

ALASKA'S NORTH SLOPE BOROUGH: OIL, MONEY AND ESKIMO SELF-GOVERNMENT

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Introduction

When oil was discovered at Prudhoe Bay on Alaska's North Slope in 1968, the Eskimo villages of the region scattered around the ten-billion-barrel oil field were similar to most other rural native villages in the state: poor and isolated, with high unemployment, little or no prospect for local economic development, and dependent on federal and state programmes for minimum levels of education, medical care, and other services. Soon after the Prudhoe Bay discovery, however, Eskimo leaders on the North Slope began taking steps toward creation of a borough—a form of local or regional government in Alaska somewhat like a county elsewhere in the United States, but potentially having more extensive powers of taxation and regulation, and greater independence from the state government, than county governments typically possess. Incorporated in 1972, the North Slope Borough covers an area of 228 800 km² and makes up about 15 per cent of the land area of Alaska. Within its boundaries lie the 93 435 km² National Petroleum Reserve and most of the 35 560 km² Arctic National Wildlife Range; both of these areas are under the jurisdiction of the federal Department of Interior. Located between these two federal land areas is the Prudhoe Bay oil field complex, which occupies state lands leased to the oil companies. Extending south from the oil field and crossing the borough's southern border is 270 km of the 1 270 km trans-Alaska oil pipeline.

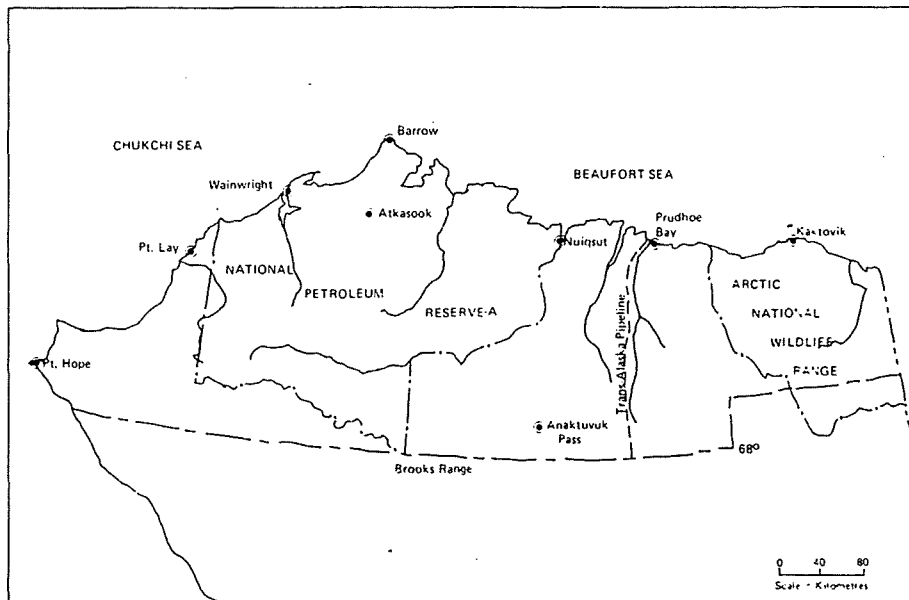
There are about 4 000 permanent Eskimo residents in the eight villages of the North Slope Borough. In taxable wealth and tax revenues per capita, it is one of the richest local and regional governments—as well as the only native-controlled, non-tribal regional government—in the United States. Barrow, the borough seat, with about 2 600 residents, is the largest village in the borough. It accounts for almost two-thirds of the region's permanent population, approximately 85 per cent of which is Inupiat Eskimo. The other seven villages range in size from less than 100 (Point Lay) to more than 400 (Point Hope and Wainwright).

The borough expects to take in \$74 million—or nearly \$20 000 per resident—in revenues during fiscal year 1980 (1 July 1979 to 30 June 1980). Seventy per cent of these revenues will stem from property taxes levied on the Prudhoe Bay complex and trans-Alaska oil pipeline facilities within the borough. (The other 30 per cent will come from federal, state and other

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sources.) Oil and gas development property within the borough was assessed at roughly \$5 billion in 1979, giving the borough, with less than one per cent of the state's population, a tax base nearly equal to that of the municipality of Anchorage, where nearly half the state's population of 416 000 lives. From this tax base, North Slope Borough leaders have launched a \$370 million capital improvements programme, and they have provided employment to most of the native adult work force of the region.

The Prudhoe Bay oil discovery and subsequent field development were prerequisites for creation of the North Slope Borough. Another necessary element was the existence of a strong native political organization, the Arctic Slope Native Association, which was established in the



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mid-1960s to pursue North Slope regional interests in the statewide native land claims movement. A closely related factor was the aggressiveness of the region's native leadership. Strong organization and leadership were especially critical to establishing a borough which would set out to capture a significant portion of the region's (and the state's) taxable wealth (McBeath and Morehouse, 1979). Creation of the borough also depended upon the existence of extremely broad and flexible standards of incorporation under Alaska's constitution and state municipal code. The flexibility of these standards had previously been demonstrated by the incorporation of ten other diverse (mostly urban) boroughs in the 1960s. These incorporations had also given evidence of the state government's policy of encouraging, and even requiring, local government organization after statehood was achieved in 1959 (Morehouse and Fischer, 1972). Further, the Inupiat Eskimos of the North Slope had strong moral claims to increased self-determination, and to the new levels of community facilities, services and employment opportunities that the region's taxable wealth would support. With the prospect of the state treasury receiving all the oil royalty payments and production taxes, North Slope leaders could press their claims to at least a portion of Prudhoe Bay's industrial property tax base, a base clearly large enough to support their plans as well as contribute to the state's oil-related income.

The North Slope Eskimos, along with the native residents of most other rural areas of the state, had experienced alternating periods of exploitation, opportunity, and neglect during the previous century of US possession and rule (Arnold, 1976). What set the North Slope Eskimos apart from the rest of rural native Alaska was that with the Prudhoe Bay discovery, they had a unique opportunity to make direct claims on unprecedented wealth, and they were in a position to use constitutionally authorized tools of local self-government to realize such claims. On the North Slope, the creation of a regional government with substantial powers of taxation and regulation constituted, in effect, a 'second claims settlement,' and for the Eskimor residents of the region, it had the potential of surpassing even the Alaska Native Claims Settlement Act of 1971 in its economic, political and social effects.

The following sections of this article provide an overview of the establishment and evolution of the North Slope Borough during its first seven years. They focus on the borough's taxation and expenditure programmes and the responses of state government, oil companies, and the villagers themselves to these programmes. Also noted are some important issues associated with the incorporation and operation of the borough: potential conflicts between oil development, borough government growth, and protection of traditional subsistence and other native values; the uncertain future of the borough, given the finite life of the Prudhoe Bay oil field upon which the life of the borough, in turn, so largely depends; and problems of achieving tax revenue and service equity on a statewide basis.

Post-war development

After World War II and until the 1968 Prudhoe Bay discovery, military construction and oil and gas exploration activities accounted for most of the economic activity on the North Slope. Between 1946 and 1953, the navy contracted with the Arctic Construction Company (ARCON) for oil exploration in the Naval Petroleum Reserve on the North Slope. This activity provided jobs for many native residents, particularly during the summer months, when about half the work force in Barrow was employed by ARCON. Between 1954 and 1956, DEW (Distant Early Warning system) line construction provided about as much employment as had ARCON in earlier years. During the 1960s, federal and state agency construction and plant maintenance work provided other employment, in addition to DEW-line maintenance and limited local trade and service jobs. But the high employment of the ARCON and DEW-line years was not maintained, and most of the employment in any case was concentrated in Barrow (Kruse and Travis, 1979). With an unstable economy and the seasonal and longer-term fluctuations in wage employment, subsistence remained an important cultural activity and source of native foods and other goods for North Slope villagers.

None of those post-World War II developments brought radical or stable improvements in living conditions on the North Slope. In general, North Slope villagers became increasingly dependent on cash incomes and imported goods and services; their expectations were raised both by outside government agencies and their leaders in the land claims movement. But they continued to lack an adequate means of raising and maintaining their living standards. In the early 1970s, property in all the North Slope villages was assessed at less than \$4 million, and a 1973 survey of 356 households in the new borough found that no privately-owned homes had piped water or sewer systems and 14 per cent were without electricity. Barrow was reported to be the largest community in Alaska with no reliable source of drinking water and no high school. About 11 per cent of the work force in Barrow was unemployed, and unemployment in the smaller villages sometimes reached 90 per cent (Dupere and Associates, 1974).

After Alaska became a state in 1959, and the federal government initiated anti-poverty programmes in the mid-1960s, federal and state agencies stepped up activities on the North Slope and elsewhere. During the same period, the state began selecting land it had been granted under

the Alaska Statehood Act. Some of these state-selected lands were at Prudhoe Bay, and the state began leasing lands in that area for oil exploration and development. North Slope leaders saw state land selections—and leasing of those lands—as encroachments on aboriginal land rights, to which the Eskimo people might lose all claim by default unless they reacted forcefully. In 1966 these leaders formed the Arctic Slope Native Association (ASNA) and filed a claim to all lands north of the Brooks Range. Aside from state land selections at Prudhoe Bay, virtually all the land on the North Slope was federal land. Similar native groups were simultaneously filing land claims in other areas of the state. The land claims movement ultimately led to passage of the 1971 Alaska Native Claims Settlement Act, granting money and lands to native groups around the state. On the North Slope, ASNA leaders formed the Arctic Slope Regional Corporation—one of 13 native regional corporations created under the terms of the act—to administer settlement lands and funds with the participation of corporations established at the village level as well.

After the 1968 Prudhoe Bay oil discovery, ASNA leaders had also initiated action to establish a borough, since the magnitude and implications of that discovery were abundantly clear to them: it would soon provide a large tax base to support regional government, and it opened the North Slope to petroleum development activity that a borough government might seek to control through the exercise of planning and land use regulatory powers. Borough incorporation thus became a second instrument, in addition to a land claims settlement, for asserting native control over North Slope lands as well as for capturing some of the economic benefits of petroleum development in the Arctic.

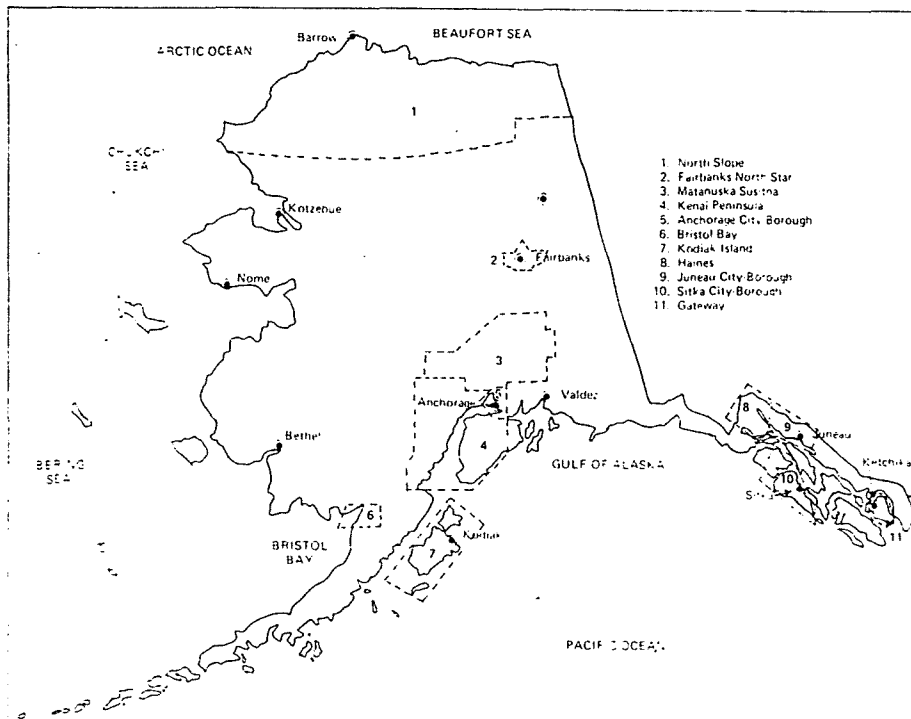
Borough incorporation and financing

The borough incorporation movement brought North Slope natives into an immediate and continuing struggle with the state government and oil companies, a conflict highlighted by protracted litigation over the borough's taxing authority. One of the state government's main interests has been to restrict the borough's access to the Prudhoe Bay property tax base, reserving it primarily as a statewide rather than as a local tax resource. The oil companies' interest has been to minimize and stabilize their current and prospective tax liabilities.

The stakes in this contest are high. For example, the Arctic Slope Regional Corporation will eventually receive, in addition to 1.6 million hectares of land, about \$52 million as its share of the 1971 land claims settlement. Yet, the North Slope Borough, through its powers of taxation, is in a position to collect many times that amount. Since its incorporation in 1972, the borough has collected \$150 million in property taxes, virtually all of which has been paid by oil companies and related firms operating in the borough. Accordingly, there was opposition to borough incorporation, primarily because the small population of this oil-rich region would gain access to nearly the largest tax base in the state.

Major oil companies immediately went to court in 1972 to challenge the borough incorporation, effectively halting the borough from collecting taxes for more than a year, until the Alaska Supreme Court ruled that borough incorporation was constitutional (*Mobil Oil Company, and others v Local Boundary Commission, and others*). Since then, the oil companies have several times contested the borough's taxing authority. The most crucial of these challenges occurred in 1976 when the borough levied a property tax, above that required to cover current operating and capital expenses, in order to pay debt service on its general obligation bonds. The oil companies predictably challenged the legality of the additional levy, since state law limits the amount of revenue that borough and other local governments can collect from oil and gas properties within their boundaries. The North Slope borough in 1976 apparently exceeded these limits, but maintained that taxes levied for debt service on bonds were exempt from such limitations. In 1978 the state Supreme Court ruled that property taxes for payment of debt service on bonds could, in fact, be levied without limit (*Sohio Petroleum, and others v State of Alaska, and others*).

More important to the borough than oil company opposition, however, is state government policy. The state administration was at first reluctant to support formation of the borough, largely because, as already noted, it considered Prudhoe Bay a statewide rather than a local tax resource. After the borough was incorporated, the 1973 state legislature established restrictions on local governments' authority to tax oil, gas and related development properties. Essentially, borough property tax levies are limited either to a direct per capita amount, or to a potentially much larger amount derived from a formula which limits the valuation assessment. At the same time, the legislature established a 20-mill* state tax on oil and gas exploration, production, and



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transportation properties, with any local taxes on such property to be credited against the state's 20 mills. The amount of revenue that the borough can collect for local government operations (as distinct from debt service) depends in part on the size of the borough's population. In determining the level of revenues that can be collected from property taxes, the borough counts as borough residents not only the permanent population of the villages, but also workers at the Prudhoe Bay complex, along the trans-Alaska pipeline, in the National Petroleum Reserve and at military sites in the borough. These workers, numbering about 5 000 in 1979, generally maintain residences elsewhere, do not vote in borough elections, and their numbers can vary significantly from year to year. As a result, the level of property taxes that the borough can collect also varies from year to year.

The size of the 1978 property tax base in the North Slope Borough is compared to that of the entire state of Alaska in Table 1. The borough's total assessed property value including oil and

* A monetary unit equal to 1/1 000 of the US dollar.

gas was about one-fifth of all assessed property values in the state; nearly all assessed North Slope values were oil and gas properties and accounted for two-fifths of all such properties in Alaska. With the permanent resident population constituting less than one per cent of the state's total population, the North Slope Borough's per capita property value exceeded that of the state as a whole by 25 times.

TABLE 1. TOTAL ASSESSED PROPERTY VALUES, ALASKA AND NORTH SLOPE BOROUGH, 1978

	Alaska	North Slope Borough	Borough as percentage of State
Total assessed property value (in millions)	\$21 345	\$4 716	22
Oil and gas property value ¹ (in millions)	\$11 090	\$4 465	40
Population	450 885	4 100 ²	1
Per capita value	47 342	\$1 180 000	2 500

¹ Includes oil and gas exploration, production and pipeline transportation property.

² Permanent residents of borough villages only; in 1979 there were about 5 000 non-resident workers in the region.

Source: Alaska Department of Community and Regional Affairs, *Alaska Taxable, 1978*.

Perspective on borough growth

In 1972, the North Slope Borough started with an elected mayor and assembly, a handful of employees and budgeted revenues of about \$500 000. Borough revenues grew at an annual average rate of 50 per cent between 1974 and 1979, with property taxes making up the bulk of those revenues and most of the remaining revenues stemming from state and federal funds for education (Table 2). Very little property tax revenue is collected in the borough villages themselves. By 1979, the borough had about 500 general government and school district employees and a total budget of \$74 million.

TABLE 2. NORTH SLOPE REVENUES, 1973-80

Fiscal year	Total revenues		Property tax revenues	
	Amount \$	Annual percentage increase	Amount \$	Percentage of total revenues
1973	550 000		418 000	76
1974	6 160 000	—	3 550 000	58
1975	11 720 000	90	5 500 000	47
1976	16 630 000	42	6 880 000	41
1977	30 000 000	80	19 180 000	64
1978	45 305 000	51	26 826 000	60
1979	53 879 000	19	35 080 000	65
1980 ¹	74 049 000	37	51 965 000	70
Average annual increase, 1974-80	—	51	—	—

¹ Anticipated borough revenues, as estimated in North Slope Borough fiscal year 1980, *Budget document*. Source: North Slope Borough, *Budget documents, 1974-80*.

The size of these revenues can be placed in perspective by examining revenues of other Alaska communities (Table 3). Comparable 1978 data are shown for three other communities, Bethel, Anchorage and Valdez, when North Slope Borough revenues were \$45 million, including about \$27 million in property tax revenues.

TABLE 3. TOTAL REVENUES, SELECTED ALASKA MUNICIPALITIES, 1978

	North Slope Borough	Bethel	Anchorage	Valdez
Population	4 100	3 600	195 000	4 480
Revenues	\$45 305 000	\$2 730 000	\$148 118 000	\$14 461 000
Revenues per capita	\$11 050	\$758	\$760	\$3 228

Sources: North Slope Borough, fiscal year 1978 *Budget document*; City of Bethel, *Accountant's report*, year ended September 30, 1978; City of Valdez, 1978-79 *Budget document*; and Municipality of Anchorage, *Annual financial report*, fiscal year 1978.

Bethel, the largest native community in south west Alaska, with a population nearly equal to that of all of the North Slope Borough villages, had general operating revenues of less than \$3 million, the bulk of which came from federal and state sources and local sales taxes. With about 3 600 residents, Bethel's per capita revenues in 1978 were \$758, compared to \$11 050 in the North Slope Borough. (As a second-class city, Bethel cannot collect property taxes, and like the large majority of native communities, does not lie within an organized borough; further, public education in the Bethel area is supported entirely by the state, supplemented by some federal funds). The municipality of Anchorage, Alaska's largest city, with a population of about 195 000 in 1978, collected total revenues of \$148 million, or \$760 per capita. With larger-scale urban economies and a lower cost of living, this amount of course buys substantially more in facilities and services than does Bethel's equivalent per capita figure. About \$82 million of Anchorage's total revenues was accounted for by property taxes. Another Alaska community based almost exclusively on petroleum wealth is the Prince William Sound port city of Valdez, which is the site of trans-Alaska oil pipeline terminal facilities. Valdez collected total revenues of \$14.5 million in 1978, about half of the total in property taxes; with a population of 4 480, its per capita revenues were \$3 228. Thus, in per capita terms, the North Slope Borough in 1978 collected total revenues that were about 15 times greater than Bethel's or Anchorage's and about three and a half times more than those of the oil port city of Valdez.

Capital improvements programme

Establishing the borough and capturing the property tax base were means to an end. Gaining control of public education programmes and improving social and economic conditions in North Slope villages were among the objectives of borough incorporation. In 1975, the borough began a capital improvements programme designed to bring new schools, houses, water and sewer systems, electrical and heating systems, roads, airports, health clinics and other facilities to the borough's villages. The largest expense will be new schools and other educational facilities, and housing; sanitary systems, electrical and heating systems also make up a large part of the total projected cost. The programme cost has grown from an estimated \$61 million in 1974 to a current \$375 million. Nearly 200 projects are now scheduled under the capital improvements plan, and by June 1978, the borough had spent about \$25 million (North Slope Borough, 1978).

As noted earlier, the borough in 1978 won a major tax victory when the state Supreme Court ruled that state-imposed limits on the borough's tax powers did not apply to property taxes levied for payment of debt service on general obligation bonds. In July 1978, the borough had sold about \$81 million in general obligation bonds; in late 1978 and early 1979, it sold an additional \$120 million, bringing the borough's bonded indebtedness to about \$200 million. The borough anticipates selling an additional \$175 million of general obligation bonds to pay for its long-term construction programme. The borough's bonded indebtedness of \$81 million in July 1978, exceeded the indebtedness of any other Alaska community except Anchorage, which had bonded debt of about \$230 million. In the same year, the native communities of Bethel and

Nome (population 2 900) each had bonded debt of less than \$1 million. Valdez had bonded debt of only \$12 million in 1978, but recently approved the sale of an additional \$48 million in general obligation bonds.

Currently, the largest item in the borough's annual budget is debt service on general obligation bonds sold to finance the capital improvements programme. The borough's annual debt service on its growing debt has increased from about \$7.5 million in the 1977 fiscal year to an estimated \$26 million in 1980. About half of the \$50 million in property taxes the borough collected during the current fiscal year (1980) was for payment of debt service, and this level of debt service will be maintained at roughly this level over the next decade. It should be noted that the borough expects to pay off its general obligation bonds—and thus remove the necessity for debt service tax levies—before Arctic Slope Regional Corporation lands acquired under the native claims settlement act become taxable in 1992; accordingly, the borough plans to finance most or all of the capital improvements programme with property tax revenues from oil companies and related firms operating in the borough.

Education expenditures

After debt service on its general obligation bonds, education is the biggest item in the borough's 1980 budget. In the 1977 fiscal year, the borough school district budget stood at \$8.8 million; in 1980, the budget is estimated at \$16 million, an increase of about 80 per cent in three years.

TABLE 4. EDUCATION EXPENDITURES, SELECTED COMMUNITIES, 1978

	North Slope Borough	Bethel area	Anchorage	Valdez
Number of students	1 064	1 477	35 310	806
Operating expenses	\$11 354 000	\$6 344 000	\$88 078 000	\$4 219 000
Operating cost per student	\$10 671	\$4 295	\$2 352	\$5 234

Sources: Alaska Department of Education, *Annual report*, 1978; Municipality of Anchorage, *Annual financial report*, Fiscal Year 1978; North Slope Borough, *Budget document*, Fiscal Year 1980; and City of Valdez, 1978-79 *Budget document*.

The effects of oil wealth on educational programmes in the North Slope Borough, and to a lesser extent in the city of Valdez, are shown clearly in Table 4. The North Slope Borough school district spent \$10 670 in operating expenses for each of its 1 100 students in 1978, while Valdez, with a much lower cost of living, spent \$5 230 per student. During the same year, the Bethel education area (which, as noted, is funded entirely under state and federal programmes) with a cost of living roughly equal to Barrow's, spent about \$4 300 per student. In Anchorage, the per student operating cost of public education was \$2 350. Expenditures for each student in the North Slope Borough will reach about \$13 000 during the 1980 fiscal year.

Borough employment

In the years since it was incorporated, the borough has become the dominant employer on the North Slope. The number of North Slope village residents employed by the borough has far exceeded the number employed directly by pipeline and oil companies, even at the peak of pipeline construction and oil field development activity. In late 1977, a survey of the villages found that 57 per cent of all native adults living on the North Slope had been employed by the borough (including the borough school district), and only 14 per cent had been employed by an oil company or in pipeline construction (Kruse and Travis, 1979). Further, at the time of the

survey, 52 per cent of the employed respondents were currently employed by the borough. Many of these recently created jobs are, of course, seasonal, short-term and ultimately they will cease when the capital improvement projects are completed. This creation of jobs nonetheless has been the most immediate benefit of borough incorporation to village residents. When added to the increasing availability of new houses, schools, sanitation systems and other facilities being completed, it is clear that the economic and material benefits provided to North Slope villagers have been very substantial. Accordingly, two-thirds of the villager respondents to the 1977 North Slope survey felt that the borough was meeting their needs, and 43 per cent believed that the borough was doing a better job in this respect than any other organization in the region (Kruse and Travis, 1979).

Protection of native values

In exploiting economic opportunities, the borough obviously has come to depend heavily on the petroleum property tax base. At the same time, borough leaders have attempted to protect native villagers and their subsistence resource interests from social and environmental disturbance, and change, that accompany oil development and growth in the region's cash economy (Morehouse and Leask, 1978).

In a practical sense, the borough's demands for environmental protection are not in direct conflict with its need for petroleum development that offers potential economic benefits. Except for federal Outer Continental Shelf (OCS) oil and gas development, which may have a smaller potential economic payoff for the borough and greater environmental risks than developments elsewhere in the region, borough officials have not sought to impede exploration and development activities on North Slope lands. The borough, instead, is seeking protection of subsistence resources and lands traditionally used by natives. It is seeking protection that can be accommodated without significantly deterring oil exploration or development activities on the National Petroleum Reserve, on Arctic Slope Regional Corporation lands, or at Prudhoe Bay and in adjacent areas. The borough is also claiming a share of regulatory control over federal and state lands and waters, regardless of whether oil exploration and development activities are directly involved.

In 1977 the borough's Department of Conservation and Environmental Security presented a formal policy memorandum on North Slope environmental protection, declaring that:

It is the policy of the North Slope Borough to recognize the inevitable development of Arctic energy and mineral reserves, and the threats to our environmental security posed by this development. We seek to avoid harmful impact upon its citizens, families and communities resulting from this development. We feel with good cooperation between government and industry, our land can yield its subsurface wealth with tolerable disturbance of our people and our land (Department of Conservation and Environmental Security, 1977).

The statement then points to the critical environmental threat: 'our greatest concern is caused by Arctic offshore operations. We know of no proven technology through which oil can be safely taken from under the ice that covers the Arctic Outer Continental Shelf.' Taking note of Canadian Beaufort OCS exploration, the statement proposes that a 'single Arctic offshore working agreement between Canada and the US' would be necessary and that the 'Circumpolar Inupiat Community' should also be a party to an international coastal management system.

The statement of policy additionally calls for borough controls 'over surface-disturbing development to enable protection of the many traditional use values of our land' and ends by naming another threat that borough leaders evidently consider as great or greater than OCS:

'... it is our policy to guard against permanent immigration to the Arctic. We are opposed to the creation of permanent oil field communities, and regard Arctic population growth to be potentially our greatest environmental security problem.' Implicitly, 'the environmental' threat perceived by borough leaders is a political one as well, for permanent oil field communities with their non-native voters might eventually challenge Eskimo leadership and control of North Slope Borough government itself.

Future of the borough

The dominant figure and driving force in North Slope Borough government is its mayor, Eben Hopson, who has served continuously in that position since the borough's founding. Testifying before the Berger Inquiry on resource development in the Canadian Arctic, Mayor Hopson said: 'I am very concerned about the long-term economic impact of oil and gas development upon our Arctic community. We are riding the crest of a high economic wave, and I fear about where it will deposit us, and how hard we will land' (Hopson, 1976).

The Inupiat Eskimos of Alaska's North Slope have achieved substantial measures of political independence and economic benefit through their regional government. But, in the process, they have become increasingly dependent on oil development and the cash economy it represents. Consequently, the greatest long-term threat to the borough (as distinguished from native culture and traditions) may not be Arctic OCS petroleum development, or even the possibility of permanent, non-native oil communities. Instead, it may be the decline and eventual depletion of the Prudhoe Bay oil field in the next 20 years, and insufficient alternative sources of either local tax revenue or private income to maintain living standards now assured by borough facilities, services and employment.

There is no apparent basis for local economic development outside the petroleum-based economy, although such an economy may, on a smaller scale, be extended beyond the life of Prudhoe Bay through oil discoveries elsewhere in the region. The alternative is a reversion to the familiar government welfare - native subsistence economy, modified sporadically by resource developments and related construction employment as in the ARCON and DEW-line years. Accordingly, North Slope Borough leaders are fully exploiting present opportunities to tax Prudhoe Bay and pipeline properties, mindful of Prudhoe Bay's limited life, and wary that future state legislatures or court decisions might further restrict their access to the oil property tax base.

The Inupiat of the North Slope have come to depend on their borough government as an instrument of local self-government in at least two ways. First, the borough raises the tax revenues needed to make significant improvements in the standard of living, and, second, it influences the terms of Arctic petroleum development and its impact on the native people of the region. With these benefits have come costs of accelerated change in Inupiat culture, while the borough remains vulnerable to legal and political challenges to its claims on the resource wealth of the region.

Paradoxically, the North Slope Borough has become more dependent on development activity and the external institutions that principally control it—state government, federal government, and oil companies—at the same time that it has strengthened Eskimo self-government in the Arctic. An especially critical point may be that the borough and its tax and expenditure programmes have emphasized state government responsibility for the statewide distribution of temporary resource wealth, and particularly for assisting many other rural, native communities not endowed with significant taxable resources (Garnett, 1973). The future of the North Slope Borough thus depends greatly on the course of petroleum development in the Arctic and on the directions of state government policy for achieving an equitable distribution of revenues and services throughout the State of Alaska.

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