were fully covered in the local press. The Daily Alaska Empire, September 20, 1961 summed up the settlement.