

# Northwest Arctic Borough economy profiled

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Once a summer trading post, Kotzebue now serves year-round as a regional economic center and is the headquarters for the Northwest Arctic Borough. The Northwest Arctic Borough is a relative newcomer as a government entity. The eleven communities within its boundaries have local governments older than the borough itself, which was incorporated in 1986. It is the second-largest borough in the state, surpassed in size only by the North Slope Borough.

The U.S. Census Bureau counted more than 6,000 people living in the Northwest region of Alaska in 1990. Even with a high birth rate, the Northwest Arctic Borough population has grown more slowly than Alaska as a whole. This is because the region had much lower immigration rates over this time period than the state. The majority of the population is Inupiat Eskimo; Kotzebue has the third-highest population of Alaska Natives outside of Anchorage (behind Bethel and Barrow).

## **Majority of jobs are in government and health care**

Many of the region's residents practice a subsistence lifestyle; opportunities to earn income with a wage and salary job are limited. Forty-three percent of all jobs are in the public sector. The largest employer is the Northwest Arctic Borough school district, with 400+ employees.

In the private sector, the largest employer is Maniilaq, the regional non-profit corporation which provides health and social services to the region. Maniilaq also operates the hospital in Kotzebue for the federal Indian Health Service. Construction began in the summer of 1992 on a new \$46 million hospital, with completion sched-

uled for late 1994 or early 1995. The new hospital is the largest construction project ever undertaken in Kotzebue.

Another employer on the list of the eight largest is the Nullagvik Hotel in Kotzebue. It is a small part of the regional for-profit NANA Corporation. The entire corporation has about 1,000 jobs in Anchorage, the North Slope and the Northwest Arctic Borough. NANA has promoted local tourism and estimates 9,400 tourists visited Kotzebue during the summer of 1992. In addition to the hotel NANA operates a museum and culture camp for tourists.

## **Red Dog mine boosts employment opportunities**

The largest economic venture NANA has entered into locally, and indeed the largest economic venture ever for the region, is the Red Dog mine. The lead and zinc mine is located 70 miles north of Kotzebue. It is not only a large project for the region, but the lead and zinc produced there now makes up a considerable portion of production worldwide. The mine is owned by NANA and leased to Cominco, which owns and operates the mining and processing facilities. The mine was developed during 1987-1989 at a total cost of \$415 million. Today it is the second-largest private employer in the Northwest Arctic Borough. Cominco makes a concerted effort to hire locally; about 47% of the 300+ employees are NANA shareholders.

When the Red Dog mine opened, employment soared in the region. Not only were stable, year-round mining jobs created, but the income earned from those jobs

translated into increased demands for goods and services. Employment in the services sector grew by 46% in the last four years. In addition to mine employment, other private firms have employees at Red Dog who provide transportation and other services.

## **Low income, high poverty**

In spite of the ability to earn good wages at the Red Dog mine or in the public sector, per capita income is much lower than the state average for all communities in the Northwest Arctic Borough. One reason is the continuing reliance on subsistence. Most residents do not rely entirely on a cash economy. Another reason is there are few opportunities locally for wage and salary employment, especially on a year-round basis. Third, the borough has a relatively young population, with close to half the population under 18 years old. This means income is shared among a proportionately greater number of people too young to

work for wages.

Exacerbating the low incomes in the region is the fact that many living costs are high. Food costs are 50 to 100% higher than Anchorage. A 1985 study done for the State of Alaska found that the region's residents spent considerably more than Anchorage residents for energy and utilities, even

though these commodities receive federal and state subsidies. On the flip side, some costs are lower. Because of public housing subsidies and the federal mandate to provide health care for Alaska Natives, total expenditures in the region for housing and medical care are relatively low.