

FROZEN ASSETS: PRIVATE SECTOR ACTORS IN ARCTIC GOVERNANCE

by

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Abstract

The circumpolar Arctic epitomizes global change as political, social, and economic activities continually reconfigure the region. Diverse actors negotiate around a range of pressing issues such as climate change, trade, defence, and natural resource development. In this international milieu, states seek to pursue national interests as well as cooperate with non-state, supra-national, and sub-national entities that increasingly influence the governance landscape.

This project examines how private sector development and state interests interplay in efforts to develop Arctic natural resources and asks what this tells us about the role of the private sector in regional governance. This project contributes to theories of new forms of state power and the political construction of space, especially in critical geopolitical literature. It connects Arctic development and geopolitical literatures through an analysis of the implications of private sector development decisions for state sovereignty. It examines evolving forms of transnational governance in the context of globalized political and socio-economic processes. The circumpolar region is an excellent laboratory for scholars to consider similar issues of sustainability in broader global contexts.

This study draws its empirical analysis from two case studies: the Siberian city of Norilsk, Russia and the North Slope Borough in Alaska, USA. The cases focus on recent multi-party policy negotiations at these sites of natural resource development. They are theorized in their own right, as examples of processes in diverse regions, with linkages between them also drawn out. I use a methodological approach that emphasizes the ‘how’ of governance, and explores the practices of policy-making. This framework captures the dynamic social processes that underlie governance in the circumpolar region.

This dissertation aims to understand the intertwined roles of states and private sector actors in Arctic political affairs. However, it also contributes to our understanding of the global political economy beyond the Arctic. Economic development and investment decision-making in the circumpolar region have implications for Arctic states, global natural resource markets, energy importing states, as well as for northern residents.

Lay Summary

A growing number of stakeholders in the circumpolar Arctic are attempting to manage the region according to their own interests. Arctic and non-Arctic countries claim natural resources and strategic geopolitical advantage in the area. At the same time, indigenous residents and environmental organizations aim to preserve traditional lifeways and the fragile environment, and transnational organizations such as the Arctic Council attempt to mediate these diverse voices. Among these voices, this study focuses on private sector actors and how they shape regional governance. The dissertation draws on two case studies in the U.S. and Russian Arctic to examine how natural resource development companies advance their own interests by either strategically cooperating with or by marginalizing other actors. In so doing, they help create the narratives and material conditions that shape development paths in the region.

Preface

This dissertation is an original intellectual product of the author, Genevieve Parente. The study draws on original primary material from three research trips to the Arctic. I took two trips to Krasnoyarsk Krai, Russia in 2011 and 2013, and one trip to Alaska, USA in 2015.

Data from the Norilsk trips contributes to the empirical basis for the Chapter 5 case study. Fieldwork in Norilsk was done in two rounds in 2011 and 2013. I participated in the second visit in 2013 as an independent researcher. It is covered by an ethics certificate issued by The George Washington University. In 2011, I visited Norilsk for the first time as an M.A student to collect data for my thesis. Only material from this first visit has been used elsewhere and is cited here in a manner that acknowledges that previous use. In Chapter 5 I refer to my master's thesis entitled "Comparative Migration Trends in Russian Arctic cities: Igarka and Norilsk" (2012) completed at The George Washington University in Washington DC. I also refer to data from a publication entitled, "Living in the New North: Migration to and from Russian Arctic Cities," used with permission from Parente, Shiklomanov and Streletskiy (2012).

Data from the Alaska trip contributes to the empirical basis for Chapter 4. UBC Human Ethics certificate number H14-02661 covered the fieldwork reported in Chapter 4 (the Alaskan case). Data from the Alaska visit contributes wholly original primary material that has not been cited elsewhere.

The dissertation also builds on publications that I have written as a doctoral student. I refer to material, used with permission, drawn from my own publication, "Shaping Russia's

new Arctic The Union of Cities in the Arctic and the High North” in Laruelle’s *New Mobilities and Social Changes in Russia’s New Arctic* (Routledge) (Parente, 2016). Chapters 2 and 3 rework empirical material that was also used in a previously published article entitled, “Assessing the role of resource extraction companies in Arctic decision-making: a new methodological approach” (*Polar Geography*, 2015). All figures are either open source or used with permission.

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Chapter 1: Introduction

Two settlements, the Siberian city of Norilsk, Russia and the North Slope Borough in Alaska, USA, sit geographically on remote edges of the Arctic (Figure 1). Located on almost opposite sides of the circumpolar region, they are both sites of considerable natural resource development—minerals in Norilsk, and oil and gas in the North Slope. Despite the peripheral locations, their resource operations managed by large, private sector resource corporations knit them closely into the political economy of their nations, as well as to global audiences and markets. Their local development is of interest to a range of stakeholders far beyond their immediate borders. These areas have long been the focus of public and private economic investment, government policy, and geostrategic calculations as multiple stakeholders seek to control development to further their own goals.



Figure 1. Map of the North Slope of Alaska, USA, and Norilsk, Russia. Open source image from Wikipedia. https://en.wikipedia.org/wiki/Northern_Canada. Annotated by G. Parente.

This study examines these two sites to understand how corporations and state interests intertwine in efforts to develop Arctic natural resources, and what this tells us about the role of the private sector in regional decision-making. In both sites, shifting constellations of stakeholders negotiate cooperatively and contentiously. These case studies represent a diverse Arctic. Dynamic governance practices play out throughout the circumpolar region as different actors negotiate their interests around issues as varied and complex as socio-economic change, economic development, environmental protection, and geostrategic affairs. On the transnational stage of the Arctic, states pursue their own national interests as well as negotiate with diverse sub-national and non-state entities that also seek to shape regional decision-making.

The American Arctic is the site of the first empirical case study. I examine the recently abandoned, controversial offshore oil development of Royal Dutch Shell Corporation in the Chukchi Sea, off Alaska's North Slope. Negotiations to share anticipated offshore drilling profits between Shell and North Slope indigenous corporations indicate that stakeholder dynamics are more complex than most analyses suggest. The North Slope is a major petroleum producer for the United States, as well as an indigenous-managed municipality. Fluid stakeholder alliances and overlapping claims extend from local villages to global resource markets.

This case focuses on Shell Corporation as the primary private sector actor rather than indigenous corporations, both because I examine Shell's offshore initiative, and to create a more clear parallel with the second case study, which also features a large, multinational, private sector actor, Norilsk Nickel. Here, Shell influenced federal Arctic and energy agendas as it promoted its own offshore oil program as a means to ensure economic and energy

security locally, nationally, and in Alaska. The company buttressed this rhetoric with spending and material investments. Shell enrolled the North Slope community in offshore development through narratives of economic security, and practices such as profit sharing and selective stakeholder alliances. The company largely overrode concerns about local control of environmentally sensitive whaling waters that are the foundation of traditional livelihoods and Inupiat identity.

A second empirical case involves the powerful Norilsk Nickel Corporation in Norilsk, Russia. Norilsk Nickel is among world's largest private mining and metallurgy companies. In an effort to improve its own corporate performance, the company intervened in recent federal legislation that defined the administrative borders of Russia's Arctic region. Norilsk Nickel sought to toughen restrictions along the border of the new Arctic territory to reduce in-migration into the region, and the city itself. It linked its own corporate efficiencies to national priorities that consider uncontrolled population mobility and weak borders threats to regional geopolitical and economic security. Norilsk Nickel's political interventions in policy areas normally decided by the central state (i.e., setting external border and migration policy) both challenge and reinforce the federal government's role in setting national security narratives and Arctic development plans.

I link my empirical findings to broader theoretical governance debates in order to suggest new conceptualizations of Arctic decision-making. Arctic governance lies at the intersection of several subfields of geographic inquiry. This research draws on and contributes to scholarship in the areas of evolving forms of state sovereignty, transnational governance, and critical policy studies. Given the relative novelty of this area of study, I draw from Arctic and non-Arctic literature both within and outside geography. In so doing

this study highlights the strengths and weaknesses of Arctic governance scholarship. The study concludes with some suggestions to improve theoretical frameworks of Arctic decision-making.

The primary contribution of this study is its examination of *how* state sovereignty evolves and operates in cooperative tension with corporations. I explore how corporations enable states to exert “effective” sovereignty in new ways in the Arctic. It contributes to emerging scholarship on how new forms of state power operate in evolving global processes. This study addresses a central tension emerging in critical geopolitical debates about the Arctic: how to decentre states in analyses of governance but account for the enduring role of changing states, as well as how to understand evolving forms of transnational sovereignty. (Heininen, 2014).

To address the rise of new stakeholders in Arctic governance, this dissertation focuses on the role of the private sector in regional decision-making. I theorize corporations as powerful geopolitical entities. They participate in emerging governance regimes that shape regulatory environments and investment opportunities. A focus on corporations however, also highlights the fact that states remain powerful actors in the region, but exercise sovereignty in new ways. “The state thus operates as a site for contested processes, projects, and strategies; it is a social relation that is produced and transformed through continual struggle” (Brenner & Elden, 2009, p. 364). In this study I find that corporations encourage states to selectively deploy certain forms of sovereignty. I draw on studies that seek to understand how Arctic states evolve in the processes of globalization (Gerhardt, Steinberg, Tasch, Fabiano, & Shields, 2010; Heininen & Nicol, 2007a). Similar research focuses on

regional economic development and market processes, with some overlap with the previous body of work (Nicol, 2010; Weissling, 1989).

This project also draws on and contributes to theories of critical policy studies and knowledge production. My contributions are, first, an exploration of how private sector actors propose the problems and solutions, the risks and opportunities, around which they and other stakeholders base their decisions. I find that private sector actors frame their own projects as solutions to specific problems. Corporations then, are not merely playing within the “rules of the game” set by governments. Through their activity they help set norms and practices that become new circumpolar regulatory and administrative standards.

A second key finding is that corporate and state *interaction* shape regional norms and policy priorities. The messy dynamics involved in processes of policymaking highlight the blurred, multiscalar lines between public and private sector actors in these cases. These dynamic processes do not allow us to make clear distinctions between state and private sector actors (Parente 2015, p. 230). It also emphasizes that states in these cases are neither static nor monolithic entities. Divisions within the multiscalar state apparatus render decision-making complex. Jessop (1990, p. 261) notes the “struggles and rivalries among [the state's] different branches.”

A third finding refers to the nature and impacts of these interactions. In these cases corporations and states co-produce narratives and practices that suggest certain forms of economic development as the means to ensure security. These actors define security in particular ways, primarily as national security, energy security, or economic security via non-renewable industries. These actors reiterate and entrench these priorities through their interactions. As decisions framed in this way aggregate, they shape the region’s

development along interlinked priorities of national security and economic efficiency. This study refers to the co-production of narratives, texts, and activities to describe the way in which these knowledges and practices developed iteratively through the interactions of different actors in these cases. I draw theoretically on Agnew's (2007) discussion of how "knowledge [texts and ideas] is made as it circulates; it is never made completely in one place and then simply consumed as is elsewhere" (p. 145-146).

Methodologically, I draw on critical policy studies to investigate how these dynamic relationships operate. To capture the fluidity of Arctic governance I analyze the processes of decision-making that lead to certain policy outcomes. I conceptualize governance networks and structures as social *practices*. In this project stakeholder relationships are considered as explanatory links between political prescriptions and policy outcomes. The mechanisms of regional policy-making are clarified by examining how corporate and state actors interact in these specific cases of Arctic policymaking. A focus on policy processes both complements and presents an alternative to the prevailing institution-oriented analyses.

This study builds on efforts by critical geographers to critique Arctic governance analyses reliant on International Relations (IR) approaches such as neorealism and liberalism. In these IR framings, Arctic governance is conceptualized as an ahistorical state-oriented strategic game among institutions with predetermined interests (Heininen, 2014, p. 241). However, although critical Arctic geopolitics questions these orientations, many analyses either do not fully escape these framings or lack empirical alternatives (Dodds, 2010; Dittmer et al. 2011). Similarly, analyses of new Arctic governance arrangements outside the discipline of Geography also run aground in the Westphalian framework (Shadian, 2010; Wegge, 2011). My empirical focus on private sector decision-making strengthens critical

geopolitics approaches to Arctic governance. It decentres the state as the main unit of analysis and incorporates new stakeholders into analyses of Arctic governance. It also examines how stakeholders construct their interests in relation to each other and across scales; and it reintegrates economics more explicitly into political analyses of the Arctic.

Finally, this dissertation contributes to several aspects of transnational governance literature. I find corporations, as non-state actors, influence the practices of state sovereignty in the Arctic. I examine how they do so. Second, I find corporations help states navigate the domestic and international tensions they face in globalized processes. As companies frame their own initiatives as solutions to security and development concerns, they connect local projects to regional, national, and international realms. They move policy issues between domestic and foreign policy spheres. As states interact with corporations, corporate projects, and the broader policy issues they involve, their decisions and relationships extend within and beyond their own borders. These findings also highlight the transnational aspects of apparently local decision-making. As such, this study connects to new debates about the materiality of transnational space (Collyer and King, 2015). In other words, how to ground material processes in a deterritorialized era of globalization. They also complicate the prevailing theoretical dichotomy of territorialized states and deterritorialized corporations. As such, this transnational study contributes to Arctic political analyses often bifurcated between local domestic, and transnational geopolitical discussions (Rowe & Blakkisrud, 2014).

In sum, I argue that the multiscalar policy processes of state and corporate actors shape Arctic policy framings that underlie decision-making processes and shape evolving forms of state sovereignty. To understand how this operates, this study focuses on how public

and private actors navigate their roles and relationships in two specific case studies. In their interactions, it is clear that the line between public and private has become exceptionally complex in these cases. This study helps us understand states and private sector actors in evolving Arctic political relationships, and how together they shape regional governance and development trajectories in the Arctic.

1.1 Dissertation Outline

The dissertation is divided into seven chapters. The following chapter presents the research design and provides a thorough explanation of the field research. The methodology detailed in this chapter focuses on examining the processes through which policies develop. This approach is further clarified in Chapter 3, which also reviews the scholarly literature on Arctic decision-making. This review focuses on geographical literature when possible, but given the youthfulness of the Arctic subfield, it also refers to work outside the Arctic and outside the discipline to help explain these cases. The fourth chapter presents the first case study of the North Slope Borough in the United States.

Chapter 5 is the second case study of the city of Norilsk in Russia. This case draws on two research field trips in 2011 and 2013. Data from the 2013 trip contributes wholly original primary material that has not been published elsewhere. I also rework some primary and contextual material collected during the first Norilsk visit in 2011 for the different purposes of this thesis. Some of this material concerning Norilsk as an economically challenged city managed by Norilsk Nickel was published in the M.A. thesis and other publications enumerated in the Preface.

Specifically, this chapter builds on original material gathered from these trips that

consists of local-level demographic, migration, and socio-economic data about Norilsk, as well as insights about these topics from interviewees in Norilsk. This material establishes the background context for a distinct empirical and conceptual analysis in this dissertation that examines Norilsk Nickel's intervention in federal Arctic Zone legislation, analyses federal and corporate relations and how they shape state practices of sovereignty, and compares Norilsk's transnational decision-making dynamics with that of the second case study, the North Slope in Alaska. I draw upon original data about Norilsk from my earlier work to support my analysis, as there are few alternative sources of such granular socio-economic material from this remote city, and I am one of very few scholars to have conducted interview-based research there.

Chapter 6 synthesizes the empirical cases and places them in a theoretical framework to clarify the cases themselves and their place in broader regional dynamics. Chapter 7 outlines the main conclusions of this analysis and suggests new directions for further research on Arctic governance. In this chapter I discuss the utility of the theoretical framework I have outlined in Chapter 6 to bridge the presently siloed analyses in disparate geographical subfields, particularly critical geopolitics (Arctic and non-Arctic) and political economy.

Chapter 2: Methodologies and Research Design

2.1 Policy and Knowledge Production

This dissertation draws its methodological toolbox from critical policy studies, a body of work that traverses geographical, anthropology, sociology, and parts of political science. Critical policy studies focus on the social relations of policymaking to understand the assumptions and dynamics that underlie regional decision-making and impact policy outcomes. I contribute a policy process methodology to Arctic research and introduce the circumpolar context to knowledge production literature.

Critical Arctic scholars aim to understand, to paraphrase Kuus (2014), why this place is “dealt with in a particular manner.” They emphasize that framings and narratives used by powerful actors reify certain forms of knowledge and strengthen the governance roles of particular regional actors. Therefore they aim to integrate the perspectives of a broader range of circumpolar stakeholders to reflect new regional power dynamics, and ask how we can reconsider practices of state sovereignty in this new context. Powell and Dodds (2014) remark on the relationship between knowledge and power in the Arctic.

[Current activity] brings to the fore the importance of geographical knowledge (or what we term here knowledges, in order to draw attention to multiple manifestations and complex political economies surrounding the production and circulation of knowledge) in shaping expressions of sovereign power. (p. 4)

Critical scholars recognize the need for alternative frameworks of regional governance that incorporate new actors, knowledges, and fluid circumstances (Powell and Dodds, 2014). As Dittmer et al. (2011, p. 203) note, Arctic geopolitical scholarship needs to advance beyond state-centred analytical frameworks prevalent in both neorealist and liberal readings of the region.

However, critical analyses of evolving forms of circumpolar governance often persist in emphasizing already dominant institutions and actors, namely states, and how state sovereignty is constructed by the state (alone) and deployed from the centre. Analyses critique state Arctic policy and practice, particularly how states use the Arctic as a place to perform sovereignty through mapping (Steinberg, 2010), Arctic policy framings (Dodds, 2011; Rasell, 2009), and other activities. This approach is useful but can actually entrench state-centred analyses, and by focusing on how the central state ‘projects’ interests and sovereignty on the Arctic, these analyses leave unexplored how the knowledge and assumptions underlying these interests are produced or constructed in multiple locations among several actors. Therefore this study draws on critical policy studies to focus on the production of policy and examine corporations as understudied producers of knowledge. By focusing on the social and political context of decision-making rather than institutions and pre-determined interests, this approach allows us to examine how corporations and states define problems and solutions and frame debates. These framings are the background on which actors base their decisions, the assumptions that make policy options either possible or unlikely, and they shape governance pathways as they aggregate.

Thus, it is through decision-making processes that new regimes of knowledge and new practices of sovereignty emerge. Analyzing particular policies provides links between local and global trends; “windows onto [broader] political processes in which actors, agents, concepts and technologies interact in different sites, creating or consolidating new rationalities of governance and regimes of knowledge” (Shore, Wright, & Pero, 2011, p. 2).

A policy process approach focuses on relationships rather than political structures (Légaré, 2002). The dynamic methodology animates governance networks and structures

by analyzing them as social practices. It presents an alternative to prevailing actor/network analyses focused on institutions and actors (Dittmer et al., 2011). Static prevailing methodologies fail to capture the literature's overarching narrative of a "changing" Arctic.

This study, which links governance processes across several scales, also builds on new analytic trends in critical Arctic geopolitical literature, which seek to emphasize connections beyond the Arctic (Heininen 2014, p. 248). Scholars also hope to integrate local governance practices with larger scales. In practice however, much critical Arctic geopolitical literature is "territorially trapped"—it does not account well for how governance occurs across scales. Rather, most work focuses either on subnational or national-level policy and actors, or only supranational organizations, if it ventures abroad (Dodds, 2011).

I focus on political decision-making in the Arctic, which is almost never the object of analysis, while an anthropological and sociological approach is even more rare. Arctic ethnographies focus on the cultural or socio-economic conditions of Arctic residents (Christensen, 2012; Thompson, 2008). Some environmental governance scholarship applies network decision-making to regional governance (Lemos & Agrawal 2006; Castells, 2000). This methodology problematizes this network approach, which retains an institutional focus. Arctic political and economic research on governance often details or critiques "best practices" or quantitative outcomes. However, as Wedel notes, "the broad strokes of policy and funding typically [fail] to incorporate the particulars of implementation: who participated, how they were tasked, what their relationships were to each other as well as to the public and to the law" (1998, p. 185).

Finally, I draw on critical policy research in non-Arctic contexts including the production of policy expertise inside and outside state bureaucracies (Barnett, 2003; Greenhalgh, 2008; Gusterson, 1996).

2.2 Research Methods and Fieldwork

This project draws its empirical analysis from two case studies in Arctic settlements: the North Slope Borough in Alaska, USA, and Norilsk in Krasnoyarsk Krai, Russia. The Arctic's political and socio-economic processes are highly varied, so these cases are not intended to be directly comparable. The research sites have several differences; however, they represent the varying experiences of diverse Arctic settlements in negotiating with multinational corporations and states. The cases are theorized in their own right, as examples of processes in diverse regions, with linkages between them to be drawn out later.

These sites have in common the stakeholder dynamics that allow me to address the central research question of how corporations shape Arctic governance and state sovereignty. Both feature ongoing multiparty policy negotiations at sites of natural resource development. I examine the interrelationships among actors at these sites. The theoretical framework placed around the selection of case studies is part of a policy process methodology, an approach neglected in Arctic literature (Parente, 2015).

I selected the Alaska case study through online news article searches. Like the Norilsk case, it features a constellation of actors; reliance on natural resource extraction; and the longstanding presence of large resource corporations. The North Slope offered practical advantages as a study site. I could obtain logistical support available to conduct research at this location, and extensive information about the community is available online. Russian

fieldwork was made possible through my participation in a network of scholars that provided me with the necessary professional contacts and funding.

American and Russian fieldwork consisted of site visits, formal and semi-structured interviews, and documentary research using primary and secondary sources. I conducted confidential interviews with individuals involved in city political and economic administration as well as community members. All interviewee names have been changed and identifying details cloaked, per my agreement with them guaranteeing anonymity. The interviews were intended to flesh out the political workings of these settlements, and contextualize the main policies being studied. Interviews provided insights into how various economic arrangements and political relationships have developed and operate. Site visits and interviews are still unusual among critical geographers researching the Arctic. Although state decisions are made at several levels, critical geopolitical research often relies heavily on federal level discourse analysis (Dodds 2011). My grounded research offers a nuanced view of how contingency shapes policies at several scales. Local interviews shed light (wittingly or unwittingly) on the dynamics that underlie formal decision-making. As Schoenberg (1991, p. 181) says, “Interviews offer unusual access to the often conflicting and shifting strategic logic and historical contingencies that underlie corporate decisions.” As such, the interviews and site visits supplement other information sources, including official documents and press articles.

There was a significant asymmetry in access in the North Slope compared to Norilsk, which is reflected in the quality of interview material in this dissertation. The North Slope is a high profile settlement, often in the news. Interviews with local institutional representatives are relatively easy to obtain and execute. Norilsk, on the other hand, offered

several unique challenges and opportunities as a research site. The Russian city has deliberately closed itself off from the outside world, presenting serious limitations for scholars seeking to enter the city and conduct interviews with local authorities. Norilsk is a “closed city,” an unusual administrative designation that restricts entry by foreigners. Few foreigners visit this city, and very few have access to civil servants or company officials in an investigatory capacity. This is a longstanding policy, apparently based on the sensitivity of its resource extraction activities to national security. Indeed, for many of the employment positions, Russian citizenship is required. Despite these challenges, Norilsk is my case study site because its decision-making dynamics suit my research frame of public and private interaction, and I was able to obtain access through my academic connections. It was an opportunity to study an obscure but important Russian Arctic city. Transnational study is still rare in Arctic research and these field trips offered an unusual opportunity to study the Russian Arctic, which is less studied by North American scholars.

I participated in two research fieldtrips to Norilsk, Russia (pop. 176,000) in 2011 and 2013. During the first visit, I conducted site visits, participant observation, and interview-based research in the Siberian industrial towns of Norilsk and Igarka in support of my M.A. thesis on migration policy in the Russian Arctic. During a second fieldtrip in 2013 as an independent scholar, I conducted site visits, participant observation, and archival research. For both fieldtrips I joined scholars from The George Washington University.¹ These scholars also participate in a network of Arctic specialists, the Arctic Research

¹ Russian fieldwork, professional contacts, and funding were made possible through Dr. Kolia Shiklomanov and Dr. Dmitry Streletskiy at The George Washington University, who invited me to participate in a 2011 fieldtrip to Russia. Dr. Laruelle (also at GWU) invited me to participate in a similar fieldtrip in 2013. Dr. Valeriy Grebenets, at the Moscow State University Department of Geography organized and managed these trips. These fieldtrips were funded through grants from the US National Science Foundation. (NSF grant numbers ARC-102119 and ARC-1231294), and the National Research Council of Norway Grant 34306/1/ECNS21015N.

Coordination Network. This group holds multi-year grants to build a network of scholars working on urban sustainability in Russia's Arctic from the National Science Foundation (NSF) and Norwegian Research Council (as part of the consortium led by the Barents Institute in Tromso University). It is comprised of interdisciplinary scholars at institutions in several countries, and based at the Elliott School of International Affairs at The George Washington University in Washington, DC.² I have been invited to participate in several Network conferences, which offered opportunities to interview Russian and Western academics familiar with Russia and the Russian North. Network members helped translate Russian articles and are familiar with other Slavic information sources and datasets. I was introduced to these resources in earlier M.A. thesis research (Parente, 2012).

This dissertation makes some use of original data gathered from the 2011 fieldwork in Norilsk conducted for my M.A. degree for the different research objectives of this thesis. I indicate clearly any references to already published work. The substance of the material obtained from this first trip consists primarily of demographic, migration, and socio-economic data about the city. In Chapter 5 of this dissertation (the Norilsk case study) I rework some of the data derived from this trip and cited in the M.A. thesis as contextual information for an original argument. In contrast to the limited scope of the M.A. thesis, which examines how the city is managed, the doctoral dissertation presents a different conceptual as well as empirical argument about Norilsk Nickel's role in transnational governance processes and practices of state sovereignty. This requires new material from other sources, including the second Norilsk trip in 2013, corporate documents from Norilsk Nickel, discussions with other scholars with firsthand knowledge of Norilsk, local and

² The network website can be found here: <http://www.gwu.edu/~ieresgwu/programs/ARCN.cfm>

federal government policy documents, and English and Russian language news and academic sources.

During the 2011 trip to Igarka and Norilsk, I conducted 11 semi-structured individual interviews in Norilsk with representatives from several public and private institutions including a city council member, representatives from housing, economic development, and employment bureaus, the city statistical agency, the local branch of federal migration authorities, Azeri community members, local religious leaders, public education specialists, and academics from The Russian Academy of Sciences and from Moscow State University (Parente 2012, p. 25). I arranged additional site visits to observe the condition of the city infrastructure, enter local cultural and religious sites, and visit the bedroom communities just outside Norilsk. To learn about local industry from Norilsk Nickel managers, I visited resource extraction sites, which included visits into closed and open pit mines and metallurgy operations. These visits gave me an opportunity to ask questions of Norilsk Nickel company representatives.

My aim was to gather local level data on Norilsk's resource extraction industry operations, as well as gain a more fine-grained understanding of socio-economic change and local demographics in light of the well-known economic development challenges of the post-Soviet period. Cities throughout the Arctic, including Norilsk, have experienced significant migration inflows and outflows as their economic fortunes have altered drastically since 1991. The city of Norilsk has changed as Norilsk Nickel, the city's main employer has restructured over the past few decades.

I traveled to Norilsk as part of a larger research group of students conducting scientific analyses of permafrost. The group was granted permission to enter in advance

because it was organized by Moscow State University, and included a few foreign students. Travel to Norilsk required a two-day train trip from Moscow to Krasnoyarsk, and from there a three-day trip up the Yenesei River by boat. Upon arrival in Dudinka, the port town that operates as an appendage of Norilsk Nickel and point of entry to Norilsk, the entire group passed through a checkpoint on the dock. Foreign students were separated further for entry processing. After passing through this checkpoint, we boarded ice-road trucks for the remaining portion of the journey into Norilsk. As a participant with limited Russian-speaking capacity, in an introverted city, I relied on an English-speaking colleague who is a member of the Russian Academy of Sciences (RAS). Through his affiliation with the well-respected RAS, we gained entrée to interviews that would likely otherwise be refused. The surprise of the visit was that the RAS badge we displayed gained us access to interviews with city civil servants. I spoke with representatives in offices that I had previously identified as knowledgeable about city operations that impact immigration and economic development, the topics of my thesis. I transcribed by hand. After the interviews my colleague and I reviewed my notes to flesh out gaps. I found interviewees to be formal and pleasant. The information they offered was limited at times either by what seemed to be a lack of authority on a given subject, or because of a reluctance to give out “sensitive” information. At times my RAS interpreter warned me off certain lines of questioning. Immigration is a politically sensitive topic in Russia in any location and particularly in this closed city. During the interviews I favored non-controversial questions over more penetrating questions that could end the meeting abruptly and possibly impinge on my guest status in the city. As a result of these limitations around access to elite interviewees and language, much of the interview material from Norilsk occurs in paraphrased form.

On the return visit to Norilsk in 2013, (i.e. during my doctoral program), I conducted site visits, participant observation, print media research, and interviewed scholars about local and regional financing, local politics, relations between the Norilsk bureaucracy and Norilsk Nickel management, local employment statistics, municipal participation in the Russian Union of Northern Cities, and municipal intervention in federal efforts to demarcate a formal Arctic zone. During this visit, without my own interpreter, during site visits I asked bilingual colleagues to pose my questions and interpret answers for representatives from various local institutions. In Barrow and Anchorage, I followed a more straightforward method of identifying individuals associated with the Shell proposal or leaders in the community, gleaned from news reports and websites from governmental institutions and local organizations in the North Slope and Anchorage.

Interviews, participant observation, and site visits provided valuable local insights to fill in the gaps between official documents, press releases, and news reports. Most interviews were with individuals privy to the management and administration of the municipalities, or other corporations or non-profit organizations. In both Norilsk and the North Slope, when access to elites was difficult, or informants refused to discuss certain issues, I complemented interview data with information from other documentary sources to trace negotiations and understand policy development. My experiences with this research method reflect the challenges involved in interviewing “elites,” discussed by other researchers (McDowell, 1992; Schoenberger, 1991; Kuus, 2013).

The second case study is situated in Alaska’s North Slope (Chapter 4). It focuses on a recent profit sharing agreement negotiated between local organizations and Shell Oil Corporation that occurred against a backdrop of longstanding cooperation and conflict

between these groups regarding local oil development. Interview-based research was conducted in the town of Barrow (pop. 5,000), capital of the North Slope Borough, and in Anchorage Alaska, USA, during a 2014 fieldtrip.³ My intention was to better understand the dynamics among North Slope organizations as well as the local political economy. In the North Slope and Anchorage I conducted 12 semi-structured individual interviews with officials from local organizations both participating and not participating in Shell's profit sharing agreement.

Interviewees included representatives from the following local government, community, and private organizations: North Slope Borough government, Department of Wildlife Management (NSB), Arctic Slope Regional Corporation (ASRC), Arctic Inupiat Offshore LLC, native village corporations and governments, and the Arctic Slope Native Association (ASNA). I also conducted multiple site visits to the proposed drilling sites. I pursued questions concerning Shell's proposed development and local relationships between Shell, local, state, and federal governments and government agencies, as well as about local and regional financing, relations between the Barrow bureaucracy and Shell management, local employment statistics, municipal participation in state politics, relationships between the municipality and tribal organizations, and among indigenous corporations and the municipality, state and federal agencies, as well as resource companies.

This study is not ethnography. The use of interviews and site visits to gather information in the field reflects my limited resources and challenges accessing elites in an expansive ethnographic sense. Scholars note that if researchers cannot access or do not have resources for "deep hanging out" (ethnography), they can use extended case studies

³ In October 2016, Barrow residents voted to restore the original name of the city to Utqiagvik. However, this issue will be in and out of courts for some time, so I retain the use of the name Barrow throughout this dissertation.

(participant observation) and interviews as alternatives. Kuus, discussing research methodologies in bureaucracies, notes: “We certainly need close-up knowledge of and sensitivity to the social context of foreign policy processes. Such sensitivity can be practised through interviews as well as ethnography” (Kuus, 2013, p. 14).

2.3 Case Study Descriptions and Comparative Approach

The U.S. case study examines an offshore oil development site abandoned in 2015 by Shell Corporation in the Chukchi Sea. The proposed site was adjacent to Alaska’s North Slope Borough, which is governed by an indigenous majority, a reflection of the Inupiat population. The borough is considered a successful example of market-led development through reinvestment of oil revenues mainly through indigenous corporations. I focused on a profit-sharing agreement negotiated in 2014 between a Shell Oil subsidiary, an Alaska Native Regional Corporation, and six Native Village corporations.⁴ The agreement would have shared the profits from offshore drilling off Alaska's Chukchi Sea coast between these companies. Alaska state senators supported the joint venture, although they were not directly involved with its negotiation.

This agreement was one of the most recent events in decades-long advocacy and litigation efforts to open the Chukchi Sea area to offshore drilling. These events highlight the shifting governance dynamics in the region. In 2013, for example, after years of planning, Royal Dutch Shell PLC briefly suspended, and then restarted its proposed offshore operations in the Alaskan Arctic. The suspension was due in part to a lawsuit brought by

⁴ “Shell and the Arctic Slope Regional Corp. announced the formation of a new company called Arctic Inupiat Offshore LLC. Its participants include six village corporations on the North Slope. The agreement with the Shell subsidiary, Shell Gulf of Mexico Inc., gives the Alaska Native company the option of acquiring an overriding royalty interest from Shell's drilling on leases in the Chukchi Sea” (D'Oro, 2014).

some of the Native corporations that later participated in the 2014 profit sharing agreement.⁵ Prior to the lawsuit, Shell had conducted an expensive, multi-year campaign in the borough to garner support from Inupiat residents for offshore drilling, and lobbied in Alaska and Washington DC. The North Slope community remains divided on offshore oil.⁶ Primary actors in this case include Royal Dutch Shell Corporation, the Arctic Slope Regional Corporation, Arctic Inupiat Offshore LLC, six Native Village Corporations, Shell Gulf of Mexico Inc., and Ukpeagvik Iñupiat Corporation (UIC).

A profit-sharing agreement brokered among private sector actors is a relatively new instrument in Arctic development. It highlights new and shifting political relationships and negotiations among private sector actors in a community that has benefited from market-led development (Dittmer et al., 2011, p. 206). The profit-sharing agreement negotiations offer an opportunity to evaluate corporations in regional governance and development. Private sector development negotiations both challenge and reinforce state modes of power. By examining Shell's rhetorical strategies in the profit-sharing agreement negotiations and long-term lobbying with government, local business, and communities, I find Shell borrowed from (and shaped) state discourses and regional development plans. Shell framed its activity as aligning with state geopolitical and economic security priorities, citing economic and energy security among the benefits it provides.

Examining profit-sharing agreement negotiations also highlights how North Slope Native corporations navigate the tradeoffs they face in courting resource development and

⁵ Shell said the decision was based in part on a federal appeals court ruling that found the federal government conducted a flawed environmental review before selling \$2.7 billion in oil and gas leases to Shell and other companies in the Chukchi Sea in 2008.

⁶ The Ukpeagvik Iñupiat Corporation (UIC), for example, publicly opposes environmental NGO lawsuits against Shell, saying they slow local economic growth. UIC is the Alaska Native Village Corporation for Barrow, Alaska, and serves as a strategic platform for offshore lease activities in the Chukchi Sea, including the Shell exploration and production program (Blue 2014).

controlling its trajectory. These businesses played large roles both opposing and encouraging Shell's proposed development. This addresses Angell and Parkins's call for research that examines how aboriginal actors "manage" resource development (2011).

The second case study examines the city of Norilsk, located within the Norilsk Industrial Region, a mining centre in Krasnoyarsk Krai, Russia. Norilsk Nickel Mining and Metallurgy Corporation dominates the large Arctic city. I focused on the company's engagement in 2013 in the federal legislative process to define Russia's Arctic boundaries. Norilsk Nickel attempted to reform the legislation draft to impose regional migration restrictions in order to reduce the city's population and social services in order to operate more efficiently. This work builds on my previous research findings (Parente 2012; Parente, Shiklomanov, & Streletskiy, 2012), and that of others, that the company is reducing its responsibility for municipal social spending, a practice that persists from the Soviet era when state-run businesses (like Norilsk Nickel at the time) provided broad social welfare benefits. Since the company privatized in the 1990s Norilsk Nickel has attempted to reduce the municipal population and associated social costs. Primary actors in this case include the Norilsk city bureaucracy and satellite towns, Norilsk Nickel Corporation MMC, and the Russian Federation.

This case study illustrates the indirect influence of corporate actors in regional geopolitics and economic development. Norilsk Nickel took advantage of national-level legislative processes establishing Russia's Arctic borders to pursue its own local goal of restricting municipal in-migration. I use this event to understand the company's role in shaping decision-making at multiple scales.

Similar to the Shell case, Norilsk Nickel borrowed from, reiterated, (and thereby reinforced), certain national discourses and regional development plans to frame its proposal as an alignment of federal geopolitical and economic security priorities (Medvedev, 2008). It illustrates how state and non-state actors co-produce “security” framings to legitimize activity. This case also connects geopolitical and development literatures as Norilsk Nickel and the federal government both seek to reduce local in-migration and welfare expenses as a means for more efficient regional development.

In this study I argue that state and corporate actors engage in multiscalar policy processes that shape the regional framings underlying evolving forms of state sovereignty and Arctic governance. To understand how this operates I analyzed the social relations of policymaking in these two case studies. I draw on critical policy studies to focus on the aspects of decision-making that are hidden from view- such as the assumptions on which they rest. To understand these processes in context, as well as focus on specific policy processes, I relied on extended case method to understand how states are evolving in relation to other actors. -A focus on how decision-making operates in these cases also allows us to trace governance dynamics across scales, and acknowledge their contingent and changing nature. “[P]olicy processes connect different sites and scales ... to reveal power structures and political systems in which policies are embedded” (Shore, Wright, & Pero, 2011, p. 223).

My aim was not to compare these cases directly. Rather, I use the extended case method to analyze the two case studies as sample processes. This approach, as outlined by Burawoy, emphasizes the variations in the cases through time and space, which help us see the underlying forces at work (1991). It does not follow “the strategy of inductive generalization, namely to seek out *common patterns among diverse cases*, so that context can

be discounted” (Burawoy, 1998, p. 19). Rather it “deploys a different comparative strategy, *tracing the source of small differences to external forces*. . . . Instead of reducing cases to instances of a general law, we make each case work in its connection to other cases” (Burawoy, 1998, p. 19; emphasis in original). By examining the empirical practices by diverse actors, my research speaks more broadly to debates about the *how* of sovereignty.

As an explanatory rationale for placing these two circumpolar case studies in conversation, I refer to Ken Coates’ discussion (1994) on comparability of the Arctic regions to “less developed countries” (LDCs) in the development context, summarized in McBeath et al. (2008):

Ken Coates has noted that the characteristics that make remote northern regions distinctive have caused scholars to shy away from comparisons with geographically distant regions or the use of theories of development derived from the study of LDCs. He argues that northern regions, although colder, more remote, and more sparsely populated than typical LDCs are similar in important ways. They are shaped by recent histories of external political and economic control. They have been penetrated by MNCs [multinational corporations], and they suffer net outflows of the profits derived from resource development. In addition, the internal politics of northern regions tend to be characterized by “intense internal struggles that have limited the regions’ ability to present and protect their interests against outside forces” (Coates, 1994). (McBeath et al., 2008, p. 6)

Both research sites owe their economic growth to extractive industry: mining in the case of Norilsk and oil and gas in the case of the North Slope. Both feature deep and blurred relationships among corporations and government at various levels. Norilsk was established as a mining outpost in the early 1900s and has a declining population of about 150,000. The North Slope Borough was incorporated in 1972, and has a steady population of about 10,000. The borough as a native-controlled institution is considered “the instrument by which local Inupiat captured and used oil wealth, with clear economic and political benefits” (Knapp &

Morehouse, 1991). I foreground certain actors in these cases in order to clarify the questions of interest to me; other stakeholders are certainly important.

I follow a “multi-case” method (as opposed to a “multi-sited” method), using distinct cases to highlight differences rather than similarities, and to connect local processes with broader global structures (social, economic, and political) (Burawoy, 2009). Therefore I examine dynamics within individual cases (Wedel, 1998, p. 261). Extended case method examples are chosen for their “explanatory power” rather than their typicality, so “extrapolation is based on the validity of the analysis rather than the representativeness of events” (Mitchell, 1983, p. 190). The cases were selected to explain the underlying mechanisms for things we see (i.e. policies related to economic development and security and the creation of state structures and practices) rather than to uncover general laws, as in positivist research.

Further, this approach emphasizes the agency of actors and makes the “social processes” themselves the objects of analysis, which may be “abstracted from the course of events analysed” (Mitchell, 1983, p. 190). However such extrapolation may not be the goal given the diversity of the Arctic. Rather this approach is perhaps more useful as a method to evaluate processes of regional knowledge production and connect them with global trends. I do not generalize from these cases in a quantitative way, but use them as examples of normal knots of actors and relations in that terrain (Burawoy, 1998, p. 19). Indeed, this approach questions generalizability as a research goal, noting, “Used within an interpretivist framework, ‘researchers do not seek to find universals in their case studies. They seek, instead, a full, rich understanding (verstehen) of the context they are studying’ (Willis, [2007] p. 240)” (White et al., 2009, p. 21).

My research draws on secondary, or documentary sources, as well as primary sources. Examples of documentary sources include publicly available government publications, corporate publications and filings, available either online or through information requests. Additional demographic data was obtained from federal sources, Rosstat (Russia) and the U.S. Census. I read Russian at an intermediate level, and can do some of my own simple translation work with the help of translation aids. If the exact language was important, I imposed on other researchers in the network, or the Russian-speaking Slavic Area Studies librarian at UBC's Koerner Library.

Chapter 3: Arctic Geopolitics, Knowledge Production, and Governance

Scholarly literature on Arctic governance is interdisciplinary and wide-ranging. It has expanded rapidly in recent years to address anthropogenic and natural changes in the region. The geographic literature on all aspects of the Arctic has similarly blossomed. It straddles diverse realms such as geopolitics, cultural anthropology, as well as environmental science and policy.

This chapter reviews a small subsection of the geographic literature that touches on Arctic governance in order to contextualize the case studies of Norilsk and the North Slope. The research I draw on is not always directly related to governance, but straddles the sub-fields of critical Arctic geopolitics, Arctic political geography, and economic geography in non-Arctic contexts. Given the relative youth of several of these sub-fields, I also draw on theoretical work outside these literatures as a basis for some conceptual claims.

Significant overlap exists across grey and academic literatures in Arctic studies. Much research is interdisciplinary and work by geographers is divided at times between theoretical and practical orientations. With the upsurge in interest in the region, states and circumpolar organizations fund research that is oriented practically rather than conceptually. Often scholars publish in both realms. To limit the scope of this project, I refer to the more strictly academic literature, as this work addresses the conceptual issues that interest me.

This study addresses what Heininen (2014) identifies as a central tension emerging in critical geopolitics debates about the Arctic: how to decentre states in analyses of governance but still account for the enduring role of changing states, as well as how to understand evolving forms of transnational sovereignty. This tension has emerged as critical geographers critique territorially trapped or state-centric IR analyses as poor frameworks to

understand a shifting diverse Arctic governance scene (Dodds 2010, Powell 2010). Existing analyses critique, but do not fully escape IR framings. Arctic geopolitical scholars aim to understand how dominant actors and knowledges develop and persist in the Arctic. However they offer few empirically based frameworks that reflect the dynamics of multiple actors and multiscale knowledges involved in Arctic governance (Dittmer et al., 2011).

The notion of a ‘scramble’, let alone some kind of latter day ‘land grab’, is a reminder not only of past colonial encounters ... but also of its continuation. ... But this kind of mapping exercise also brings to the fore the importance of geographical knowledge (or what we term here knowledges, in order to draw attention to multiple manifestations and complex political economies surrounding the production and circulation of knowledge) in shaping expressions of sovereign power. (Powell and Dodds 2014, p. 4).

To build on their efforts, I focus on the *how* of sovereignty by examining specific cases of policy production. As states and corporations interact in these empirical cases they co-produce narratives and practices that shape policy options and ultimately regional governance. I turn to the literature on knowledge production to analyze how these narratives reinforce each other and become the authoritative framings of the region. This in turn enables both sets of actors to reassert their power to continue to set the agenda in the region at the expense of other actors. My use of extended case method to understand how governance unfolds at several scales addresses Steinberg’s (2010) call for scholars to address the contingency and fluidity of geopolitical practices particular to the Arctic region:

It is a space where new actors are producing new institutions, but in a struggle that echoes historic conflicts and wills to power. The study of this “lively space” therefore requires a “lively geopolitics” that respects the ambiguity, as well as the power, of geopolitical performance. (Steinberg, 2010, p. 3)

Finally, this study explores transnational governance dynamics without bypassing the state. Although I investigate the role of private sector actors in regional governance, I do not

seek to displace the state. I draw on critical studies of the devolution of state sovereignty and new non-state actors in the region. I find enduring and evolving state power in relation to corporations, and indeed blurred lines between them.

3.1 New Sovereignties and Governance Arrangements in the Arctic

I draw primarily on critical political geographers who analyze the evolution of Arctic governance. They aim to decentre the state in geopolitical analyses by incorporating the multiplicity of regional governance changes since the end of the Cold War. These scholars critique existing frameworks of transnational governance and propose new ways to conceptualize evolving Arctic governance. Powell and Dodds (2014) acknowledge Arctic scholarship's debt to critical theories that move beyond competitive, state centred analytical framings.

There is much to be gained from an approach that does not privilege a Westphalian imagination concerning the supremacy of particular claimant or coastal states in the Polar Regions (Kraska, 2011). Not least, a wide range of actors, whether indigenous peoples in the Arctic, environmental Non-Governmental Organizations, or other states further afield, have historically played important roles in the geographical imagination and political governance of these spaces (Borgerson, 2008). In these ways, this is one of the particularities of the study and understanding of the Arctic and Antarctic. For these reasons, we argue against neo-realist imaginaries that either privilege states as the supreme competitive actors in the future of both the north and south and/or that prophesize resource wars. (Powell & Dodds, 2014, p. 8)

Critical political geographers aim to transcend neo-realist and liberal readings of the region, borrowed from international relations (IR) and political science (Huebert, 2003; Brigham, 2010). These were the prevailing analytical lenses for the Arctic during the Cold War, reflecting geopolitical dynamics of interstate competition. Agnew's (1994) "territorial trap" is a key critique of such scholarly overreliance on territory to understand interstate and sub state relations. His work has birthed much more research in this vein, as well as new

research paths (Reid-Henry, 2010). Dittmer et al. (2011) summarize how both neo-realist and liberal framings emphasize state-centric decision-making based on goals of extending sovereignty over territory and natural or strategic resources. These practices are enforced by militarization and a discursive emphasis on national security.

While neo-realists and liberals disagree over the capacity of the state to co-operate with others, both are vexed by the absence of world government and the anarchical condition of world politics. Liberals tend to be more interested in the possibilities of cooperation through regimes (Keohane & Nye, 2000), while neo-realists are preoccupied with states and their national security interests. (Dittmer et al., 2011, p. 203)

One strand of research in critical Arctic political geography is empirically grounded and emphasizes new constellations of powerful regional stakeholders. Studies examine new circumpolar governance arrangements and forms of sovereignty that reflect political devolution and supranational cooperation and thereby challenge traditional modes of state sovereignty. They argue for the need for new governance frameworks that reflect broadened conceptions of sovereignty and include indigenous groups in particular (Powell, 2010; Nicol, 2010; Shadian, 2010). There is a considerable literature on indigenous self-government and settler colonialism, but this body of literature as a whole lies outside of my research focus. I do, however refer to authors aligned with aspects of indigenous participation in Arctic governance (writ large) and economic development.

The private sector, however, is rarely discussed among other non-state actors (Parente, 2015, p. 228). Indigenous participation in governance dominates this literature. Industry, commercial, and corporate actors are often depicted either as drivers of development regionally, or in a specific location, and/or as one of several stakeholders in an empirical case. Few studies examine negotiations with local actors (Graybill, 2009). Even

less theoretical work investigates how private sector actors shape complex regional governance and development.

Scholars argue new actors challenge nation-states' ongoing project of aligning "state" and "nation,"- their practices of sovereignty.⁷ However the Westphalian view still dominates mainstream discourse through popular, gray, and academic literature on Arctic governance. Westphalian framings can limit the range of alternative sovereignty and governance arrangements scholars can propose (Shadian, 2010). As Shaw (2008) notes, "mainstream political discourse cannot conceive of non-sovereign state solutions." She argues, "It is necessary to reconceptualise the relationship between political theory and the challenges posed by contemporary Indigenous politics, and of progressive or critical politics more generally" (2008, p. 8). Shadian (2010) proposes for example, deterritorialized forms of sovereignty for Inuit peoples dispersed throughout the circumpolar region: "The Inuit national narrative in particular seeks a form of political sovereignty through the right to participate in politics (rather than territorial integrity)" (p. 498).

A second strand of critical Arctic research critiques the prevailing state-based geopolitical readings of Arctic governance. Unlike the former thread, such studies are often theoretically grounded or focus on how states perform sovereignty or aim for 'legibility' in the Arctic (Dodds, 2010). These analyses rely empirically on analysis of state discourse or practices (Steinberg, 2010; Dodds & Nuttall, 2016; Foxall, 2014). As such, these studies often unintentionally perpetuate state-centred analyses or regional framings of "resource frontiers" and entrench assumptions about inevitable and self-evident state interests. They suggest that state practices of sovereignty arise solely with the state, originating from the

⁷ "The Westphalian shift to the state as nation-state created the need to regularly maintain an identity through the simultaneous assertion of territorial integrity and the congruent narrative of a coherent people" (Burchell, 1991, p. 93).

centre, rather than emerging from several places at once. Critical work critiques the “scramble” of the container state model but offer few empirical alternatives to state based governance dynamics.

Thus, we see a stubborn division between the empirically rich literature on alternative sovereignties, and the state-based analyses that critique the “real” Westphalian system as it operates. This study does not propose alternative sovereignties, and therefore draws mostly on the latter strand of work that examines governance as it operates. Lack of empirical depth is a longstanding critique of this latter body of work. An academic review of the Powell and Dodds monograph cites their explicit aim, “to challenge the traditional state-centric view of geopolitics in the Arctic,” but the reviewer argues that the case studies “reveal the seemingly unavoidable dominance by development interests through state governments (even trumping self-governance by indigenous groups)” (Meserve, 2015, pp. 494-495).

Much of the research I have charted so far seeks to challenge states as the de facto unit of analysis. However I also draw on critical scholars who see new evidence of enduring state power in regional governance dynamics. They aim to re-incorporate states in Arctic geopolitical analyses without reproducing classical geopolitical framings. Thus, after attempting to analyze Arctic governance in spite of the state, or around the state, it is clear that state power endures in the Arctic and states still matter in regional and transnational governance, and must be analyzed. Heininen (2014) observes,

[The] growing strategic importance of the North geopolitically and geoeconomically both on the agendas of the Arctic states as well as those of the major powers outside the region. This is clearly seen and manifested by the recently-approved strategies of the Arctic states in general, and particularly by an emphasis on state sovereignty by the five littoral states. (Heininen, 2014, p. 255)

Scholars ask then, how states evolve and assert sovereignty in changing circumstances. Gerhardt et al. (2010) argues that the “ongoing contestation of sovereignty in the Arctic does not allow scholarly narratives to altogether dismiss the power of nation-states, nor their capacity to disagree” (pp. 994–5). They continue, “states often seek to perpetuate these traditional and assumed ways of defining and delimiting sovereign jurisdiction” (pp. 994–5).

Similarly, Heininen (2014) notes that security framings remain a key tool for states exerting sovereignty.

And while not suggesting that a new Cold War is returning to the Arctic, proponents warn that there might be a securitizing impulse and legacy to his broader interest in the Arctic region. One area of concern here revolves around the perceived accessibility of the Arctic as a modern day “polar Mediterranean.” (Heininen, 2014, p. 243)

Indeed, Dittmer et al. (2011) argue that the tension between international cooperation and state competition never disappeared in the region:

Thus, on the one hand, the re-opening of the Arctic from the confines of Cold War spatial orderings was read during the 1990s as an unprecedented opportunity to establish a new political order regulated via democracy, freedom and markets, in uneasy tandem with concepts of sustainability, demilitarization and human security. On the other, we show how the Arctic is increasingly read in terms of the resurgence of neo-realism as geopolitical actors allegedly scramble to reterritorialize an opening Arctic space (and especially the Arctic Ocean) in pursuit of national security interests and resource competition. (Dittmer et al., 2011, p. 203)

Critical scholars reintroduce states into transnational governance frameworks by emphasizing their need to manage domestic and international concerns. How states navigate these tensions helps us understand how they evolve. The Arctic context starkly reveals these tensions.

3.2 Transnational Governance

I have outlined how critical Arctic scholars seek to reconsider states and integrate new actors into analyses of Arctic governance. However these analyses often reproduce framings reliant on geopolitical frameworks that imply static, coherent states, operating discretely from other regional actors. Critical scholars offer few theoretically grounded, empirical studies of how multiscale governance operates, how states and non-state actors may overlap, intertwine, and evolve in these relationships, and the impact on state sovereignty and regional governance. A few geographers propose analyzing policy processes to understand how states construct transnational strategies and policy frameworks in the Arctic, although they do not provide examples themselves (Dittmer et al., 2011; Powell & Dodds, 2014, p. 14). New theories grounded in empirics remain elusive. “The critical geographical perspective seeking explanation from the actions of non-state entities is constrained since the case studies too often document the limits of non-state influence” (Meserve, 2015, p. 493).

In my empirical work I find states evolve as they, like corporations, negotiate both domestic and international impulses. I draw on scholars who move away from emphases on states towards a focus on multi-scale linkages among different actors. Agnew and Corbridge (1995) highlight how state sovereignty operates through “interaction[s] between global and local (including state-territorial) processes of political-economic structuration” (p. 91). They argue therefore, that “showing how the domestic and the foreign come together under different historical circumstances rather than separating them into permanent opposition becomes the overriding task” (p. 91). Moisiö and Paasi (2013a) call this blurring the “transnationalisation of state spaces”,

The transnationalisation of state spaces, which is often understood as being associated with the spread of neoliberal political rationality, has challenged scholars to rethink the often taken-for-granted distinctions between the domestic and international or the geopolitical and the geoeconomic. (p. 261)

I further argue that states negotiate these impulses not in spite of, but thanks to, corporations. The activities and rhetoric of companies enables the state to engage selectively in regional affairs. This helps us understand the “false split” between state power and globalization, and the tensions for states seeking to manage markets as well as territory (Moisio & Paasi, 2013b). This tension is crucial to understand Arctic governance. Rowe and Blakkisrud (2014, p. 83) identify the “overlaps and tensions” of domestic and international politics as central to understanding Arctic dynamics.

To understand how states negotiate these tensions, I examine how states and corporations construct strategies and policy frameworks in relation to each other. I focus on relationships and processes, in an effort to avoid institutionally based analysis of new governance arrangements and sovereignties (Parente, 2015, p. 230). I draw on Dittmer et al.’s (2011) discussion that emphasizes relationships as the key to understanding regional geopolitics, rather than nation-states pursuing static interests. However, I take this proposal a step further. My focus is on how governance practices emerge from relationship dynamics, but I also emphasize how the relationships change the actors themselves.

What we hope to have achieved in the discussion so far is to show that there is far more to geopolitics in the ‘High North’ than in such neo-realist inspired formulations. The texture of geopolitics is far richer - and more entangled - than such accounts allow. It emerges not so much out of the action of external, environmental stimuli (climate change, ice melting) on already-constituted entities (nation-states and their interests) and their interactions with each other (via “rivalries”). Rather, we have suggested, geopolitics is about the iterative, performative and embodied materialization of spaces and relationships. When we examine the formation of Arctic geopolitics, it is not the working out of timeless geopolitical processes that is intriguing here but the ongoing assembly of the geopolitical itself out of multiple elements, across a wide variety of sites, only a handful of which we have so far

considered. (Dittmer et al. 2011, p. 212)

I focus on two aspects of transnational governance in my study, 1) how private-sector actors influence practices of state sovereignty in the Arctic, and 2) how states negotiate competing domestic and international demands in the Arctic context. I draw on analyses that highlight evolving and contradictory states, as well as others that emphasize how states engage in geopolitics across scales. Powell and Dodds (2014) note that “any critical engagement of contemporary polar geopolitics, then, would have to recognize that nation-states are embroiled in relationships that span and stretch far beyond national jurisdictions” (p. 10).

My work contributes to empirically grounded multi-scalar Arctic governance research. Examples include Steinberg’s (2014) analysis of U.S. Arctic policy. He notes that Arctic Council states in particular are torn between what they call “the competing demands of internationalization and territorialization” (Powell & Dodds, 2014, p. 14). Gerhardt et al. (2010) conceptualize transnational governance based on deterritorialized conceptions of sovereignty.

Yet attempts to construct sovereign space in the Arctic have been complicated by the disparity between existing imaginaries and the emergent geophysical and social realities of the region. An alternative to these approaches could be a system of global governance at the margins of sovereign power, which would be based on a fundamental shift in Arctic imaginaries. ... It follows that such a space could be governed not as a bounded, fixed entity (the territorial state model) or its conceptual antithesis (the ostensible ungoverned space of the world ocean), but as a fluid space of crossings. (p. 998)

New spatial and institutional analytical frameworks also reflect scholars’ preoccupation with developing conceptually useful ways to link micro and macro processes in globalization. As Burawoy (1998) notes, in the global context it is increasingly clear that

“the flow of political and economic power between levels demonstrates how micro processes and macro social forces co-constitute each other” (pp. 6, 15). A close look at policy processes across scales addresses recent calls in Arctic geopolitics to deepen analyses based on empirical data at diverse scales (Dittmer et al., 2011, p. 212).

I also draw on critical theories mapping flows of power through new governance arrangements among a wider range of actors and sites in the context of globalization. These include views of sovereignty as consisting of circulating power relations among multiple actors (Agnew, 2009, p. 7), a concern for the state as assemblage (Barkan, 2013, p. 14), or as collections of social relations (Jessop, 2002). As Powell and Dodds (2014) note, “There are multiple agents, sites, and space associated with polar geopolitics” (p. 10). These theories see a neorealist understanding of sovereignty (that the sovereign’s link to territory is the source of power) evolving as globalization loosens the state’s control over its own territory, and non-state and deterritorialized actors, institutions, and processes proliferate. Agnew’s (2005) description of globalization usefully describes the new processes with which states interact, in particular “its fragmentation of existing state territories and its increasingly predominant networked geography of power” (p. 2).

Agnew’s (2009, p. 7) theories of new forms of transnational state power, particularly circulating, deterritorialized state power, mesh well with a process based analytical approach. His “space spanning networks” advance the idea that the state has no inherent power, but only “de jure” sovereignty. Mann’s (1984) more materialist view of central and diffused power structures also highlights how states and corporate interests exert power together.

I draw on scholars such as Agnew and Corbridge (1995), Dicken (1997) and Barkan (2013, p. 9), who nominate corporations as key players in the theories of global networked

power, and as actors deeply enmeshed with processes of internationalizing nation-states. Barkan (2013), drawing on earlier scholars notes “the centrality of corporations in contemporary models of governance” (p.1). He sees state and capital as complementary. I also rely on a second key argument by Barkan that asserts not only that states and corporations ensure each other’s existence but that they do so through particular relationships.

Modern state sovereignty is *founded in* and *anchored to* a figure of the corporate political body. In turn, modern corporate power *emerges from* and *mobilizes* apparatuses of sovereignty, discipline, and government. In this manner, corporate power and state sovereignty depend on one another, each establishing the other’s condition of possibility. Nonetheless, the relation is full of tension, as these institutional ensembles mix and often threaten one another’s existence. (Barkan, 2013, p. 6)

Therefore, Barkan (2013) argues, “We shouldn’t emphasize the distinctions between the economic power of corporations and the political sovereignty of states” (p. 4). In fact, he argues, corporate sovereignty is part of the fundamental structure of the political order, and therefore “corporate power should be rethought as a mode of political sovereignty” (rather than the economic power of corporations undermining state sovereignty) (p. 4). This point emphasizes that states do not exercise exclusive control over economic activity in their territory.

Territory, of course, has been central to definitions of sovereignty in the West as the taken-for-granted background over which power is exercised. Similarly, the argument that corporate economic power undermines state sovereignty depends on the notion of state territoriality in which states exercise sovereignty over the economic activities that occur within their borders. ... Space is presented as a static property of states. (Barkan, 2013, p. 12)

3.2.1 Evolving forms of state power

States, as we have seen, are transnational actors that navigate competing domestic and international demands. In the context of the Arctic, asserting sovereignty can be particularly

problematic. In this section I examine how corporations help states navigate these tensions and how state and corporate interaction facilitate states' efforts to develop new ways to assert sovereignty in the context of globalized processes. "Because the Arctic has been governed from non- Arctic capitals, the region has seen a number of variations on the practice of sovereignty" (Gerhardt et al., 2010, p. 994).

Much critical political geographical literature discusses, from various perspectives, the mismatch between state ambitions to assert sovereignty in the Arctic, and their actual ability to exert "effective" sovereignty. Such analyses draw on Agnew's conceptualization of effective sovereignty, which ties in to the previous discussion about transnational governance. Agnew (2009, p. 7) argues, "there is no 'de jure' but only de facto sovereignty when you see [state] power as circulating and available rather than locked into a site. Effective sovereignty therefore is not necessarily predicated on and defined by strict and fixed state territorial boundaries."

Arctic analyses critique the scramble among states to claim territory (land and water) and associated natural resource and trade rights (Dodds, 2010). Others emphasize the natural environment in the context of climate change, and the challenges it raises to state territorial claims. They engage the problem of materiality and territoriality in state sovereignty in the region, citing the region's indistinct borders and demarcations due to the unique natural environment and unclear distinctions between territory and water. This argument focuses on the ambiguities between ostensibly governable territory and less controllable waters, an issue exacerbated by climate change (Steinberg, 2009; Gerhardt et al., 2010). I draw on Dodds's (2012) discussion of some of the ways states try to negotiate these contradictions and

limitations, including his application of Ong's (2006) theory of 'graduated sovereignty' to Canada's Arctic policy.

States engage in several forms of sovereignty in these cases that have both material and representational aspects, and are in some cases decoupled from nation-state boundaries. My findings address debates in both Arctic and broader geographic literatures about how to ground processes in a deterritorialized era of globalization. Collyer and King (2015) describe the tension for critical geography scholars between transnational analyses that attempt to materialize transnational space on the one hand, and work that emphasizes dematerialized and deterritorialized state practices away from state borders (p.187). They cite several scholars who are reintroducing the local and the material into transnational studies to better analyze states in transnational contexts. They cite Blunt (2007) as contributing to the "growing literature within geography contesting the immaterial view of space in transnational studies" (p. 187). Ley (2004) seeks to ground globalized processes again in the local, and Crang et al. (2003) emphasize new "structures of control such as transnational capital" (Collyer & King, 2015, p. 187).

I draw on research in Arctic geopolitical literature that integrates both material and representational aspects of state activity. Scholars emphasize the importance of policy documents in Arctic geopolitical research (Steinberg 2014), and indeed there is much research that relies on state documents. However some scholars integrate analyses of state policy texts or discourse with material changes in the region to discuss state intervention (Dodds, 2010; Steinberg, 2009; Nuttall, 2014). In that vein, I aim to integrate local context into geopolitical analysis and discuss the dual material and discursive aspects of state practices of security and development.

Therefore, my case studies are grounded empirically on specific governance mechanisms as means to extend state sovereignty. I draw on Foxall's (2012) call to analyze how discourses are "manifested and reinforced in everyday practices" (paraphrased in Rowe and Blakkisrud, 2014, p. 78). Dittmer et al. (2011) make a similar point, arguing that discourse mediates representative and material practices (p. 202). I draw on critical arguments that globalization and state power must be understood through historical and local contingency, and not as hegemonic, ahistorical inevitabilities (Ó Tuathail, 1996, p. 66). Through analyses of material forms of sovereignty, as well as discourse as an "economical" form of sovereignty, I aim to return theories to the Arctic context, and advance geopolitical analyses that simply overlay theory over the region.

Several scholars discuss how states adapt new forms of sovereignty as they run up against the limits of territorial based sovereignty claims in the region. Dodds (2010) describes states' methods to assert effective power over territory, under changing conditions:

What is at stake here, I believe, is a competing sense of territorial legibility, most notably over the maritime Arctic. The ongoing attempt of the coastal states to map and survey their continental shelves is one powerful manifestation of that desire, in the words of the US led Extended Continental Shelf Project, for 'certainty' and 'recognition.' Informing, and indeed enhancing, that desire for those aforementioned qualities is a whole series of 'bordering practices' ranging from demarcating the outer continental shelf to speculating about new fears of illegal trans-shipment and illicit flows through an ice-free Arctic. What, however, is clear is that those Arctic coastal states seeking 'certainty' and 'recognition' will have to do so in a world much changed from the Cold War era when extra-territorial actors and indigenous communities were either marginal or marginalized, respectively (cf. Osherenko & Young, 1989). (Dodds, 2010, p. 72)

Gerhardt et al. (2010), however note the persistence of traditional yet maladapted modes of sovereignty in the Arctic.

In the Arctic, states often seek to perpetuate these traditional and assumed ways of defining and delimiting sovereign jurisdiction, notwithstanding the region's increasing material instability brought about by climate change. To expound on this

proposition we turn to three debates in the contemporary Arctic: the question of sovereignty in the Northwest Passage, conflicts over control in the Arctic Ocean, and the potential for enhanced multilateral governance in the region. (Gerhardt et al., 2010, p. 995)

Steinberg (2010) discusses in more detail the competing interests and challenges states face in asserting sovereignty. He alludes to the need to constantly reproduce performances of sovereignty and the stubborn challenges of asserting governance in the area.

Geopolitics of the Arctic are driven by contradictory tendencies toward internalization and externalization, as states (and other actors) variously suggest that the Arctic should be claimed as state territory, governed through multilateral accords, managed by international institutions, or organized through shared power between state and non-state entities. These different management schemes are buttressed by contradictory representations of the Arctic as near and far, territorializable and beyond territorialization, dynamic and static, two-dimensional and three-dimensional, normal and aberrant. (p. 82)

Moisio and Paasi (2013b) also describe how states seek to assert several forms of sovereignty to maintain their authority over shifting territorial framings:

While Cowen and Smith's idea of two modalities of social, geopolitical and geoeconomic, is highly inspiring, the spatial configurations of the state are specific to each geohistorical situation. In this light, the gradual rise of the geoeconomic social to parallel the geopolitical social and the increasingly neoliberal management of state space do not denote the end of state co-ordination, or an erosion of the aspirations to govern population and socio-spatial relations within states. It rather denotes governmental interventions which simultaneously seek to "open up" the state spatially, to maintain "national" territorial order within the state, and to affect the capacities, qualities and entrepreneurial potentials of the population—transforming it again into a resource which is useful for state authorities. (Moisio and Paasi, 2013b, p. 280)

My findings extend these analyses of sovereignty under changing conditions to argue that states do not navigate these tensions in isolation. Rather, corporations help states navigate these contradictions as they co-produce narratives that encourage certain material practices of sovereignty. In these cases they frame the Arctic region itself as a space for energy and security. I follow Lefebvre's conception of the production of space as

“simultaneously material and metaphorical” (Hart, 2002, p. 818). Among Arctic scholars I draw on a smaller literature that explores how states and non-state actors shape each other through the processes of deterritorialization and reterritorialization. Heininen and Nicol (2007a) provide an example.

The agency for deterritorialization and reterritorialization in all these cases has been co-operation among national and sub-national groups, but a co-operation which has been conditioned and facilitated by new translational agreements such as the AEPs as well as new institutional structures such as the Arctic Council. (p. 162)

Such scholarship begins to move towards more holistic analyses of complex, evolving state behavior in the region. Nicol (2010) argues that,

And while the interests of state in appropriating Arctic maritime spaces are very real, as Dodds clearly demonstrates, there remains regardless a growing trend toward devolution and empowerment of regional actors, within their own states, which will have implications for how governments make claims in the Arctic, and the rationale they hold for doing so. (p. 80)

Heininen and Nicol (2007a, p. 161) avoid the dichotomous models of static competing states or new sovereign actors. Rather, they draw these two strands together by analyzing how states navigate (and create) regional change by adapting their policies in response to new non-state actors.

In terms of the bigger picture, we can argue that indigenous voices and issues are entering into the geopolitical discourse of the circumpolar North, not only via the structure of the Arctic Council, but also by the attention given to indigenous issues by new [state] northern dimension policies. (Heininen and Nicol, 2007a, p. 160)

Heininen and Nicol (2007a, p. 162) also note these practices include “new forms of flexible governance, foreign policy and northern dimension policies recently developed by the ‘Arctic states’”:

As such, with reference to the question raised at the beginning of this paper—whether we can see in our comparative narrative of northern dimension policies in Arctic rim states evidence of linked relationships between globalization and the changing function of state sovereignty; there are concrete examples of the deterritorialization of

the state and the associated changing roles and functions of international boundaries (reflected in the changing constitutive role of geopolitical texts, narratives and traditions) and the 're-territorialization' of the state as a new actor within the circumpolar region. (Heininen and Nicol, 2007a, p. 162)

My analytical focus contributes corporations as examples of non-state actors precipitating deterritorialized and territorialized practices of state sovereignty in transnational Arctic governance. Corporations, like states, must navigate a transnational context. Like states, they are simultaneously deterritorialized and territorialized. I draw on scholarly problematizations of strictly "deterritorialized" corporations set in opposition to territorialized states outside Arctic scholarship. Barkan, for example, argues that corporations are territorialized just as states are, and are in fact constantly re-territorialized. Just as states claim territories through spatial demarcations, so, too, does corporate sovereignty entail a series of spatial arrangements (Barkan, 2013, 13).

Barkan also emphasizes relationships as the means to animate corporate re-territorializations across space. These relations are the "spatial and territorial assemblages by which corporate power is organized and consolidated" (2013, p. 13). This is key to my argument that corporations make decisions through their interactions with other actors. Barkan argues, in fact, that it is precisely because corporations have to manage shifting spatial arrangements that they have to interact with other actors: "It is not just the [corporate] territorialization itself (the trade route, the free trade zone) but larger assemblages of power that enable these territorializations that come into being" (2013, p. 13).

I return now to the question of how states exercise effective sovereignty in the problematic Arctic. The complex states in this dissertation are embedded in global economic processes and remain at the heart of the region's complex transnational governance. I contribute to this literature by foregrounding corporations and how their interactions

(especially with states) create economic networks and relationships that blur these actors' control within and beyond nation-state boundaries.

I find that corporations help states assert sovereignty in several ways that disrupt state/non-state, material/representational, and deterritorialized/territorial binaries: 1) through shared discourse that links localities and states to global flows of energy and migration or security (framed broadly); 2) by assuming some economic development practices from states, and 3) as objects of state regulation. In order to understand how these new forms of sovereignty operate, I find the analytical lens of political economy useful to understand how states make decisions. My use of political economy addresses a gap in critical geographic literature on Arctic governance. Despite the processes of globalization in which the Arctic region operates, critical Arctic research often lacks a substantive analysis of how economics affects state activity in the region. Analyses of new forms of sovereignty and governance deemphasize economic drivers for state and non-state behavior in favor of prioritizing political decision-making (Shadian, 2010; Dodds, 2010; Nadasdy, 2012; Coulthard, 2007). Analyses of political economy exist, but are often empirical rather than theoretical, and are often unintegrated into analyses critiquing classical geopolitics.

These analyses perpetuate an artificial division between economic and political analyses of state behavior. They fail to address what Heininen describes as a “growing [reemerging] strategic importance of the North geopolitically and geo-economically” by “Arctic and non-Arctic states” (Heininen cited in Powell & Dodds, 2014, p. 255). My work responds to scholars noting that in the North, “territoriality is operationalized in alliance with political interests and economic concerns (Dittmer et al., 2011, p. 202).

An under-examined economic dimension is a shortcoming in Arctic critical geopolitical research in particular. Actual state and non-state activity in the Arctic addresses overlapping economic, political, social and military spheres in practice and discourse. In the harsh conditions of distance and environment in the circumpolar region, economics is an important but underanalyzed driver in the political decision-making of all stakeholders, although costs and benefits are conceptualized and valued very differently among actors.

In considering the role of economics in political decision-making, I aim to contribute to emerging research in geography focused on how states exert sovereignty in a globalized era. My emphasis on the nitty-gritty of the hard economic choices stakeholders must make in the Arctic highlights how regional actors negotiate in a governance arena heavily influenced by economic considerations. I draw on disparate work that reconceptualizes Arctic states in the context of globalized economic and political processes. This work is scattered across several Arctic geographical literatures, including geopolitics, political geography, and economic geography, and emphasizes evolving states.

As a caveat, however, as Wacquant (2012) notes, I want to avoid overemphasizing the economic rationalities underpinning state behavior. I draw on Moisio and Paasi's (2013b) caution that not all state behavior can be boiled down to profitability. Their empirical case study of the Finnish state resonates with analyses of Russia, post-Soviet states, and even the United States:

If neoliberalism (and geoeconomic social [*sic*]) tends to judge all economic activities in terms of profitability, and all social activities in terms of their contribution to capital accumulation, not all spatial policy practices related to the management of state space can be straightforwardly associated with neoliberalism. (Moisio & Paasi, 2013b, p. 279)

Several scholars even argue that state behavior can be better characterized as geo-economics, although this is disputed. To avoid getting bogged down in this debate, I use the concept of political economy in my analysis.

I find that states and corporations share some key narratives and complementary material practices of state sovereignty. The complex, evolving states in this dissertation exercise sovereignty in new and powerful ways that merge state power with market processes. States are not, in other words, necessarily losing power to market processes. I draw on theoretical debates about how this occurs. I do not trace these debates here, but note that most scholars see important, evolving roles for states in overlapping economic and political realms. Wacquant (2012) argues the neoliberal state may be losing power in some areas but asserting itself in others. He argues that “neoliberalism is not an economic but a political project; it entails not the dismantling but the reengineering of the state” (2012, p. 71). Scholars may not, therefore, want to decentre the state in analysis, but rather place it in new contexts. Bourdieu’s bureaucratic field theory makes a similar argument, and Collier (2012) cites Hilgers’s (2012, p. 82, n. 3) argument that Foucauldian scholarship also contrasts neoliberalism with classical liberalism, and does so in part through “the active role it imagines for government in creating the conditions for diffusion of markets and market-like mechanisms” (Collier, 2012, p. 190).

Similarly, Sassen (2006), following Foucault, argues “economic corporate globalization (the dominant form of globalization now) could not have happened without use of highly developed capabilities of national economies that also strengthened the state and are again relogged into globalizing dynamics” (p. 13). Jessop (2002) says something similar about the role of the state: “Despite the challenges to the primacy of the national state, it still

has key roles in organizing the global economy, the global polity and an emerging global civil society. In other words, the national state is being reimagined, redesigned and re-oriented in response to these challenges rather than withering away” (p. 9).

In terms of how this co-reliance manifests empirically “on the ground,” I draw on Barkan (2013), who argues we can see that corporations play central and complementary roles supplementing (rather than undermining) states’ public responsibilities. He argues that “the economic strengths of corporations enable them to govern fundamental aspects of life without the checks associated with democratic government” (pp. 9–10):

From urban redevelopment projects coordinated through public-private partnerships, to the subcontracting of military, prison, and security functions, corporations play a fundamental role in providing public goods and exercise powers customarily associated with formal state institutions. (Barkan, 2013, p. 1)

Barkan emphasizes the historical contingencies that created these state/corporate dynamics. He argues that the “outsized role of corporations in fostering contemporary economic globalization emerged within distinct assemblages of power, space, and knowledge” (2013, p. 14). This grounded approach echoes the approach of scholars discussed earlier, such as Agnew (2007), Toal (1996), and Ley (2004).

To return to state activity in the Arctic specifically, then, I draw on scholars who emphasize the relationship between sovereignty and economic development. They focus on how states promote economic growth in the region, and create a role for themselves in the process. They agree on what Gerhardt et al. describe as Arctic states’ “enduring power to ... define and delimit ... sovereign jurisdiction” (2010, pp. 994–995). In this case ‘sovereign jurisdiction’ has both territorial and deterritorialized aspects.

Arctic scholars discuss selective state intervention and its impact on where economic development occurs and how. As Abele (2011) argues, Arctic governments are “willing to”

intervene in the region in order to promote sovereignty, but only in certain policy areas where they have sole jurisdiction and which fill out their version of sovereignty (p. 219). In broader critical geopolitical literature, such discussion of political economy seems to have fallen away possibly because it is viewed as reproducing neorealist framings. However I find political economy a useful framework to examine state practices of sovereignty in the region.

Powell (2008), for example, discusses cooperation between states, energy companies, and other private sector actors at the transnational level to reconfigure the circumpolar region as a resource frontier. I draw on his emphasis on *cooperative* efforts of state and private sector actors, an unusual analytical approach in Arctic geopolitical research that mainly focuses on conflict and on how states frame the Arctic. Powell (2008) describes this reconfiguration as closely tied to knowledge production, as the “construction of the Arctic as a resource hinterland” that developed in part as these actors “located energy security in the northern latitudes” (p. 829).

Dodds (2011), critiques the neorealist interests of the Canadian state in its selective intervention in the Arctic. “[The state focus] on sovereignty and territorial integrity and reinforces militarised understandings of security, with due emphasis given to the role of the military (and associated actors such as the coastguard), surveillance and monitoring, resource nationalism and limited co-operation, in particular with the other coastal states” (p. 373). Similarly, Rasell (2009) notes that states are withdrawing social spending, challenging resident welfare. He notes, “northern countries have moved away from direct subsidization by central governments and the introduction of policies that place greater responsibility on individuals and the private sector for providing welfare services” (p.103). Weissling (1989)

reiterates the impact national (and global) trends have on Arctic economies noting, “...peripheral areas depend on market conditions in the metropolitan centres” (p. 212). He also describes his view of state activity in the Arctic.

Peripheral regions in both Canada and Africa have experienced change brought about by development agents from government, business, and religion. Government has sought to elicit ways and means to achieve goals of increased gross domestic product and to provide aspects of modern society for its citizens. (Weissling, 1989, p. 214)

Also in geography, non-Arctic development scholars note that creating conditions that favor foreign investment is among the practices states engage in to assert sovereignty (Emel, Huber, & Makene, 2011).

Thus in selective expressions of sovereignty, we see how states (and in Powell’s [2008] analysis, states and private sector actors) drive new processes of deterritorialization and reterritorialization. In his analysis of the processes of globalization, Sparke (2013) describes how deterritorializing practices give rise to new forms of governable spaces and objects. He notes,

The ways in which today’s deterritorializing developments—global commodity chains, integrated financial markets, inter-continental jet travel, the Internet, the sale of public land, and so on—simultaneously created patterns of reterritorialization—digital divides, resource wars, trade blocs, global cities, cross-border regions, export processing zones, gated communities, shopping malls, privatized prisons, and so on. Globalization clearly has the capacity to destroy old spatial patterns and barriers, but it simultaneously creates new geographies that are just as powerful when it comes to territorializing. (Sparke, 2013, p. 280)

Jessop (2002) also finds a “false split” between state power and globalization. He argues that to understand relationships between state behavior, capitalism and globalization, we must examine “the political preconditions underwriting the transformations of global economic geography” (p. 26). He adds, “Not only is the state shaped by capitalism but capitalism is shaped by states and by other social systems” (p. 26). Similarly, Glassman

(1999) writes, “Both ... that the internationalization of capital is increasingly important and ... that states retain a crucial role in the international political economy” (p. 691). However, he notes that states are complex, and do not act as a single entity (p. 691). Smith (2015) also argues that there has been an effort to reintegrate the state and its important role at many scales into economic analyses, but that such work often fails to incorporate the broader global economic context.

This lack of theorization results in a focus on *government policy* at local, national and international scales per se—a focus which has not provided a framework for understanding the articulation between state regulation, production networks and the wider accumulation strategies of which they are a part. Consequently, the explanatory power of these frameworks is weakened by not accounting for a key ensemble of power and action in global production arrangements. (p. 291)

Smith asks scholars not to focus narrowly on government policy but on the broader context in which states operate. This leads to the last area of this conceptual review. The following section examines how policy rationales emerge from diverse actors, scales, and practices in the region.

3.3 Knowledge Production

As we have seen, critical geographers explore new ways to conceptualize how Arctic governance works in the context of new globalized processes. They aim to understand, to paraphrase Kuus (2014), why this place is “dealt with in a particular manner.” They aim to integrate the perspectives of a range of circumpolar actors, and ask how we can reconsider states and governance in this new context. These scholars emphasize that knowledge springs from many places at once. However, framings and language used by powerful actors reifies certain forms of knowledge, and their role in governance. Heininen (2014) notes, “[t]he entire North is also a knowledge-based region

with innovations in governance, and political and legal arrangements. What all this means, thus, is that there are many different kinds of Arctic(s), and consequently associated claims regarding its governance and stewardship” (p. 255).

In my case studies, localities, corporations, and federal governments all want to exercise control over economic development in the region, which relies in large part on controlling the terms of the debate. Security narratives are deployed in ways that favor some forms of economic development over others. I argue that states and corporations in these cases often reiterate each other’s framings. Together their choices dominate framings of the region that shape the trajectory of regional development.

My analysis focuses on how states and corporations create narratives and practices that shape the region. I draw on knowledge production literature as I examine how states and private sector actors develop the assumptions on which they act. My focus on their interactions as the source of new forms of sovereignty brings together two strands of knowledge production research in the Arctic: one that aims to integrate new stakeholders and their knowledges into regional decision-making, and another that emphasizes how states frame the region through their own practices. It extends work by scholars who argue the state does not have preset interests, but rather constantly creates itself. This study contributes the interactive role of corporations in this process. This could also be framed as attention to expressions of sovereignty under changing conditions. I argue actors develop, redevelop, and adapt their interests in relation to each other. “[A]s the state ‘makes itself’ through processes of subject making, state sovereignty is an ‘effect’ of these territorial and non-territorial practices” (Kuus & Agnew, 2008, p. 21).

I draw on work by critical scholars analyzing how states overlay their own framings as they engage in the region, often through mapping and Arctic policy programs (Dodds, 2012, Steinberg 2010, Foxall 2014), and how they come to overrule “knowledges” and imaginaries of other actors (Nutall 2014). To interrogate the relationships between power and knowledge in the region these scholars draw on critical scholarship around knowledge production developed in non-Arctic contexts (Dodds, Kuus, & Sharp, 2013). These analyses critique the assumptions underlying state decision-making (Kuus, 2011; Agnew, 2007). Geographers investigate the cycle in which the underlying assumptions about the region wielded by the most powerful institutions seep into analytical assumptions in Arctic geopolitical analysis. These assumptions then shape outcomes by defining the number of acceptable actions, discourses and practices, crowding out alternative knowledges and power. As Ó Tuathail (1996) notes, “‘Geopolitics’ is a sign for the problematic of geo-politics, the politics of the production of global political space by dominant intellectuals, institutions, and practitioners of statecraft in practices that constitute ‘global politics’” (p. 185).

Indeed, Heininen (2014) argues that dominant assumptions and knowledges are “sticky”; they still dominate regional geopolitics and must be accounted for (p. 248). He also notes that historically dominant actors in the region remain very powerful (p. 248), and that the “militaristic and security legacies associated with the Cold War did not disappear in 1991, notwithstanding new claims regarding ‘the future of the North’” (p. 243). Therefore, he concludes, although the region seems to be moving “from confrontation to cooperation . . . [we] should not underestimate the persistence of the discourses and practices of security, sovereignty and stewardship” (Heininen, 2014, p. 250).

By emphasizing enduring state power I do not aim to reify container state analytical models, but to account for the stubborn and evolving role of states in Arctic governance. I analyze realist framings because they are used in much grey, popular, and even academic analysis of the Arctic. Realist models still matter empirically, so scholars must address them.

Several geographers identify as “realist” the dominant narratives and framings of the region used to rationalize particular geopolitical practices.

At the same time, I also draw on work by critical scholars that aims to integrate knowledge produced by non-state regional stakeholders. Heininen (2014) summarizes the integration of this approach in Arctic analysis.

In the 1990s, a ‘new’ geopolitics alongside a more ‘critical’ geopolitics emerged within and beyond the academy. This new approach to geopolitics emphasizes other factors instead of physical space, natural resources and power, such as cultural identity and traditional knowledge systems. ... It also emphasized that there are other actors, such as indigenous peoples with their distinct cultures and geographical imaginations (Jukarainen, 1999) (Heininen, 2014, pp. 245–246).

Powell and Dodds (2014) propose new frameworks for geopolitical analyses that do not privilege the imaginaries of states. They focus on the knowledges and geographical imaginaries of other actors, particularly indigenous and other Arctic residents.

A fundamental and necessary destabilizing and de-centering move in a critical polar geopolitics would be to tackle the view that implicitly takes the natural vantage point of geographical analysis to be national governments and states. Much of what goes for mainstream geopolitical writing today involves the projection of the contest and interest of a few states, often southern constituencies in the Arctic context, onto the world at large. A better analysis of world affairs requires a sustained critique of these ‘doubtful particularisms’ and a recognition that indigenous/Northern communities might have different geographical imaginaries than [southern capitals] (Agnew, 2005). (Powell and Dodds, 2014, p. 9-10)

These parallel lines of research tie in with that of “geographical imaginaries,” an enduring thread in critical geopolitical analyses, also applied to the Arctic context (Steinberg, Tasch, & Gerhardt, 2015). This concept can help explain how the ongoing dominance of certain knowledges and practices harden the division between actual and “imaginary” framings of the region. Barkan (2016), discussing the Arctic specifically, argues that through analyzing processes we can understand how power dynamics ensure some geographic

imaginaries remain imaginary, and others become practices.

[As] Wainwright (2005, p. 1037) noted, imaginaries are geographic in the sense that they are constituted out of concrete socio-spatial relations between people and places, but they are also powerful precisely because they “become hegemonic as geographies are naturalized and sediment as common sense through political and cultural practices.” (Barkan, 2016, p. 175)

I also address a second shortcoming in Arctic knowledge production literature. Work regarding the different knowledges of the region rarely analyzes the *production* aspect of knowledge production, that is, the construction of knowledge paradigms among actors and how they extend power (Powell, 2008 is an example of an exception). Most studies analyze knowledges as competing narratives by different institutions, rather than focusing on the *how* of their interaction and deployment.

I focus on how cycles of narratives and practices of security and development emerge between actors and across scales. They are not created *de novo* in these sites, nor indeed only in these sites. Neither are they formed solely at the state level, but rather dialogically across scales and between actors. This finding speaks to Agnew’s observation (2007) that “knowledge is made as it circulates; it is never made completely in one place and then simply consumed as is elsewhere” (p. 146). Indeed local specificities shape the knowledge circulating between sites. Agnew goes on to note “*where* still matters but with respect to how ideas are understood (how texts are read) more than in terms of where new knowledge is initially produced” (2007, p. 145). Agnew’s networks are a useful way to image the paths along which assumptions and narratives travel in these cases.

Places are almost always parts of spatial networks reaching across cultural and political barriers and yet settings in which distinctive social and moral habits and routines take place. Recent thinking in human geography suggests that relational spaces and relatively bounded places coexist and interrelate rather than being mutually exclusive. (Agnew, 2007, p. 141)

To understand how knowledge framings manifest themselves in policy production, I also draw on work regarding technocratic governmentality and the actors who have power to set rules and create both “problems” and “solutions” (Dunn, 2005). I extend this analytical framing to multinational corporations who wield significant technical knowledge. Similar work has been done in the Arctic context, particularly work on how scientists were enrolled in projects that buttressed Cold War–era projects in the Arctic that straddled spheres of science and the military (Farish, 2006; Powell, 2008). Similarly, non-geographers argue that understanding these specific framings helps us understand governance more broadly by providing “windows onto [broader] political processes in which actors, agents, concepts and technologies interact in different sites, creating or consolidating new rationalities of governance and regimes of knowledge” (Shore, Wright, & Pero, 2011, p. 2).

3.3.1 Security and development

Many scholars in critical political and economic geography recognize economic development, as well as “militarised understandings of security” (Dodds, 2011), as political mechanisms used to extend state sovereignty (Sidaway, 2007; Watts, 2008; Ferguson & Gupta, 2002). However, the study of how they operate together, specifically in the Arctic, and by non-state actors, is in its infancy (Dodds, 2011; Rasell, 2009). This gap reflects Reid-Henry’s (2011) question of the meaning of the security-development nexus.

Certainly, there is no doubt that the ‘nexus’ has its own discursive reality and that the felt need of the international community to pursue development and security policies alongside one another is shaping practice in this regard (a trend that is often taken to be something quintessentially new; however, for a useful argument against such presumed novelty, see Buur et al., 2007a; see also Cooper, 2006). Establishing quite what sort of meanings actors and scholars are attributing to the nexus, therefore, is a task of some importance. (Reid-Henry, 2011, p. 97)

I argue that state and private sector actors use security framings to link development to projects of state sovereignty. I also argue that security and development are tools of transnational governance. I therefore contribute to Arctic critical geopolitical literature in three ways. First, I examine how security and development mechanisms are deployed rhetorically and materially in tandem by public and private actors. Second, my analysis brings together security and development, which are usually analyzed in separate Arctic literatures. Third, I focus on intertwined security and development framings as ways states and private sector actors stretch their influence across scales. I expand Sidaway's argument (2007) that development is a useful lens to understand state decision-making across scales.

[...] development retains significant power to shape national imaginations and strategies. However, ever more superimposed on national narratives and schemes (reworking their roles) are sub and transnational spaces, nodes and networks, marked by a variety of fractures and boundary practices. (p. 355)

This argument draws on scholarship that notes how capital and states help each other develop intertwined security and development framings (Bigo, 2002; Kuus & Agnew, 2008; Sidaway, 2007). However, my focus on the private sector decentres the state in these theories by examining how the deterritorialized interests of capital influence (and are influenced by) state practices (Barkan, 2013).

As I mentioned, I evaluate security and development as rhetorical and strategic devices in decision-making and rationales to extend sovereignty. I consider "security" broadly to explore its explicit and implicit use in these narratives. By examining this connection as it occurs in these cases, I aim to add complexity to the idea of security as a floating signifier. These cases suggest that security is invoked in Arctic rhetoric in two ways: as a discursive device to align interests and make issues important to different stakeholders. It also refers to very specific and concrete issues or proposals. This study focuses on the use

of security as a political tool in governance. As Kuus notes, “security claims are malleable and (therefore) potent political forces” (Kuus, 2007, p. xii). In the cases of Norilsk and Barrow, security refers to very specific issues but its larger use is as an omnipresent referent. It has been long linked to geostrategic narratives (historically), in other geographic regions besides the Arctic (the Middle East, for example). It is used almost to convey an issue, an imperative or problem that must be addressed. Beyond the realm of geopolitics, security is increasingly used in conjunction with policy areas where this signifier was not usually used explicitly, such as economic or energy security.

I explore not just what, but *how* security shapes new forms of governance. I extend critical geopolitical analyses of the region that critique the narrow definition of security used in mainstream discourse and realist framings of the region. Some analyses may focus on state use of Arctic policy language (Nutall as cited in Powell & Dodds, 2014) to analyze how states seek to protect national security and geostrategic resources. Scholars have noted however that conceptions of security have broadened in the Arctic to include economic, environmental, and human dimensions (Heininen & Nicol, 2007b, p.117). However more recently some of the same scholars describe a resurgence of realist security “discourse and practices” in the Arctic region, even after the end of the Cold War (Heininen as cited in Powell & Dodds, 2014, p. 250).

Arctic geographers have begun to explore how security is constructed as a mode of governance or policy rationale (Powell & Dodds, 2014). Some analyses draw on critical theories about how non-traditional national security issues like migration become geopolitical preoccupations of states (Ingram & Dodds, 2009). This study also draws on work outside the Arctic that argues “soft” issues like migration and environmental

protection become geopolitical questions as states “frame them rhetorically as geopolitical concerns” (Kuus & Agnew, 2008, p. 12; Collyer, 2012).

A security lens connects to debates about how complementary state and non-state activity changes the role of states. This discussion is not located in Arctic geopolitical literature but rather, non-Arctic development literature which discusses state and capital relations in more depth. This literature better addresses the role of non-state actors, although usually analyzed separately from “geopolitical” literature (Watts, 2008; Ferguson, & Gupta, 2002). They note that “domination doesn’t have to be rooted in state power, but can be exercised by entities other than the state, like private multinational corporations (Ferguson & Gupta, 2002, p. 992).

I argue the security-development framing helps private sector actors achieve their economic goals, among them economic efficiency and selective intervention, goals shared with the state. My focus on private sectors actors, and their participation in promoting security and development also draws from Reid-Henry’s (2011) call for scholars to explore how the security-development nexus plays out across scales and how non-state actors contribute their own meanings of security and development.

If security has become globalized then, as the development studies scholar Stuart Corbridge (1993, p. 468) has written, such ‘a space of flows calls forth a compelling machinery of fixity.’ The concept of the development-security nexus mediates this colloid of fixity and flow perfectly, and it is important that any critical mapping of the nexus considers exactly how it so operates. This immediately requires us to reflect on the fact that it is not only states and the international community who undertake such mediating work: humanitarian operations, for example, are also often far from politically neutral; though their actions may not be so directly mediated through the development-security nexus, they are increasingly contributing their own meanings to the practice of development and security (Slaughter and Crisp, 2008; Macrae, 2002). So, too, are private security actors and researchers themselves, all of whom may in different ways be working in collaboration with one another. Given this proliferation in development-security actors, there is a need to reflect upon the return impact of such activity. (Reid-Henry, 2011, p. 101)

An analysis by Roberts (2014) addresses Reid-Henry's call for more research on the role of non-state actors at the security-development nexus. Her analysis examines how states operate as parts of assemblages that include non-state actors. Her empirical study focuses on how USAID, a US government agency, administers civilian foreign aid in cooperation with private sector contractors. Roberts examines how the meanings of security and development circulate between state and non-state actors and into broader discourse and set institutional norms and practices. In the process, both public and private sector actors construct the field of foreign aid. Roberts' analysis of development assistance practices are similar to Wedel's analysis of processes of Western aid to the post-Soviet world. This kind of network-based deeply empirical but theoretically grounded governance analysis can be seen in certain publications related to the Arctic (Nuttall, 2014).

Methodologically, her analysis illustrates the cooperation of state and non-state actors, what she describes as "webs of relations." Similar to Barkan (2013), Dittmer et al. (2011) and others, she draws on assemblage theory, noting that her analysis "joins other efforts wherein assemblage thinking and a materialist analysis based in political economy align" (Roberts, 2014, p. 2). Roberts grounds her analysis in contingency but emphasizes the actors and their relationships.

First, then, this assemblage contains a myriad of people and things. Any of them could have been useful starting points for an analysis. Given the paucity of basic research on this assemblage, however, this article had to conceptualize this assemblage in the first place and then identify key components. Consistent with its relational approach and its focus on the middle, much attention was given to identifying and delineating the key entities involved in USAID development contracting. Among the things identified are companies and organizations, institutions themselves made up of relational webs connecting social and material elements. (Roberts, 2014, p. 17)

Compared to Roberts, my analysis is less institution-based. I more strongly emphasize the shifting relationships among constellations of actors and how they shape each other, rather than their relational structures. Assemblages, as employed by Roberts and others, focus on “relational webs” whereas I focus on “relational moments” and emphasize the tenuous nature of relationships.

My analysis also brings together several conceptions of security currently analyzed in disparate Arctic geographical literatures. As we have seen Kuus and Agnew (2008) note how framing non-traditional topics as geopolitical concerns bring these different concepts of security into conversation. Similarly, I examine the synergistic ways several securities operate in the region to shape transnational Arctic governance and reshape state power more broadly. In these cases, regional actors navigate competing pressures and cater to different audiences simultaneously. For example, states must speak to domestic as well as global audiences; corporations must communicate with localities where they operate, states with whom they cooperate, and their stakeholders. These stakeholders refer to multiple securities in their narratives, particularly economic, energy, and geostrategic security. These different actors conceptualize security differently. For example, Norilsk Nickel adopted formal and informal policies to shore up migration control to the city. However they leveraged federal concerns about geopolitical security and regional development to protect their own interests in local migration control.

Arctic geopolitical scholars rarely examine how different stakeholders use multiple security narratives in the Arctic context. Alternative forms of security, including economic, human, food etc., are rarely examined in Arctic geopolitical literature. They are, however, treated in depth in other Arctic sub-literatures, such as anthropology or

development. These analyses focus on how non-state actors utilize the language of security. They examine the forms of security emphasized by indigenous groups or embedded in the policy language of transnational organizations.

I turn now to a discussion of energy security. Although Arctic geopolitical literature generally analyzes security and development as separate modes of sovereignty, energy security is a fruitful analytical lens to connect security and development as well as materialized and dematerialized processes of globalization. The narrative of energy security aids states hoping to control resource extraction processes, or to appear to control them. I draw on work by non-Arctic development scholars who note, “resource sovereignty conceives of control over internal resources in isolation from external relations” (Emel, Huber, & Makene, 2011).

Energy security joins emerging research in non-Arctic contexts about new forms of security in the context of globalization. Indeed, Heininen calls for more such work as a way to concretize geopolitical analyses across scales. He notes “the importance of energy security as a new way to materialize the resource models of geopolitics” (214, p. 251). He also notes “the importance of interrelations between the region and the rest of the globe” (Heininen 2014, p. 248). I build on the few in-depth analyses of resource corporations and their role in national security and energy security in the Arctic (Kristoffersen, 2014).

Bradshaw (2009, p. 1920) discusses the geopolitics of global energy security, which he defines as the “influence of geographical factors, such as the distribution of centres of supply and demand, on state and non-state actions to ensure adequate, affordable and reliable supplies of energy.” Bradshaw further explains how the link between energy and security has become strengthened and intertwined in the US case. He connects to Kuus’s (2007)

discussion of the processes through which new policy issues become reframed as security concerns, and the porous division between domestic and foreign policy (Kuus & Agnew, 2008):

Only 16% of US crude oil and petroleum products came from the Persian Gulf. However, because of its high level of import dependence, the USA is sensitive to any developments that threaten the secure supply of crude oil to global markets. Thus, the promotion of global energy security is a key element of US foreign policy (Kalicki & Goodwyn, 2005; Yergin, 2006). (Bradshaw, 2009, p. 1926)

Other Arctic scholars argue that states use the rhetoric of energy security to link security rationales to their natural resource aspirations (Heininen, 2014, p. 252). They draw on theories of state discourse and framing issues as “problems” to provide “solutions,” frame debates, and control outcomes (Ferguson, 1994; Burchell et al., 1991). They draw also on theories that involve the actors themselves, including collusion among capitalist elites (Glassman, 1999).

My use of the thread of political economy across the different political landscapes of Russia and the United States highlights similarities between these two cases. It also allows differences to be discussed on the same conceptual ground. The aim of this study is to examine effective sovereignty and state power (Agnew, 2009, p. 7). That is, I focus on the actual application of state power. I therefore seek to avoid falling into the trap of binarism when discussing these cases, of hopelessly polarized Russian socialist, authoritarian and American democratic, neoliberal regimes. I do not seek to demonstrate that Russia and the United States are evolving as states in the same way, but rather that both are developing in the broader context of globalized processes, and in relation with capital. I focus therefore on similarities and differences in these two cases

In my analysis I find both sites as partially market based, but with enduring, evolving roles for the state at various levels. Thus I place the Russian case in conversation with the American case on the basis of Collier's (2011) observation about neoliberalism as a new way for states to operate. This observation emerged from his study on how neoliberalism behaves in post-Soviet Russia, through the empirical lens of state heating provision.

Neoliberal reforms propose to selectively reconfigure inherited material structures, demographic patterns, and social norms. They suggest new ways of programming government through the state that retain the social welfare norms established by soviet socialism Neoliberal reforms ... seek to reconfigure social structures through the state (not displacing the state). (Collier, 2011, p. 2)

In terms of social policy, Russia and the United States navigate a similar central challenge of selective intervention in the Arctic due to limited resources and competing political choices, although these may be expressed very differently. This is what Collier (2011) engages when he asks, “[h]ow we can reconcile the liberal preference for limited and decentralized government with ‘imperatives of substantive provisioning’ ... at the core of the social state?” (p. 167). Collier argues that we can apply the neoliberal lens to Russia because states have an unexpected role in the neoliberal context. They decide not only what they want to privatize, but also what they want or need to manage themselves. States engage in the same types of calculations, but from different perspectives. “On the one hand we see states involved in governance through calculative choice and extension of market schemes to non-economic domains (like government). But states also decide what public functions must be centrally managed (like national defence or social welfare)” (Collier, 2011, p. 185).

Collier's (2011) framework allows us to examine very different state processes of selective intervention on the basis of their differences as well as similarities. In the Russian economic transition, there has been “...less a ‘marketization’ or ‘privatization’ of a public

service—the universal slogan of neoliberalism’s critics—and more a patterning of social welfare mechanisms with techniques of commercialization and calculative choice” (p. 26).

Rasell’s (2009) analysis of the Russian north led him to theorize along the same lines. He notes some comparable liberal tendencies in Russia. “The welfare cuts and cost rationality being applied to the [Russian] North are indicative of a broader liberal trend in Russian social policy” (p. 104). However he expects an enduring state welfare role. “Ultimately, the neoliberal undertones exhibited in federal social policy may be inappropriate in the region, where markets and individuals cannot be expected to sustain well-being” (p. 104).

Collier (2011) also argues the Russian case helps us consider the co-reliance of states and markets. “Neoliberalism is not a common ideology but a style of economic reasoning that thinks calculating agents [are those] whose incentives were structured both by market signals and regulatory institutions” (p. 223). I draw also on scholars outside geography who study the privatization of state power in the case of Russia. Wedel (2009), focuses on the increasingly porous border between public and private decision-making in many countries.

These discussions of social policy occur at the complex intersection of political devolution thought to accompany liberal policy. However, devolution of power to residents is not occurring evenly or smoothly at the circumpolar and domestic levels. Rasell (2009) refers to Riabova (2004) as he discusses the paradox in the Russian case, of overall political centralization to Moscow, but a simultaneous and opposite trend with regards to social provision: “As in Russia, social policy change in northern countries has been associated with a decentralization of political authority to local and regional bodies (Riabova, 2004, p. 9)” (Rasell, 2009, p. 103). In Russia, little state authority in other realms is devolving to local

populations, indigenous or non-indigenous. After the fall of the Soviet government, formerly centralized state authority flowed more to local and regional decision-makers during the 1990s. However, recently Moscow has begun to claw back state authority over decision-making in Arctic zones (Vlasova & Petrov, 2010, p. 188).

Finally, through this analysis of Russia and emphasis on political economy, I also address two gaps in the security-development nexus literature as articulated by Reid-Henry:

1) a focus on the global South, and 2) a neglect of economic analysis.

[These gaps] may lead us to overlook the application of the security-development nexus in other places, such as the former Soviet republics, for example, which are certainly deserving of attention (Macfarlane, 2004; see also Sidaway, 2000: 597). Second, there is an overtly political emphasis on issues of security and development—particularly when they are seen to coincide—in place of the ways in which the security-development nexus is at work within other domains, such as economics. (Reid-Henry, 2011, p. 100)

Scholarship on the Russian Arctic is highly interdisciplinary and international. The research that touches on Russian politics and political economy most directly related to my research is primarily from Russian and non-Russian geographers and political scientists. It includes Russia's business-state relations (Ortung, 2006), circumpolar geopolitics (Heininen, 2014), development policies of Russian Arctic cities, and city-state relations (Didyk & Riabova, 2013), and Russian nationalism and immigration (Alexseev, 2011). I draw on Russian political scientists studying various aspects of Russian state power in the region, including “soft power” (Medvedev, 2016; Sergunin & Konyshev, 2015), Russian international cooperation in the Arctic (Pelyasov & Kotov, 2015), and Soviet and Russian Arctic policy (historically and currently) (McCannon, 1998; Laruelle, 2014). I refer to other literature in the Russian Arctic including empirical case studies of CSR (Graybill, 2009) or cases of indigenous reaction to oil and development from extractive industries (Yakovleva,

2011). Several geographers publish for interdisciplinary audiences on diverse topics, while other scholars write on human-environment interaction and socio-economic well-being, and state-indigenous relations, in the Russian North (Vlasova & Petrov, 2010; Kuklina, 2013), including issues of indigenous land rights and legal geography in Russia (and comparatively with Canada) (Fondahl et al., 2015). These scholars exemplify geographical scholarship at the intersection of environment, territory, and governance issues.

To conclude, this study places Arctic development and geopolitical literature in conversation by analyzing the impact of private sector decisions on governance and state sovereignty. I aim to understand the relationship between political power and economic development. I draw on geographic scholarship on the expanding role of non-state actors in regional development and political devolution, new governance arrangements, and the relationship between residents and development. Work at these intersections is more grounded in socio-political geography, connecting domestic and transnational governance, compared to the more classic geopolitical analysis.

Scholars of Arctic critical geopolitical literature in geography often overlay existing critical theories of sovereignty and geopolitics onto the region. This work has several shortcomings that I address in my study: 1) an overreliance on politics at the expense of political economy and economics, 2) an overemphasis on static states with predetermined interests as the unit of analysis, 3) lack of empirical examples of multiscale, historically grounded governance. By emphasizing the *how* of governance practices, rather than the actors or networks themselves, my process-based approach addresses a fourth gap in critical Arctic scholarship.

Chapter 4: Offshore Oil and Its Discontents: Negotiating in the North Slope and Beyond



Figure 2. The North Slope of Alaska (NSB)

Source: http://energy.usgs.gov/images/alaska/NPRA_F11g.gif (public domain)

This chapter examines petroleum company Royal Dutch Shell's effort to begin Arctic drilling off the coast of Alaska's North Slope, in the Chukchi Sea. I focus on negotiations around a profit-sharing agreement concluded in 2014 between a subsidiary of Royal Dutch Shell PLC and several Native corporations in the North Slope. Shell intended the agreement to advance its larger program to undertake offshore oil development in the area. The negotiations provide a lens to examine the broader efforts of Shell as a private sector actor to promote offshore development among other stakeholders.

Shell's initiative occurs as sea ice melts and international shipping and resource exploration in Arctic seas increases. Offshore regions, such as those near the North Slope, are emerging as new sites of resource activity in the American Arctic. Sparsely populated by an indigenous majority, the North Slope faces new dilemmas in the specter of expanded offshore drilling. The region already hosts significant onshore oil production in Prudhoe Bay. It sustains itself on these revenues and its petroleum operations closely bind this

apparently remote region to state, federal and international oil development interests. In this strategic place, stakeholders vie for control of the inputs around development—the resources, land, and decision-making authority. In fact, offshore oil development is extremely controversial among stakeholders at several geographic scales. To some, offshore oil development near the North Slope represents a new opportunity; to others, it is a new threat. It is unquestionably a new chapter in American energy and Arctic policy.

An empirical focus on the profit sharing negotiations illuminates the complex relationships and interactions among stakeholders at several geographic scales. I use this profit sharing agreement as a policy lens in parallel to the migration controls I will examine in the case of Norilsk. Although treating different empirical issues, both case studies allow us to examine the processes of decision-making among public and private sector actors. These actors shape the governance landscapes locally and Arctic decision-making more broadly in the American and Russian Arctic.

In negotiations, Shell promoted its offshore program as a means to ensure economic and energy security locally, nationally, and for the state of Alaska. The company buttressed this rhetoric with spending and material investments at these scales. Shell adjusted its rhetoric to apparently align with the plans and interests of Native corporations, as well as state and federal goals in the Arctic, which are often framed around slightly different readings of security and resource development. Thus Shell not only reiterated security and resource development narratives and activities already employed by other stakeholders, but by framing its offshore project as a remedy for these goals, Shell encouraged these actors to further prioritize them in their activities and narratives. Thus I argue that together these actors link their interests across scales in considering offshore oil as a means to achieve the

shared goals of economic efficiency framed in terms of security, in the development of the American Arctic. It also suggests that private sector companies can, along with the public sector, entrench regional framings that shape local and regional decision-making practices. As this chapter proceeds, to simplify a complex narrative, I focus only on how the six main stakeholders most closely involved in Shell's offshore program negotiate their interests. These include Shell, state and federal governments, and in the North Slope, the borough government, Native corporations, and tribal organizations.

This chapter begins by briefly setting Shell's offshore oil program in the Chukchi Sea in the context of American energy and Arctic policies. I sketch the broader context so the rest of the narrative makes sense. I will return to it in more depth in section 4. I focus on energy decision-making in the Alaskan Arctic and how offshore petroleum development fits into national energy and security strategies. The stakeholders involved in the development of the U.S. oil economy are overviewed. All stakeholders interact through multiple, interdependent, and contradictory relationships. Section two provides a historical overview of the North Slope and Alaska. It traces how the key stakeholders in Shell's offshore debate became influential decision-makers. The historical dynamics among these stakeholders illuminate how the North Slope has become such a strategic place, how oil and gas dependency evolved, and how it affects newer offshore debates. Section three moves into the present day. It outlines the current political economies of Alaska and the North Slope, and their recent efforts to sustain themselves in light of their shared dilemma of oil dependency. Part four examines how Shell's new and controversial drilling program reengages longstanding stakeholder relationships and debates in new ways. The chapter concludes with a close look at the 2014 profit sharing agreement. I use this lens to examine Shell's role in

regional decision-making. Given the rich history of the North Slope area and American resource politics, this chapter addresses only those aspects of the region that are crucial to understanding Shell's 2014 agreement and the governance processes surrounding it.

4.1 Petro-Nation: The North Slope and American Energy Dilemmas

The North Slope of Alaska is at the forefront of a new phase of Arctic energy development: offshore oil. The area is also United States' toehold in the Arctic and already the site of some of the nation's largest *onshore* domestic petroleum reserves (Figure 2). The region's Prudhoe Bay is one of the largest sources of the U.S. domestic oil supply. It has been one of the largest sites of onshore petroleum production in North America, in terms of recoverable oil, since the late 1970s (Goldsmith, 2007). A vast region above the Arctic Circle, the Slope sprawls 230,000 square kilometers, comprising about 15% of Alaska's land area. It hugs Alaska's northern coast along the Chukchi and Beaufort Seas, which connect to the Arctic Ocean. The seas are rich in marine life and have supported the whaling traditions of the local indigenous Inupiat Inuit for millennia.

Shell Corporation, an Anglo-Dutch multinational, only recently abandoned a program of exploratory offshore drilling here in the summer of 2015, after almost 10 years of preparation. Drilling was to occur on two offshore oil lease sites on the Outer Continental Shelf (OCS) in the Chukchi Sea, just off the coast of the North Slope. Although it failed to come to fruition, Shell's actions set the tone for future Arctic offshore development. Other multinational resource corporations hold oil and gas leases in regional waters, and will look to Shell's experience to guide their development.

Such opportunities place the North Slope and its nearby waters as ground zero for American energy politics and Arctic policy and the landing point for associated dilemmas and debates. Stakeholders in the North Slope, Alaska, and the United States have come to rely heavily on the region's resources. Oil wealth fuels these economies, but has created dependency dilemmas. The unstable petroleum industry has delivered massive economic growth, but prospects for future growth from this source are unclear. Alaska's role in U.S. oil production has been dropping since 1985, as Prudhoe Bay production has decreased and other Alaska onshore oil sites remain unexploited, largely due to environmental concerns.

Arctic offshore oil has emerged as a panacea for a range of stakeholders, promoted as a way to prop up economies and continue growth, at least temporarily. However it is a fraught issue. Offshore oil and gas extraction presents serious environmental and cultural risks for the North Slope, where Inupiat Inuit comprise most of the population, and manage their own socio-economic, political, and cultural development. The community holds conflicting views on how to manage local natural resources and economic development (DeMarban, 2014). The North Slope is home to key institutional stakeholders involved in the offshore issue. Some local stakeholders consider offshore development at odds with sustainable growth that ensures environmental protection and the health of local communities. Some of the largest local institutions see opportunity in Shell's offshore initiative. However these are not fixed and firm positions. Blurred and shifting boundaries and relationships among them make it difficult to trace interests and activities.

Offshore development presents new challenges for an area already built on an unstable base of onshore oil and gas revenues. Thanks to petroleum revenues, the North Slope has avoided much of the underdevelopment of many rural Alaskan enclaves by

harnessing property tax revenues on the onshore oil infrastructure in Prudhoe Bay. However, the Borough appears to have become dependent on the oil industry for its economic development, without alternatives in sight. Scholars have long cautioned that the “Inupiat people [have] become increasingly dependent on oil development and the cash economy and that their culture was undergoing rapid and uncertain change” (Knapp & Morehouse, 1991, p. 2).

Offshore oil is attractive to federal decision-makers as well. As a national security goal, federal authorities seek new sources of domestic oil to diversify energy sources throughout the country and reduce American dependence on foreign oil. Offshore development is heralded as an opportunity for the United States to ensure its energy supply and national security by exploiting domestic petroleum resources rather than from abroad, particularly the Middle East. However, like the North Slope, the U.S. federal government is confronted with competing issues in navigating offshore oil development and its place in broader national policy. Resource extraction often conflicts with federal and non-state efforts to protect the environmentally fragile region. The state of Alaska, on the other hand, has long relied on petroleum as the basis for its economy, and has fewer political qualms about environmental protection.

Given the political and practical complexities, Arctic offshore oil development occurs, as a set of policies and practices, in the absence of consistent national-level leadership and clarity in the broader policy areas at stake in its development. It lands at the intersection of several policy areas. I focus on three of them: economic development, energy policy, and national security in the Arctic. U.S. national policies where these three realms

intersect are piecemeal and incoherent, with the policy and decision-making vacuum occupied now by a number of stakeholders intent on shaping these spheres.

Confusion stems also from lack of a single comprehensive national Arctic plan, unlike other Arctic nations like Canada and Russia. The sheer number of stakeholders may forestall the articulation of a single comprehensive Arctic policy. The most recent 2013 National Strategy for the Arctic Region, issued by the White House, is short and non-specific, referring only broadly to “interests” and “guiding principles” (Office of the President of the United States, 2013). More than twenty federal agencies currently administer different aspects of Arctic activity.

With little consensus on how to proceed, many stakeholders, rather than the federal government alone, shape Arctic policies and practices, including oil and gas development. I use the case of Shell to argue that the private sector actors incrementally fill the federal decision-making vacuum in the Arctic. As they advance their interests, they shape offshore oil development negotiations, and by extension, their role in regional governance.

4.2 History of Alaska and the North Slope Borough

Natural resources, economic development, and national security have always been interlinked in Alaska and the North Slope. These issues have shaped decision-making in the offshore debate and influence relationships among North Slope institutions and state and federal authorities. In order to understand why the residents of the North Slope have more control over offshore development (compared to many other small communities), this section reviews key events in the history and recent development of Alaska and the North Slope. The

North Slope community's strong history of asserting their rights shaped their approach to Shell's offshore development.

This section also focuses on the large federal role in these areas, although the influence of the private sector is increasingly apparent in the era of Alaskan oil, beginning in the 1960s. The federal government has never had a single regional strategy, but managed diverse activities related to military interests during the Second World War and the Cold War. These activities shaped fraught relationships between the federal government and native North Slope residents, who today characterize the federal government's history in the region as one of "taking" (Gourneau, personal communication, 2015).⁸ This memory motivates their current involvement in decision-making. Indeed, the history of violent state intervention in the region, including ongoing processes of indigenous dispossession, strongly shapes the North Slope and the events discussed in this chapter. These processes also include the imposition of colonial structures onto the Inupiat population in the form of institutions such as the Borough and native corporations. As Marino (2015) notes, "[...] for Alaska Native peoples, the last one hundred years have been characterized by a history of outsiders imposing belief structures through powerful incentive programs, forced schooling, infrastructure development, economic giving and taking, and other mechanisms (p. 52). Preston (2013) also argues, "settler colonialism functions through complex relationships between the state [...] and private oil and gas companies. It reveals how racism and settler colonialism fundamentally structure contemporary social and economic life" (p. 43).

Today, most of the North Slope region falls within the administrative purview of the Inupiat-run North Slope Borough, which was founded as a regional government by indigenous leaders in 1972. The borough is the U.S.'s northernmost public municipality, and

⁸ All Parente interviews are anonymous, and names have been changed.

includes eight regional settlements.⁹ Alongside the borough structure is a parallel tribal government structure. About 10,000 year-round residents live in the North Slope, which has diversified from entirely Inupiat to slightly over half Inupiat (U.S. Census Bureau, 2016).¹⁰

The Inupiat, a sub-group of Alaskan Native Inuit people, have lived along the North Slope for millennia; existing with little interaction with outsiders, save for isolated incidents with international explorers and later, U.S. government representatives. They were organized in villages and traditional confederations, engaged in subsistence hunting and whaling. They maintain these residential and lifeway patterns to a great extent today. The Inupiat's isolation was due in part to their remote homeland, but also, to the laissez faire attitude of the United States' federal government towards the territory that is now Alaska. First contact with Westerners occurred in the 1600s. Purchased from Russia in 1867, the area was incorporated as an organized territory in 1912.

Native residents were unrepresented in the territorial government. They were largely ignored and no major programs supported their traditional subsistence life ways. American Indian law considered indigenous residents wards of the federal government. Their only support was through federal public assistance and welfare programs operated through two federal agencies, the Department of the Interior's Bureau of Indian Affairs (BIA), and the Public Health Service of the Health, Education, and Welfare Department. These agencies operated schools, boarding schools and hospitals throughout rural Alaska. This situation continued through Alaska statehood in 1959.

By all major indices of growth and development, the Native community was the least advantaged and most neglected population sector [in Alaska]. And, at the time of

⁹ Anaktuvuk Pass, Atkasuk, Barrow, Kaktovik, Nuiqsut, Point Hope, Point Lay, and Wainwright.

¹⁰ Fifty-four percent Inupiat, 34% white, 6% Asian, four percent Hispanic and one percent each Black and Pacific Islander.

Alaska statehood, interests of the Native community were not represented in the political structures affecting them. (McBeath & Morehouse, 1980, p. 16)

Historically, the United States federal government has extended sovereignty over the far reaches of its Northern territory through the demarcation of the territory, population management, military activity and extractive industry. This is not unusual. The circumpolar Arctic is a challenging environment, and has historically required the resources of strong national governments for development. In Russia the powerful Soviet regime was able to actualize expensive and ambitious Arctic development (McCannon, 1998). Compared to Russia's sophisticated Arctic programming, American use of its northern territory has been limited and piecemeal. Federal investment in resource sectors resulted in relatively small population centres and little infrastructure, compared to the Soviet Arctic (Conley, 2013, p. 1).

Military investments gave the federal government a strong initial imprint on the area, and shaped the state's political and economic culture. In the process, distrust deepened between Native Alaskans and the federal government. Military priorities have also guided federal spending on scientific research and shaped economic development. Alaska's proximity to the Soviet Union made it central to America's military strategy and missile defence program during World War II and the Cold War. As Hummel (2005, p. 60) notes, "Alaska's movement to statehood was conditional upon deference to defense interests." In the North Slope, with most other agents from outside the region, science, linked with military and geostrategic priorities, were an important rationale for state intervention. During the World Wars and the Cold War this took the form of weapons testing, and more recently national security and environmental protection. As a result, apparently benign "science" has become politically charged in the region. The United States military and the Atomic Energy

Commission (AEC) used Alaska and the North Slope for nuclear and conventional weapons testing for decades.¹¹ Such projects sowed distrust between Alaska Natives and the federal government that endures today.

After World War II, U.S involvement in the North Slope began to shift to environmental matters, which often worsened relations between the federal government and indigenous communities. A 1977 moratorium on whaling in the North Slope, aimed at protecting Bowhead whales, was a landmark decision. It remains in force as an important piece of international law in the area. It has become a cautionary tale and rallying point for tribal organizations concerned about federal intervention. The moratorium was put in place by the International Whaling Commission (IWC), but supported by the U.S. government. This event galvanized local activism and the Alaska Eskimo Whaling Commission (AEWC) was formed, and still exists today.¹² AEWC declares that it “was formed to represent the whaling communities in an effort to convince the United States Government to take action to preserve the Eskimo’s subsistence hunt of bowhead whales” (Alaska Eskimo Whaling Commission, 2017). The purpose of the AEWC is, in part, “to ensure that the hunting [of bowhead whales] is conducted in a traditional, non wasteful manner [...] (NOAA, 2008, p. 7). The AEWC also “agreed to cooperate with the U.S. in scientific research efforts and to

¹¹ For example, the AEC established its infamous Plowshare Program, which was designed to find peaceful uses for nuclear explosives. As part of the broader program, “Project Chariot” unfolded in part on the North Slope. Government activity included experiments with radioactive materials, and cleanup was still going on as of 2014 (Vandegraft, 1993).

¹² The AEWC website ‘About Us’ page describes the origin of the organization: “In August 1977, the Alaska Eskimo Whaling Commission (AEWC) was formed to represent the whaling communities in an effort to convince the United States Government to take action to preserve the Eskimos subsistence hunt of bowhead whales. The United States Government did not object to the ban but did agree to raise the issue at a special meeting of the IWC that was held in December 1977. At the meeting, the United States Government promised to undertake a major research effort to provide a better estimate of both the size of the stock and how many animals were added to the stock each year, known as the “gross annual recruitment rate.” The United States scientific research efforts developed a management plan to be followed by all the whalers to help improve the efficiency of the subsistence hunt. The AEWC also decided to undertake efforts to educate the outside world about the importance of the bowhead whale to their way of life.” (Alaska Eskimo Whaling Commission, 2017)

develop a management plan to be followed by all bowhead whale subsistence hunters to help improve the efficiency of the subsistence hunt” (NOAA, 2008, p. 7).

The discovery of massive oil reserves at Prudhoe Bay during the 1960s changed national energy policy and the political economies of Alaska, the North Slope, and the nation. Ever since, the North Slope has been the site of extensive onshore and offshore oil and gas exploration and exploitation. In 1968, ARCO Oil Company confirmed the presence of what was to become the largest oil field in North America (Goldsmith, 2007). The discovery was momentous, and its timing just before the national 1973 “oil crisis” made it even more fortuitous. Prudhoe Bay oil helped reverse a decline in U.S. crude oil production in the 1970s (McDowell Group, 2014, p. 8). At its peak production in the late 1980s, the field accounted for more than 20% of the nation’s total domestic oil supply (Crow 1995). Since then, however, production has fallen sharply, although the value of the field had until recently been buoyed by high oil prices per barrel.

Prudhoe Bay occasioned the first sustained and long-term engagement among oil and gas companies, the Alaskan and federal governments, and Native residents in the North Slope. Oil production was slated to begin in 1977, upon the completion of the congressionally approved Trans-Alaska Pipeline System (TAPS). The 800-mile-long pipeline would carry oil west, to Alaska’s west coast port of Valdez.¹³ The pipeline would cross federal lands and areas of unresolved land claims. The U.S. Secretary of the Interior ordered the congressional resolution of aboriginal title before land could be leased to the oil companies and oil extracted and shipped (Blair, Lovecraft, & Kofinas, 2014). U.S. courts had long recognized Native land rights, which had never been extinguished.

¹³ The pipeline spanned lands besides the North Slope, but this section focuses on the activities of North Slope Native groups, which were sometimes independent of other native organizations’.

Alaskan Native corporations were created in 1971, when Congress passed the Arctic Claims Native Settlement Act (ANCSA). The Act settled the land and financial claims made by Alaska Natives and it created 13 regional Native corporations to administer the claims.¹⁴ Congress established private corporations in lieu of establishing reservations. The Act provided for aboriginal land title to 44 million acres (178,062 km²) and approximately US\$1 billion, to be managed by 13 for-profit Alaska Native regional corporations. The corporations received a “double mandate to make a profit, and preserve culture” (Reiss, 2012, pp. 103–104). ANCSA also established about 200 corporations throughout Alaska at the village and group level, all wholly owned by Inupiat shareholders. “Congress wanted the corporations to use the land and capital to produce a continuing source of income for their Native shareholders” (Kruse, 1991, p. 8).

In the North Slope, the Arctic Slope Regional Corporation (ASRC) represented the North Slope region as a whole.¹⁵ In 1972, the newly established ASRC received five million acres (20,234 km²), selected by ASRC leaders themselves. Some of this land falls in today’s ANWR and NPR-A areas. The eight North Slope villages each established village corporations, which are less powerful than regional corporations.

Besides creating Native corporations, the ANCSA process had other key socio-political ramifications for the future of North Slope regional development and debates around offshore development. First, ANCSA fundamentally changed the economic structure of the

¹⁴ U.S. Tax Code, Title 43, Chapter 33, § 1606, Regional Corporations, [section] (d). It is available via Cornell University Law School law database, ‘Legal Information Institute’: <https://www.law.cornell.edu/uscode/text/43/1606>

¹⁵ The ASRC website states, “ASRC is a private, for-profit corporation that is owned by and represents the business interests of its 12,000 Inupiat Eskimo shareholders in the villages of Point Hope, Point Lay, Wainwright, Atkasuk, Barrow, Nuiqsut, Kaktovik, and Anaktuvuk Pass. Some of the corporation’s shareholders live outside of the region in Alaska, with a small number residing in the Lower 48.”

Inupiat. ASRC argues that the federal government imposed a “western corporate model” to administer land assets and provide benefits to “shareholders” (Gourneau, personal communication, 2015). Scholars note that ANCSA “converted communal aboriginal land claims into private property rights through shares of native corporation stock” (Case & Voluck, 2002; Dayo & Kofinas, 2010).

Second, business relationships between the oil companies and Native corporations, especially the ASRC, began at this time. These economic relationships slowly developed into political relationships. The burgeoning resource industry partnered with local Native tradesmen for construction and other work. These workers were also ASRC board members. The partnerships later broadened into contracting opportunities and oil field support operations, which today form the basis of the native corporation enterprise activity (Reiss 2012, pp. 103–104).

Third, the ANCSA process birthed an indigenous movement to establish the North Slope Borough as a political entity through which indigenous residents could advance their economic and political interests. Leaders “opposed the ANCSA settlement because they opposed oil development for environmental reasons, and believed ANCSA did not transfer sufficient land on the North Slope [and its attendant natural resources] to the Inupiat” (Knapp & Morehouse, 1991, p. 3). During the ANCSA process, some Inupiat leaders began to organize themselves to pursue land claims with the federal government, forming the Arctic Slope Native Association (ASNA) in 1966.

The borough form of government was selected specifically by ASNA in 1972 to gain control of development in order to support indigenous traditions. Legally, it allowed them to levy property taxes on the highly valued onshore oil and gas infrastructure at Prudhoe Bay.

It also provided the municipality broad regulatory powers under state law (Kruse, 1991, p. 8). “Inupiat leaders attempted to form a borough in order to capture the substantial resource wealth stemming from Prudhoe Bay oil development for local use and help protect their subsistence resource environment” (Knapp & Morehouse, 1991, p. 2). Prior to oil development, the eight Inupiat villages of the North Slope were among the poorest communities in Alaska. Because borough property taxes would be obtained from multi-billion-dollar oil production and transport facilities, it would yield significant income. The establishment of the borough emerged from the convergence of two factors: Alaskan law, which provides for regional forms of government with broad powers of taxation; and second, an organized Native leadership, which gained experience during earlier activism opposing unilateral state-led oil development on the North Slope (Kruse, 1991, p. 15). Former North Slope Borough Mayor Edward Itta described it as not only a political victory, but also as an economic coup.

We adapted to the discovery of oil in our traditional homeland by forming the North Slope Borough. Our borough has offered local residents a chance to help manage our lands and participate in the benefits of the oil boom. Through the borough, we have been able to enjoy the advantages of the modern world at the same time as we protect the subsistence values we hold dear. (Bauman, 2007)

The establishment of the borough also began to set the tone for relations with government and oil companies, who initially resisted the incorporation of a local government, which could tax North Slope oilfield property, and was outside their control. Alaska owns the land and leases the area to oil companies. It did not want the municipality to have exclusive powers of local property taxation over such a rich property (Knapp & Morehouse, 1991, p. 4). The Alaska government claimed that Prudhoe Bay was a statewide resource and the state government should collect tax revenues for the benefit of all Alaskans.

The state did not explicitly oppose the borough incorporation, but attempted to remove the incentive for incorporation by limiting local taxing powers and other measures (Knapp & Morehouse, 1991, pp. 3–4). Oil companies also twice challenged the North Slope Borough in court, once immediately following its incorporation in 1972, and a few years later about the extent of its property tax powers. Both challenges failed.

The borough continued to develop as a sophisticated political and economic actor throughout the 1970s. It became a strong counterweight to state and federal intervention in the region. It broadened its regulatory powers through negotiations and compromises with other government agencies (Knapp & Morehouse, 1991, p. 10). The municipal government claimed decision-making authority in a range of policy areas, although state, national, and international regulatory bodies continued to resist its claims (Morehouse, McBeath, & Leask, 1984, pp. 151–155). It also took over several management areas that were formerly the province of superior government authorities, including renewable and non-renewable natural resources management, hunting regulation, and some aspects of the development of onshore and offshore petroleum resources (Chance, 1990, pp. 175–178).

By managing its own economic development, the borough government significantly lifted the standard of living in the North Slope. It used oil tax monies for a massive capital improvement effort that continues today. It built schools, utilities, and community centres, and brought public health, education, and other programs and amenities to North Slope villages. It would “become a billion dollar capital construction program, financed primarily through bonds secured by the oilfield property tax base” (Knapp & Morehouse, 1991, p. 4).

4.3 Current Political Economy: The North Slope and Alaska

This section sketches petroleum's growing role in shaping the political economy in the North Slope and Alaska. It also develops the relationships among state, regional, and national actors and the private sector-led interests of the Alaskan petroleum industry. This section sets the context for the latter half of the chapter, which examines how Shell leveraged the unstable petroleum-dependent state and local economies, as well as multi-stakeholder dynamics to advance its offshore project.

4.3.1 The political economy of Alaska

Scholars often depict Alaska's economic structure as a three-legged stool. State income is derived from federal spending, petroleum, and other resource revenues, although not equally. Petroleum dominates, accounting for \$24.5 billion of the 2010 state budget. "Clearly, the relationship between the state and oil industry has been, and remains, at the center of Alaska's political economy. ... The state is dependent on oil" (McBeath, Berman, Rosenberg, & Ehrlander, 2008, p. 2).

Federal spending in Alaska was estimated at about \$11 billion in that year, while other resources accounted for just under \$9 billion. Federal activity in Alaska has left a marked legacy in the form of generous funding as well as a distinctive and ironic political culture, sympathetic to business and national defence, with a "small government" populist bent. In 2003, Alaska received more per capita federal spending than any other U.S. state, led by defence spending. Scholars estimate that about one third of the entire state economy is powered by federal spending (Goldsmith & Larson, 2003). The role of the private sector continues to grow in the state economy. Federal spending for example, is increasingly supplemented by private sector support. Hummel (2005, p. 68) notes, "the military is finding

new, post-cold war ways to continue its presence in Alaska, at the behest of Ted Stevens [former longstanding state governor] and with the support of a largely dependent business community.”

Alaska is still considered geopolitically strategic by the federal government, and its funding choices reflect these priorities. Alaska is the U.S. entrée into circumpolar affairs and natural resources; it connects the US to the Northern Sea Route and other trade opportunities, and is proximate to Russia. Indeed, the United States limits its activity in Alaska and its waters to the often overlapping spheres of the military, science and the environment, natural resource development, and social welfare. Its activities in these policy areas include funding programs and infrastructure, establishing and enforcing regulations and establishing policies and programs.

Over the last 50 years, Alaska has prospered as the value of oil has increased.¹⁶ Alaska depends on oil revenues to such a degree that it does not collect state income tax, but rather pays residents out of a public fund financed by petroleum revenues. There is no state sales tax, and only a light state tax burden for most businesses. Petroleum-related products account for more than 85% of state income (Knapp, 2012, p. 37). State spending has increased along with oil prices and revenues, and public spending per resident is double the

¹⁶ In interviews, borough managers explained how Alaska collects revenue from the oil industry in several ways. If the state owns the land where oil is developed, it also owns subsurface resources. Companies bid for the right to drill and pay the state for a lease (like the federal offshore process) (Brown, personal communication, 2015). Alaska collects royalties based on Prudhoe Bay production (a percentage of what oil companies produce), as well as taxes on a portion of the pipeline infrastructure, which means the state is much more sensitive to volatile oil prices than the borough, which collects property taxes on the Prudhoe Bay infrastructure, and on about 1/3 of TAPS infrastructure (Villa, personal communication, 2015). Alaska prefers royalties to lease monies, which have a fixed value (Brown, personal communication, 2015). The state Assessor sets tax rates by its valuation of the Prudhoe Bay, TAPS, and other oil infrastructure that is taxed by the borough and the state. Finally Alaska is also a partner of the pipeline with oil companies, and shares transport royalties (Brown, personal communication, 2015).

U.S. average (Knapp, 2012, p. 55).¹⁷ Alaska also benefits indirectly from the petroleum industry through employment and wages. State residents generally earn higher average income than in other states, usually servicing the oil industry and its offshoots in some way.

Economists, however, predict dwindling oil revenues and less federal spending in Alaska, anticipating a decline in federal grants to remote rural Alaska in particular (Goldsmith, 2007, p. 47). The state legislature has already taken some measures to cushion the state from sudden economic collapse, although even these efforts also rely on oil revenues. The State General Fund holds oil revenues, which are invested until they are spent on government services and programs or placed in reserve. Therefore the wealth is not only spent on short-term government operations, but also on longer-term loan funds and investments. Much of the oil earnings are reinvested in various public savings accounts, including the Constitutional Budget Reserve, the Statutory Budget Reserve (established in 1990), and the state Permanent Fund, which distributes an annual dividend to all Alaskans. The Permanent fund can be compared favorably to Alberta's oil legacy program, but is inferior to Norway's well-executed program (Widerquist & Howard, 2012, p. 75).

However a reliance on a single, unstable industry threatens the Alaskan economy. The 2015 downturn in oil prices has caused the state a multi-billion-dollar fiscal shortfall that has sparked panic among lawmakers and a deeply divided Alaskan public. Proposed remedies are unpopular and include an end to the state dividend program, steep tax hikes, or harsh state budget cuts (Associated Press, June 2016). These events highlight the uncertainty of reliance on this single industry.

¹⁷ Since oil production began in 1977, the state has collected \$170 billion in oil revenues (in today's dollars) (Goldsmith, 2012).

Economists recommend state and borough seek new economic bases that generate multiplier effects, away from oil and gas.¹⁸ Economic diversification is constantly debated in Alaskan political and academic circles. State (and borough) income depends not only on output levels, but the price of oil. Given the volatility of oil prices, and because little conventional oil remains on state-owned land, Alaska must develop new sources of revenue. North Slope oil production has declined since 1988, including at the huge Prudhoe Bay field. This represents a looming revenue shortage for the North Slope and for the state that needs to be addressed. During the 2000s, Alaska was lucky. Oil production decreased, but the state made up the difference through high global oil prices and a restructured production tax (Goldsmith, 2012, p. 3).

However, alternatives to petroleum are usually politically unpopular in the state legislature, and include diversifying natural resource development (especially natural gas), value-added processing, and renewable energy. These suggestions also face practical constraints. Experts caution that a gas pipeline will not save the economy, as the market value of gas is much lower than that of oil. This development falls under the federal purview and is less politically ideal for state decision makers, as they will have less control over its exploitation.

Despite advice from economists, Alaska has doubled down on petroleum, including offshore projects, in part because legally, the state can benefit more directly from petroleum than other sources of energy. Leaders in the Republican-led legislature promote Alaskan offshore oil as the way to staunch falling onshore petroleum revenues including offshore

¹⁸ Economists add some important caveats to this discussion, noting difficulties in quantifying the impact of the oil industry on Alaska's economy, and that it is perhaps, overestimated. Indeed some even caution that there is no single economy in Alaska, and note that other economic sectors (like services) contribute as much to the economy as oil, depending on the economic measures used. They note the ongoing importance of state and federal spending in the Alaskan economy as well (Knapp, 2014).

development. The state places many political resources into expanding offshore oil drilling to shore up its economy, encouraged by powerful industry organizations that lobby for oil and gas development, such as the influential Resource Development Council for Alaska, Inc. As we will see later, Shell adopts many of the state arguments in its promotions.

4.3.2 The North Slope Borough political economy and relationships

I turn now to an overview of the North Slope's political economy and its public and private sector stakeholders. This section provides the current local context for Shell's offshore oil proposal and profit sharing agreement negotiations. I focus on the dynamics among key institutional players: the North Slope borough government, Native corporations, village governments, and tribal organizations and governments.

Like the Alaskan government, the borough's \$350 million annual budget relies almost entirely on oil industry taxes, even though the "development of a self-supporting economic base has always been a stated goal of the North Slope Borough" (Knapp & Morehouse, 1991, 8). The North Slope only captures a portion of the benefits of regional oil production, and several local institutions aim for more (Goldsmith, 2007, p. 8). Institutions aimed at such growth include the borough government and most private sector Native corporations, particularly ASRC. Tribal governments and organizations are more ambivalent towards expanded petroleum development, reflecting a similar ambivalence in popular sentiment. They govern more informally, in parallel to the borough. They are recognized by the federal government, but hold little economic power, and less political suasion among colonial or economic political institutions outside the remote villages of the North Slope.

Barrow is the seat of the North Slope borough government's political and administrative apparatus, where regional power has centralized (Brown, personal

communication, 2015). From Barrow the borough government administers all eight villages scattered over a vast geographic space of the North Slope. Barrow is the largest and most demographically diverse of the villages; the others remain largely Inupiat. It represents about 60% of the borough's entire population, and sprawls in several directions. Even in spring, snow blankets the town, and strong winds sweep over roads and between low-slung houses and buildings. The snow makes it difficult to see where land ends and the frozen ocean begins. The North Slope's oil-derived public spending is immediately obvious. Brand new municipal buildings stand on stilts alongside less grandiose housing, although residents say that this contrast is deceptive, and that many homes have been privately renovated (figures 3 and 4). I am told there are no paved roads under the snow, because the city rests on permafrost, permanently frozen ground that buckles paving as the temperature fluctuates. Oil-based prosperity is evident in town. Cars, large trucks, and snowmobiles proliferate. To escape the cold, taxis are regularly used even to go short distances. The people walking by appear to be mostly indigenous, often wearing traditional fur lined coats.

The North Slope region's political economy highlights the close relationships between public and private sectors, and the appeal of new sources of revenue from offshore development.¹⁹ The region has a mixed economy based on income sources from wages, subsistence, and government transfers. Mixed economies are common in rural, Native communities in the Arctic. The wage economy and government transfers belong to the

¹⁹ I distinguish between the North Slope Borough and its budget, and the broader North Slope economy, which includes the Native corporations, and oil industry.

formal economy, and are reflected in the official borough budget. Subsistence activities are difficult to quantify and are not reflected in budgets.²⁰

Oil revenues, through property taxes and royalties, provide almost the entire borough budget, and fund most municipal operations and capital investment (Kruse, 1991, p. 9). Almost 99% of the borough's tax revenues are property tax revenues from Prudhoe Bay, according to administrators (Villa, personal communication, 2015). These oil tax revenues have amounted to billions of dollars.²¹ Between 1996 and 2006 alone, they totaled \$224.8 million (DOLWD, 2007 as cited in Kruse, 2010, p. 71). Dollar amounts rose consistently since at least 2007, and in 2013, North Slope oil and gas property tax revenues amounted to \$348 million (McDowell Group, 2014, p. 42).

The borough can better supplement federal funding than other places in Alaska (Burns, personal communication, 2015). In contrast to the North Slope, most Alaskan settlements rely on direct and indirect state support (Goldsmith, 2007). The economy's reliance on private rather than public money is unusual in remote rural Alaska. Borough tax revenues derived from the oil and gas industry dwarf revenue from intergovernmental transfers, and are on par with interest income from bond sales, according to the borough's annual municipal budget (NSB, 2013). Indeed, reliance on public sources is not unusual in other parts of the circumpolar Arctic, where remote communities face a harsh environment, low population density, limited infrastructure, and distance from markets, which limit market-based competitive investment and employment opportunities (Knapp & Huskey,

²⁰ Subsistence activities remain however, an important part of the livelihood of many Native residents. Subsistence is an important cultural practice and an essential source of food in remote villages where food for purchase is expensive (Willie, personal communication, 2015).

²¹ The NSB also taxes the Kuparuk development.

1988). In these rural areas, federal spending drove economic growth in recent years (Goldsmith, 2007).

The borough has been fiscally stable until only recently, with an increasing tax base, as the taxable value of the borough's portion of TAPS has increased annually (interview with Villa 2015). Two local public funds reflect this stability: the capital investment fund (CIP), valued annually between \$60 and \$120 million, and the North Slope Borough Permanent Fund, an investment fund to be tapped when oil revenues dry up (Villa, personal communication, 2015). McBeath notes that the Permanent Fund, established in 1984, "contributes to fiscal and therefore, governmental stability" (McBeath, 2010, p. 97).

The impact on the borough if oil revenues continue to fall was hinted at in 1988, when the municipal budget became unbalanced, as oil production fell in Prudhoe Bay, and again in 1999, when property tax revenue fell for the first time. The borough struggled to pay for its large ongoing expenditures—principally its large municipal apparatus and social welfare programs. It became difficult to pay the increasing interest payments on bonded debt. Bonds help finance welfare and infrastructure programs (Villa, personal communication, 2015). The borough redeveloped its budget, consolidated services, and privatized some government services (mostly in Barrow) (McBeath, 2010, p. 97).



Figure 3. New municipal building and service vehicles in Barrow, NSB. March 2015. (G Parente).



Figure 4. Residential street in Barrow, NSB. Housing stock is limited. March 2015. (G Parente).

According to senior officials, the borough government exercises its decision-making authority in local spending, funding a range of basic municipal operations through its municipal departments (Villa, personal communication, 2015). These include planning and community services, housing and public works, health and social services, environmental protection, police, fire and search and rescue, and industrial development (Kruse, 2010, pp. 71–72) (Figure 5). Regional capital investment projects include helping to finance the Barrow airport, and financing the longstanding municipal Capital Improvements Program (CIP) (Villa, personal communication, 2015). The CIP was established by the North Slope Borough in the 1970s, and cost over \$1 billion by 2001 (McBeath, 2010, p. 97).

The borough's wealth allows it to subsidize many public services, including plumbing, home heating, and winter road clearance (Reiss, 2012, p. 8). It is the only borough

in Alaska that subsidizes a centralized water and sewer system and energy sources for residential use, such as heating fuel. Barrow uses local natural gas, delivered by a non-profit, Barrow Utilities and Electric Cooperative, Inc. (BUECI) (Figure 6). Energy costs are much lower than other rural communities in the state. This is a valuable service, as the cost of living is high in the North Slope, about 50% higher in Barrow than Anchorage.



Figure 5. NSB Health and Social Services Department in Barrow, NSB. (G. Parente)



Figure 6. Locally sourced gas for Barrow households, NSB. March 2015. (G. Parente)

I turn now to the role of the state and federal government, and private sector spending in the region’s economy. Most direct, dedicated grants in the North Slope come from the state and federal governments, and not the private sector, although there are some exceptions (Brown, personal communication, 2015). Grants are “restricted funding,” that is, only for the project designated by corporations, state or federal governments (meaning the funds are for their priorities, not the borough’s) (Villa, personal communication, 2015). Industry gives grants to ASNA, so the organization can buy equipment and supplies. The companies do it to “be a responsible citizen in the borough,” and want promotional credit for their purchases (Brown, personal communication, 2015). Another exception is Shell’s ongoing grant to the North Slope Borough for research on the impact of offshore drilling. A borough scientist explained Shell’s grant to the Department of Wildlife Management (DWM) in 2010, during the company’s regional outreach program around offshore drilling, worth about \$10–15

million (Villa, personal communication, 2015). Employment is another indirect benefit of the oil industry. Few residents are employed directly by the oil industry, state or federal government. The biggest employers are the North Slope Borough itself and Native corporations—all entities funded by oil revenues (Villa, personal communication, 2015). The borough government has the largest local government staff in Alaska outside Anchorage. Its administrative structure and ongoing programming and operations are funded from oil revenues. Native corporations also work in oilfield support services and employ many local residents.

The borough government has parlayed its economic autonomy to extend its political reach beyond that of a typical municipality. It has wrested local management authority from several commissions and departments that were formally managed at the state or regional levels, including the NSB Fish and Game Advisory Committee. According to the borough website, this Committee works with the other borough agencies and state and federal agency representatives to “initiate dialog” and “assist in local coordination of wildlife studies” conducted by these various organizations (FGM, 2016). The local Department of Wildlife Management (DWM), normally a state or federal department is also financed and managed by the borough. The borough can influence local environmental issues and resource development activities, including offshore. It is also involved in international Arctic affairs, through its financing of and participation in the international Inuit Circumpolar Council–Alaska (ICC-AK), a non-profit corporation (ICC-AK, 2016a). The ASRC also has members on the ICC-AK board of directors (ICC-AK, 2016b).

State and federal public funding play an important, although much smaller role in the local economy compared to oil, and are limited to certain policy realms. The borough and

ASNA lobby with the state and federal governments for public benefits and social programs mostly in the form of government transfers (Burns, personal communication, 2015; Brown, personal communication, 2015). Federal funding for social programs remains important because despite making great economic strides, 11% of the North Slope population still lived below the poverty line in 2012.²² Economists argue that such transfers do not solve the problem of single-industry dependency, fail to stimulate economic development and may discourage real economic investment (Knapp, 2012, p. 74).

In terms of social welfare provision, however, the borough, and Native corporations have relieved federal authorities of much of their responsibilities. Federal authorities provide fewer social benefits to the wealthy North Slope compared to the rest of Alaska. The federal government has spun off some of its direct welfare responsibilities to state and local nonprofits and especially to Native corporations, which it established for that very purpose in the 1970s. It still provides the social service transfers discussed previously, and funds some long-term programs through local non-profits, such as tribal health funding through ASNA. Other programs and grants are aimed especially at Native populations. A glance at the Native Village of Barrow's 2010 newsletters shows diverse grants and contracts from a range of government sources, including the North Slope Borough Health Department, as well as the Federal Bureau of Indian Affairs Housing Improvement and Indian Housing Block Grant, and grants from the U.S. Fish and Wildlife Service, and the Environmental Protection Agency (EPA) Indian General Assistance Program (IGAP), for some local hires.²³

These impressive accomplishments of the borough's administrative apparatus have come at the expense of political equity and cooperation in the North Slope. We will see these

²² <http://www.cnn.com/2012/07/17/us/alaska-offshore-drilling/index.html>

²³ http://nvb-nsn.gov/doc/2010_newsletter_by_jaime_hopson.pdf

rifts deepen in the offshore debate. Although the municipal government in Barrow was established to increase autonomy at the regional and village levels, leaders have concentrated policymaking and administration at the Barrow headquarters. A local resident's barbed comment is revealing, "Not North Slope Borough—but North Slope Barrow" (McBeath, 2010). A Borough Assembly member interviewee clarified what went on behind the scenes. He noted that within the government structure itself, administrative and decision-making powers have been concentrated even further in the office of the mayor. Therefore, although the Assembly holds the purse strings for the borough, "the Mayor and advisors control the Assembly agenda, and has a big say over what gets financed" (Smith, personal communication, 2015).

The North Slope Borough manages the regional budget and comprehensive plan, which includes the region's eight villages. Each village has its own local governance structure and is represented on the Borough Assembly. Interviewees, however, note that in practice villages have ceded most of their political and economic autonomy to the borough administration, which has taken over most village functions, including funding the much sought-after capital improvement projects (Snow, personal communication, 2015). The borough has come to control the revenue for village economic development including most facilities and public services. Scholars note the disadvantages, "The consequence of centralizing power in Borough headquarters was to make the villages into organizational appendages of the Borough, and to turn Borough citizens into clients and consumers" (Knapp & Morehouse, 1991, p. 18).

Village institutions are politically and economically dependent on decisions made by the municipality in Barrow, although villages are in principle run by governments and

traditional councils in the federally recognized Indian Reorganization Act (IRA). These organizations are weakened by the borough's political and fiscal centralization. Each village also has a corporation established by ANCSA, although as we have seen, their powers are limited. In the 1970s and 80's villages were persuaded to transfer almost all of their local government functions, including taxing authority, to the North Slope Borough by the then-mayor. This was rationalized as a way to strengthen the borough's negotiating capacity with external interests, and for the large-scale economic development projects in the 1970s. "The concentration of Borough decision-making facilitated the high-stakes deals necessary to finance and carry out [the] huge capital construction program" (Knapp & Morehouse, 1991, pp. 17–18).

In interviews, village residents describe how the villages outside Barrow have protested the growing concentration of borough power. This has resulted in some accommodation by the government, and now villages are represented on the Borough Assembly, school board and planning commission; there is also a borough liaison office in each village. Villages lobby to borough (through government-to-government negotiations) to obtain facilities like water and sewers enjoyed in Barrow (Willie, personal communication, 2015). Villages remain at a disadvantage, however. The Assembly nominally represents all North Slope villages, but at-large elections regularly give most seats to Barrow residents. Village power is also curtailed, as some villages must share seats on the assembly, further weakening their representation (Willie, personal communication, 2015).

Later, I will expand further how Shell leverages the cooperation between the municipal government and Native corporations (chiefly ASRC). These institutions generally agree on questions of oil and gas development, both from the blurred institutional

boundaries, and because they share an economic interest in continued oil development. However, the relationships between the North Slope Borough and Native corporations are complicated. Scholars note as well that political power can also consolidate if the mayor or Assembly members have close ties to the ASRC (Knapp & Morehouse, 1991, p. 16). The borough and Native corporations cooperate regularly on many quotidian issues that suggest mutual benefits for revolving-door directors. A senior manager admitted that the borough government regularly provides business opportunities to Native corporations. As one interviewee at the borough described it, the municipal government “throws business the way of the Native corporations,” largely through local infrastructure programs, that “props them up artificially” because there is no competition for bids (Villa, personal communication, 2015).

In interviews, some senior borough bureaucrats and native corporation representatives claim local actors work well together, and describe their relations as consensus-based decision-making (Begaye, personal communication, 2015; Smith, personal communication, 2015). They appeared somewhat resigned to areas where they differ. Others disagree. For example, several interviewees noted the overlapping loyalties in the case of UIC, Barrow’s large native corporation, suggesting that the borough government would not challenge UIC’s problematic control of Barrow’s housing market because that would anger shareholders, who are also voters and residents (Begaye, personal communication, 2015; Villa, personal communication, 2015). Further, small village corporations may feel excluded from decision-making among the borough, ASRC, and UIC, which is more powerful by virtue of the fact that it is the largest of the village corporations and centrally located in Barrow (Willie, personal communication, 2015).

4.3.3 North Slope relationships: Local, state, and federal

This discussion of the political economy of the North Slope, which ends with a discussion of the centralization and accretion of power lodged in certain institutions and unevenly across the Slope, leads us to a more detailed discussion of the North Slope region's stakeholder dynamics. The dynamics in the tangled debates around onshore development also extend to the offshore debate, discussed later in the chapter. The borough government, Native corporations, and popular opinion in Barrow tend to support a petroleum-based economy. Tribal governments, organizations, and village popular opinion represent a strong and vocal minority that opposes offshore oil (and most other such development). However regional institutional opinion remains divided and shifting, in part because the memberships of these organizations overlap heavily. Individuals within these organizations hold differing opinions, and opinions diverge within organization leadership, and among residents.

The Inupiat Community of the Arctic Slope (ICAS) and The Alaska Eskimo Whaling Commission (AEWC) are two powerful stakeholders in the North Slope, who view their primary goals as protecting traditional subsistence lifestyles and tribal sovereignty. They often are at odds with the borough government and Native corporations on questions of development. According to its website, ICAS is the regional tribal government for all North Slope Borough villages representing 6300 enrolled members of the Inupiat Eskimo. It is the federally recognized government, located in Barrow. The Alaska Eskimo Whaling Commission (AEWC) is a non-profit corporation “with influence on local, regional, national, and international policies that affect bowhead whales and subsistence uses of whales” (NSB CP, 2005, pp. 3–76). AEWC is made up of whaling captains from 11 coastal subsistence-

whaling villages. Whaling captains are highly respected members of the community, often from “old families,” and have significant moral (and political) sway in the community. As an example of the fluidity among institutions, many AEWC members for example, are in other organizations (such as Native corporations) that would benefit from offshore development and support it.

Alongside these public and tribal institutions, private, for-profit Alaska Native corporations (ANCs), established through ANCSA, have emerged as important actors in the region’s economic and political landscape. Although tribal governments and organizations generally oppose outside oil interests, Native corporations seek to exert control within the framework of their economic reliance on the oil industry, which they share with the borough. The Arctic Slope Regional Corporation (ASRC) represents the entire North Slope region, and each village also has its own corporation. Native corporations represent the “business interests” of their Inupiat shareholder owners who often belong to both village and regional corporations (Brown, personal communication, 2015).

Although ostensibly private sector actors, Native corporations are perhaps best understood as semi-public organizations. Boundaries are blurred between Native corporations and the tribal and public institutions in the North Slope. Leadership in these institutions often overlap significantly. Individuals often serve in a decision-making capacity in both corporations and public positions, sometimes simultaneously. Although not formally part of the borough government, in an interview, a senior manager at ASRC told me his organization serves both public and private functions (Davis, personal communication, 2015). This view is supported by scholars:

Alaska Native corporations are, in my view, quasi-public organizations due to their dual function as economic engine [private] and social service

agency (mostly in the sense of policy and cultural advocacy). ANC's thus present some interesting correlations to conflicts of ethnic and other values resolutions within a public organization (Cheney, 2014, pp. 39–40).

The corporate profits of Native corporations stem from their land ownership and associated rights as private landowners. Regional corporations such as ASRC own the subsurface mineral rights to lands they were granted during the ANCSA process (Berman, 2006, p. 1). In fact they own the subsurface rights of both their own land selections and of those of the village corporations. Village corporations only own the surface rights to the lands they selected. Subsurface rights mean regional corporations can benefit from potentially lucrative oil, gas, and mineral rights in those areas unless, as in areas like ANWR, state and federal authorities forbid resource exploitation.

Native corporations have also developed subsidiary businesses through their relationships with oil and gas companies forged in the early days of Prudhoe Bay development. Their presence in oil field operations has solidified over time and through their status as 8-A organizations, a designation that gives them access to federal preferential hiring for minority-run businesses. ASRC, for example, has developed a long-term relationship with Halliburton Corporation, and has become the sole source for Halliburton's set-asides globally (Brown, personal communication, 2015). American 8-A organizations have increasingly come under fire at the federal level for corruption and other questionable business practices. Native corporations also benefit from a similar state-level preferential hiring policy set by Senator Ted Stevens, which provides a two percent set-aside for any project contracted to native-owned entities (Brown, personal communication, 2015).

Native entities provide many of the auxiliary operations for oil field production, such as building roads, catering, and providing other services (Davis, personal communication,

2015). They pay annual shareholder dividends from their business profits. The dividends of ASRC in particular, are substantial. Native corporations also provide much of the local infrastructure development in the North Slope, and they are important sources of waged private sector employment in the region. According to the North Slope Borough's Comprehensive Plan Background Report, "interest is high in creating more private sector jobs for local residents." It notes that,

"Regional and village corporations are creating some jobs through subsidiaries and joint revenues, and some companies involved in resource development are attempting to increase local employment ... However, job requirements can create conflicts with subsistence activities ... Addressing these challenges will require cooperative education and training efforts on the part of the Borough ... ANCSA corporations, tribal organizations, and resource development industry" (NSB CP, 2005, pp. 3-64-66).

Native corporations stimulate local enterprise and provide many of the local benefits normally provided by state or federal government in remote Alaskan villages. Indeed this was Congress's intention in creating them. Often these corporations establish positive working relationships with the federal government. One village corporation, for example, has initiated an ongoing project wherein the organization reappropriates old federal DEW line infrastructure and uses it in their business model. They purchase infrastructure from the government and market it to the oil industry. It was the corporation itself that approached a federal agency to initiate this project (Willie, personal communication, 2015).

Native corporations develop businesses to gain more control over regional economic activity, as well as increase their value for shareholders. Indeed ASRC views strengthening local control over North Slope regional development as a key part of its corporate mission. The history of the North Slope informs their corporate philosophy and business model. An ASRC spokesperson emphasizes their organizational goal of having a meaningful "seat at the

table” for decision-making. She implicitly referred to the company as a representative for the region, linking ASRC to the interests of all Inupiat residents by asserting that by ASRC having meaningful input, they would strengthen local self-determination on behalf of all Inupiat residents, by ensuring local residents were no longer merely a party to unending “consulting” with outside entities. ASRC notes the history of federal “taking” through the ANCSA process (Gourneau, personal communication, 2015; Willie, personal communication, 2015).

The ASRC has become the most important local private sector actor in the region, and a company spokesman confirmed that its mission is to represent the business interests of its 9,000 shareholders (Davis, personal communication, 2015). The corporation does over one billion dollars of business annually, and is growing rapidly (Davis, personal communication, 2015). In the late 2000s the company was making more than \$100 million per year in profits (Reiss, 2012, p. 102). ASRC has been successful in stimulating the local North Slope economy. The Corporation leverages its title to five million acres of land (and associated surface and subsurface rights) in the North Slope, and has even greater potential profits from the untapped natural resources. The corporation is savvy and already monetizes its subsurface rights in some areas. ASRC works with oil companies in the North Slope to make sure they charge appropriately for land usage. The corporation also sells oil and uses its own subsidiaries to drill and move the oil to the TAPS pipeline (Brown, personal communication, 2015).

ASRC also operates subsidiaries in the North Slope and internationally, divided among five main business segments including engineering and consulting services, civil construction, oil and gas support services, petroleum refining, communications, aerospace

and venture capital management (ASRC 2014b). “[Its] clients range from local entities to multinational corporations and governmental agencies from the local to federal level” (Bauman, 2007). The company wholly owns and operates its own businesses, and targets mature, established businesses that are turnaround projects (Davis, personal communication, 2015). ASRC wants to reduce risk, perhaps given its large dividend responsibilities.

A company spokesperson noted that ASRC delivers benefits through growth and employment. The organization employs about 11,000 employees worldwide, and about 4,500 in Alaska and 3,000 in the North Slope (Davis, personal communication, 2015). With its large profits, ASRC pays annual dividends of \$10,000 to about 9,000 shareholders, which the company defines as anyone who is registered and is at least 25% ethnically Inupiat. Shareholders do not have to purchase shares of stock. This dividend, similar to the pay out from the Alaska Permanent Fund annual dividend, provides an important source of cash in the North Slope, unusual in remote Alaska. ASRC has a youthful and growing shareholder base it must support through its annual dividends (Gourneau, personal communication, 2015). Representatives note with some concern that a younger generation of shareholders is removed from earlier struggles, and views the ASRC as a “dividend machine” (Gourneau, personal communication, 2015).

The ASRC offers hope of economic diversification in the local economy. The company has an ambitious business plan that consciously seeks to diversify beyond petroleum, due to the uncertainty in this sector. The company continues to grow its business in the North Slope through, for example, the recent acquisition of a local oil field, a move designed to position themselves to take advantage of any potential new pipelines in the region (Brown, personal communication, 2015).

Although ASRC's business in the North Slope remains primarily tied to the oil and gas industry on the North Slope, the company is not tied exclusively to the fate of the region. ASRC is looking beyond the North Slope geographically, and beyond North Slope oil and gas. It has leveraged its subsidiaries into contracts in Alaska and elsewhere. The organization's five-year strategic plan aims to diversify businesses and invest outside of Alaska (Davis, personal communication, 2015). The other North Slope village corporations are active in private sector business operations on a much more limited and local scale (NSSI).

After this discussion of local North Slope politics, I turn now to a discussion of the North Slope's federal (and state) relations. North Slope residents and organizations often view federal intervention with ambivalence or hostility. Although Native corporations may be more amenable to oil development than ICAS or AEWC, all resent ongoing U.S. intervention in their jurisdiction.

Several North Slope organizations are concerned with what they view as expanding federal regulatory jurisdiction that impacts local autonomy on economic issues. Interestingly, this argument is used by Native corporations in defence of the oil-based formal economy, as well as by tribal government in support of the subsistence economy. What is evident are the miscommunications and conflict arising from differing perceptions of what constitutes "science," which habitats and wildlife need to be protected, and who has the authority to decide these issues in the North Slope. Scientific involvement by the federal government in the region sparks resident concerns about local autonomy and U.S. federal intervention. This conflict manifests itself in part through the diverging declared priorities

between the government and local Native residents about what environmental protection is and should be.

The ASRC, for example, argued that the proposed expansion of federal Critical Habitat legislation halts potential projects in their region that they depend on “to keep the lights on” (Gourneau, personal communication, 2015). The interviewee stressed the important difference between having a meaningful “seat at the table” as compared to endless rounds of “consulting” (Gourneau, personal communication, 2015).

However, Native corporations, like tribal organizations, are conflicted about government activity. One North Slope village corporation, for example, looks to the federal government for responsibility for environmental cleanup if an oil spill were to occur, but resists its intervention on issues that affect subsistence. In a similar vein, corporations resent the federal expansion of the Critical Habitat Act, but criticize Alaska’s decision to remove itself from the federal coastal management plan, arguing that Alaska doesn’t care about cleaning up tribal land along the Chukchi Sea, and that it only cares about Prudhoe Bay because it is state land (Willie, personal communication, 2015).

The federal government often conducts public meetings throughout the North Slope on these initiatives, although previous academic studies of these stakeholder meetings indicate that local opinion is often overlooked. Recommendations that arise at the state level “are often more deferred to than comments from local governments” (Haley et al., 2009, p. 126). Offshore development projects have been vetted more thoroughly in North Slope meetings but due to cultural and technical factors, meaningful public input may be limited. “While there are many opportunities for local involvement in offshore decision making, these

opportunities are not always effective due to cultural factors, local capacity and competing interests” (Haley et al., 2009, p. 125).

National authorities do however, successfully collaborate with ICAS and AEWC, the oil and gas industry, and the North Slope Borough. However, AEWC’s ability to intervene in offshore issues in the future may be limited, given a recent resolution adopted by its governing body, the Barrow Whaling Captains Association (BWCA). This resolution appears to limit the capacity of an offshore oil opponent. The implications are unclear for a more narrowly defined mission for AEWC.

AEWC will still participate in the ongoing Conflict Avoidance Agreement (CAA), and a representative from the borough DWM considers the CAA a successful example of private sector cooperation in the North Slope. The Conflict Avoidance Agreement was established around 1995 among private sector actors. Oil companies operating in Alaska and AEWC cooperate to ensure that even with offshore oil and gas activity, communities could obtain some subsistence foods. This follows from the Maine Mammals law, which holds that private activity cannot negatively impact the availability of marine mammals for subsistence. The federal government could not regulate industry very well to enforce this law, so AEWC took the lead to ensure subsistence can continue, and directed industry (Jones, personal communication, 2015).

North Slope institutions have fraught relations with the Alaskan government, although perhaps to a lesser degree than federal authorities. The state also has both conflicting and intermingled interests in the North Slope. The growth in state transfer programs that benefit the North Slope, such as the Alaska Permanent Fund, highlights some co-dependent relationships between the oil industry, government, and the borough. The

borough benefits from state government grants that contribute to K–12 education and health and social services. The state also provides a few government jobs in villages. Dividends from Alaska’s Permanent Fund provide cash and a household income floor. As in most other parts of rural Alaska, cash from other state sources is modest. However, as we have noted, without a diversified economy, cash transfers are valuable but inefficient. “Only a small share of the cash generated within and flowing into remote rural Alaska sticks in the local economy” (Goldsmith, 2007).

I conclude this section with a review of the key political and economic dynamics in the North Slope that helped create the conditions and set the stage for Shell’s offshore project, to be discussed in the next section. The centralization of power in the North Slope has weakened the voices opposed to development, including village residents and tribal organizations. The economic strength of Native corporations, and their long cooperation with the oil industry has made them, along with a municipal government already dependent on oil to operate, more open to Shell’s initiative. The shifting cleavages and cooperation that co-exist between and within local institutions and among residents further dilute coherent alternatives to offshore development as a means to preserve the local standard of living. These divisions are many including between the Mayor and the Assembly, the villages and borough’s centralized bureaucracy, among Native corporations, between the borough and Native corporations, and tribal governments and Native corporations. Their interests shift, sometimes overlap, and possess changing sources of influence. The fluid dynamics are evident in quotidian management of the area, and shape the region’s response to the advent of offshore oil development.

4.4 Offshore Oil Decision-Making Dynamics

“If we do not actively define our interests in the Arctic,
they will be defined for us by others.”

– (Biette & Parlow, 2015)

The first half of this chapter traced how petroleum dependency developed in the North Slope, Alaska, and at the Federal level, as well as the roles and interests of stakeholders constellated around the petroleum industry. All seek to control oil and gas activities in the North Slope and the distribution of their revenues. The second half of this chapter examines how these relationships play out as opportunities for economic salvation shifted offshore, to Shell’s now-suspended development in the Chukchi Sea. These same stakeholders have new opportunities to either oppose offshore development or reap the benefits. Much depends on how they manage negotiations. The complex negotiations around Shell’s offshore project illuminate the dynamics of decision-making in the region.

“Both on- and offshore oil development in Alaska are administered through a multitiered governance process, which includes federal oversight on federal lands and in federal waters, state-federal cooperative arrangements, state and NSB jurisdictions, and local involvement” (Blair, Lovecraft, & Kofinas, 2014, p. 36).

After many setbacks, Royal Dutch Shell Corporation was poised to drill for oil on two leases in the Chukchi Sea in the summer of 2015. Shell’s subsidiary Shell Gulf of Mexico, Inc. paid more than \$2 billion in 2008 for exploration leases in the Chukchi. A subsequent Exploration Plan approved by the Department of the Interior in 2009 allowed the company to bore up to three exploration wells during the summer open water-drilling season (U.S. Department of the Interior, 2009).

Shell’s collaborative strategies broke new ground in Arctic decision-making, particularly through a profit sharing agreement concluded exclusively among civil society

actors. Although much of the offshore development discussion happened on the North Slope, the local debates and interests were co-constituted at the state and federal levels. Shell connected security and development issues at several scales. The company intervened with public and private stakeholders in different venues for different constituencies—community meetings in the North Slope, the Alaska state legislature, and the U.S. Congress in Washington DC.

4.4.1 Federal offshore oil dilemmas

I begin by contextualizing Shell's initiative at the federal level. The company was able to connect its offshore program to federal concerns about energy security. Shell's recent Arctic offshore initiative occurred as the United States negotiated two historical events: its arrival at an energy policy crossroads, and its accession to the chairmanship of the circumpolar Arctic Council in 2015. The offshore oil program in the Alaskan Arctic is one of the key issues that emerges from and impacts national energy politics and nascent Arctic policy. Offshore development exemplifies the highest hopes and greatest weaknesses of U.S. energy policy and approach to its Arctic frontier. More practically, the federal government hoped to gain another source of domestically sourced petroleum. In the offshore development process the federal government has several roles that intersect. In addition, the U.S. develops partnerships to make it easier for it to do its job, such as with local regulatory agencies and even the oil industry itself (Jones, personal communication, 2015). It regulates industry directly through several agencies, and by holding the oil patch leases for sale, which allows it to set the sale conditions. Lease sales are also an important economic benefit for the federal government.

Climate change is also located at this policy intersection, exemplifying American schizophrenia in Arctic and energy policies. The US focused on climate change during its tenure as Arctic Council leader, although this issue is politically controversial among policymakers. In the spring of 2015, the Obama administration set climate change as the U.S. priority during its tenure leading the Arctic Council. Shortly thereafter, the Republican-led U.S. Senate agreed in a floor vote that climate change was real and not a hoax, but denied that it was the result of human activity (Schor, 2015).



Figure 7. Federal environmental agencies in Alaska are very involved in different ways monitoring offshore development. Here, the U.S Coast Guard ferries members of a scientific research group in the Arctic Ocean. U.S. Navy photo by Aerographer’s Mate 1st Class Gene Swope (2005) (Public Domain)

American national energy policy is in flux, although energy security is the current watchword—this in the form of reliable (domestic) supply. For some time, there have been efforts to reduce U.S. dependence on oil, at least foreign oil, for national and energy security reasons. Industry and its associations reproduce the popular narrative of the benefits of domestic sourcing, although they stop short of recommending dropping oil altogether. Resource Development Council for Alaska, Inc. (n.d.) estimated there was about 50 billion

barrels of conventional oil remaining to be developed on the North Slope and offshore areas of the Alaska Arctic: “Alaska’s offshore waters and onshore prospects hold the potential to fuel the state’s economy for decades and to play a key role in ensuring America has the energy it needs until alternative sources become available on a large scale” (Resource Development Council for Alaska, Inc., n.d.).

Besides production, the ability to control notoriously volatile crude oil prices is another key aspect of energy security. The American shale oil boom has addressed both issues to an extent, while raising fresh environmental concerns. Shale oil has however, such powerful economic and political implications, that the *New York Times* recently hailed it as a means to stabilize oil prices and insulate the American energy producers and consumers from OPEC (Krauss, 2015). American oil producers want to lift a 30-year ban on oil exports, to expand the U.S. market. Alaskan Republican Senator Murkowski, on the Senate’s powerful Energy committee, has accepted this file.

U.S. Arctic offshore development is touted as a means to ensure national energy security. Advocates argue it deepens the U.S. production capacity and lowers prices. Arctic offshore development is poised to fill the gap in domestic production. Offshore debacles such as the Deepwater Horizon oil spill in the Gulf of Mexico have slowed, but not stopped, domestic offshore development elsewhere. Although controversial, it is attractive compared to alternatives. The U.S. Bureau of Ocean Energy Management (BOEM) notes that Shell’s proposed development appears productive but environmentally risky. They estimated the lease site could produce “as much as 4.3 billion barrels of oil from the area, higher than original estimates of just 1 billion. But [the BOEM study] also details a 75 percent chance of an oil spill” (Caulderwood, 2014).

Arctic offshore development offers hope for American energy independence, particularly since other sites of oil and gas production have been unreliable. Production has been falling at sites in the Gulf of Mexico, and in Alaska, the near term chances of onshore oil and gas development are slim. Some of Alaska's largest untapped onshore oil and gas troves are located in the North Slope. Development in ANWR And NPRA has stalled, as resource development is politically unpopular in these environmentally sensitive areas, especially under the current Democratic presidential administration.²⁴ Low natural gas prices also stymie development in this direction.

U.S. authorities clearly considered Alaskan offshore oil a key part of national energy strategy, and anticipate an important role for the federal government in its development. In 2015 Secretary of the Interior, Sally Jewell declared,

The Arctic is an important component of the Administration's national energy strategy, and we remain committed to taking a thoughtful and balanced approach to oil and gas leasing and exploration offshore Alaska."

Jewell went on to emphasize the role of the federal government, "This unique, sensitive and often challenging environment requires effective oversight to ensure all activities are conducted safely and responsibly." (U.S. Department of the Interior, 2015)

Such federal statements highlight the ongoing appeal of offshore development as well as the tensions federal authorities navigate in this realm. In a 2016 press release, after the Shell debacle, federal authorities continue to evaluate potential lease sales for offshore oil development.

²⁴ Alaskan production has dropped for several reasons, and Alaska faces competition from new domestic drilling sites, which emerged spurred by higher oil prices and new drilling technologies. Alaska's role in U.S oil production has fallen drastically; Alaska's share of domestic oil production fell from a peak of 25% in 1988, to seven percent in 2013 (McDowell Group, 2014, p. 8).

This is a balanced proposal that protects sensitive resources and supports safe and responsible development of the nation's domestic energy resources to create jobs and reduce our dependence on foreign oil," said [Interior] Secretary Jewell. "The proposal focuses potential lease sales in areas with the highest resource potential, greatest industry interest, and established infrastructure. At the same time, the proposal removes other areas from consideration for leasing, and seeks input on measures to further reduce potential impacts to the environment, coastal communities, and competing ocean and coastal uses, such as subsistence activities by Alaska Natives (U.S. Department of the Interior, 2016).

President Obama made a largely symbolic ban on offshore petroleum development as he left office. This policy is unlikely to remain uncontested during the next administration, and proponents of repealing the ban will likely use the same arguments I have described here.

The energy debate unfolds as the United State attempts to develop an Arctic strategy more coherent, more concrete, and more coordinated than its current approach to the region. How the federal government handles new offshore development shapes its evolving Arctic strategy, and tests its effectiveness. The most recent impetus for a renewed look at U.S. Arctic strategy has emerged from the United States' two-year chairmanship of the Arctic Council in 2015. Ironically, the Arctic Council member with perhaps the weakest Arctic program at least rhetorically, set circumpolar policy.

The United States' efforts to improve aspects of its Arctic strategy, if not create one whole cloth, have been in the works for years. Progress has been sporadic, and highly dependent on the goals of the Executive. President GW Bush's administration issued the National Security Presidential Directive and Homeland Security Presidential Directive in 2009. This document noted national priorities in the region as: national security, environmental protection, environmentally sustainable resource management and economic development, cooperation with other Arctic nations, involvement of the Arctic's indigenous communities, and

enhancing scientific monitoring and research (White House, 2009). More recently the Obama administration issued a similar policy, National Strategy for the Arctic Region, which reframed the Bush-era priorities. Hints as to national priorities in the Arctic are plain in U.S. research policy priorities for the region, which advocate efficiently combining “economic and national security infrastructure” (Office of the President of the United States, 2013).

However, both these official documents only lay out broad policy frameworks. Day-to-day decisions in the Arctic occur at much lower bureaucratic levels, across many agencies, in cooperation with subnational and private sector actors.

Diverse decision-makers and opinion-makers bemoan the US’s perceived lack of “readiness” in the Arctic; its lack of leadership and coordination, compared with other Arctic nations. The influential U.S. Council of Foreign Relations’s website features a memorandum declaring, “The United States needs to develop a comprehensive strategy for the Arctic” (Bert, 2012). The article presents a viewpoint held widely among American policymakers and think tanks across the political spectrum: that if the United States does not set its own goals for Arctic activity, then other stakeholders will fill the void and impinge on American leadership and sovereignty in the region. Some commentators are optimistic, pointing to President Obama’s 2015 Executive Order, “Enhancing Coordination of National Efforts in the Arctic,” as evidence that The White House is attempting to concretize and coordinate its Arctic policy (Biette & Parlow, 2015).

Currently the United States lacks the institutional or administrative capacity for coordinated Arctic activity, and setting grand strategy, in part because it also lacks a deep Arctic history and sense of identity. Alaska is remote and de-linked from the rest of the country geographically. Also, the nation’s official link to the Arctic arrived rather late.

Alaskan statehood was only declared in 1959, after several decades of loose federal administration as a territory. Further, national narratives do not tie up the identity of the United States' with its Arctic, as in Canada and Russia. The federal government has limited its activity to using Alaska as a space and a trove of resources for various specific projects, but rarely with a master plan. It has relied on rather loose and ad hoc policies, relying on episodic economic strategies and broadly worded policy statements. This continues today. Twenty-two federal agencies manage different aspects of Arctic policy; several, including the U.S. Department of Defense, have developed their own Arctic strategic plans with widely diverging priorities, uncoordinated by any central body.

Russia, in contrast, has a strong national identity as an Arctic country and extensive programming in the region. Russia has long experimented with various Arctic governing arrangements, attempting to coordinate the activities of various ministries charged with different aspects of Arctic management and administration (McCannon, 1998). Russian and Soviet regimes struggled to achieve a coherent national strategy for the Arctic. Although not successful, national-level plans at least provided a vision for the region. However, coordination remains elusive. Even the official national strategies never resolved the massive problem of federal coordination in Russia, which is still ongoing. President Putin has announced that Russia is considering reestablishing a single Arctic ministry to coordinate its activities.

Firstly, we need to improve quality of government control, of decision-making. This requires the creation of a single centre of responsibility for the implementation of our policy in the Arctic. I would like to stress here that we do not need a cumbersome bureaucratic structure; we need a flexible agency that would help to better coordinate the activity of ministries and agencies, of the Russian regions and businesses. (President of Russia, 2014)

Advocates for a comprehensive national strategy argue that the cumbersome and uncoordinated U.S. regulatory environment discourages international investment and development of natural resources in the Arctic.²⁵ They argue this endangers U.S. sovereignty in the Arctic and the national energy supply. As evidence, they cite the recent suspension by Royal Dutch Shell of its almost decade long, multi-billion-dollar effort to explore for oil in the Chukchi Sea. Although several oil and gas operators hold leases to explore for petroleum in this area, Shell has been the most tenacious. Its efforts to begin offshore oil exploration have spun webs of relationships as it negotiates federal regulations, local North Slope stakeholders, and lawsuits.

A key reason why political consensus on a single Arctic strategy, or at least coordinated Arctic activities is so difficult to achieve, is that the federal government lacks the fiscal resources and political will to develop all policy areas that comprise the broad Arctic policy arena. Arctic strategy is in fact, a collection of several hotly debated policy and issue areas, including military or geostrategic policy, economic development, trade, environmental and economic development, and energy policies. Arctic energy is particularly controversial and fraught with debate because it is tied up in other policy realms such as environmental protection and national energy security. There is confusion and disagreement about where to establish legislation and distribute resources. Piecemeal regional policies and programs result from diverse and conflicting ideas of what should be done and how to do it. Instead, the federal government intervenes directly in certain Arctic policy areas, collaborates on others, and lets subnational and private sector actors take care of still others.

²⁵ As a caveat, this paper does not necessarily advocate a unified federal strategy in the American Arctic. It seeks merely to explore the current regime in the region. Crafting a formal strategy in the Arctic is not a silver bullet for coordinated and sustainable regional development.

The federal government spends money in Alaska largely in order to shore up its Arctic presence or natural resources. Scientific and military and environmental regulatory issues are the areas of significant intervention in Alaska and in the North Slope, compared to social welfare and economic development. The government has expanded its reach through an environmental component often connected to these realms. The federal footprint in the North Slope takes the form of ongoing environmental projects through agencies such as the Bureau of Ocean Energy Management BOEM, the Coast Guard, or the Department of the Interior (DOI). It also operates through a range of legal instruments and legislation mostly related to environmental and sovereignty concerns, such as legal sea boundaries and through legislation such as the Critical Habitat Act and Clean Water Act (Figure 7). Regarding offshore oil development, the federal government has provided itself several roles, including lease sales, and environmental regulation through several of the aforementioned agencies.

Near-term prospects for coordinated Arctic policy in the United States seem dim. Arctic debate occurs in a politically polarized decision-making environment. Although federal Arctic policy often reflects the presidential administration, a divided Congress can make it very difficult for the Executive to implement certain policies. Concerns about environmental protection and national dependence on nonrenewable petroleum resources are particularly intractable. Broad and bitter national debates about overreliance on petroleum, and particularly foreign oil, land in the Arctic. Plans to transfer most or all energy (namely oil and gas) from foreign to domestic sources are challenged in the public and governmental spheres. American political culture encourages such public debate. However, it is difficult to achieve consensus on Arctic policy in such a context, particularly without a historically coherent approach to the Arctic.

Tensions among different levels of government limit consensus on Arctic strategies. Some decision makers prioritize security and economic development concerns, driven by non-renewables, and the others stress environmental protection and alternative development streams. The federal government and the state of Alaska both have legal and administrative powers in the Arctic and differ in some ways on their approach to the region. Current national strategy in the Arctic, shaped by the Obama administration, emphasizes response to climate change and environmental protection. In contrast, Alaska prioritizes economic development and circumpolar cooperation (Biette & Parlow, 2015).

Natural resource activity in the American Arctic, particularly around oil and gas, relies on a culture of constant negotiation, horse-trading, and leverage. Because the pace of gas and oil development is tied to disjointed decision-making processes that move rather slowly, stakeholders have plenty of time to influence the process. Arctic energy is being decided quietly through small decisions among several actors. It is yet unclear how an American Arctic strategy, or at least more coordinated activity, would bear on many of the issues in the Arctic, including developing non-renewables. However, in this political culture, it is easy to see how the constant lobbying and negotiations among stakeholders shape complex activities such as oil and gas development.

Shell's Arctic offshore oil program navigates in this complex decision-making environment, which requires elaborate negotiations. The uncoordinated process of federal resource development permitting process in the U.S. Arctic is lengthy and byzantine. It requires extensive negotiation among stakeholders. Offshore development is even more complex. The offshore oil drilling process begins when the federal government offers exploratory leases for sale to oil companies, then follows a lengthy period of bids, sales, then

exploration of a site, and sampling. The full development of the site has its own timeline. This is an opaque process that requires oil companies to commit years and significant resources without certainty of successful development. It requires several steps and regulatory reviews among various government agencies. The relationships among industry and government shape the tax and regulatory policies that emerge. These interests and positions are dynamic, and vary within these institutions and over time. McBeath notes that the fluidity of bargaining relationships, “changes in the bargaining context[,] and the composition and orientation of each actor will change the nature of the bargain and the ability of each actor to shape the bargain in its interests (McBeath et al., 2008, p. 2).

Some scholars characterize the relationships as adversarial, noting “longstanding conflict among stakeholders over oil and gas development in offshore northern Alaska” (Haley, Klick, Szymoniak, & Crow, 2011, p. 458). However, the overlap among stakeholder interests and membership is significant, so agreement and cooperation, perhaps even for only short-term goals, are perhaps underestimated. Nevertheless, even agreeing on who is a “real” stakeholder is debated—several North Slope institutions distinguished between non-Arctic stakeholders and “true” Arctic stakeholders and dismissed international environmental NGOs, as meddlesome, non-Arctic interests (Gourneau, personal communication, 2015; Willie, personal communication, 2015).

To summarize, the special arrangements of the federal ANCSA agreement discussed in the history section accounts for the special arrangements we see for the relatively high degree of indigenous resource sovereignty in the North Slope. The political negotiations in the 1970s created the intertwined political and economic institutions in the North Slope as well as the political dynamics on the Slope and with outside actors.

4.4.2 Shell's federal and local strategies in the North Slope

Shell's was the first serious attempt at an offshore drilling project in the American Arctic in a long time. Its negotiations with other stakeholders have shaped new protocols for offshore development and future oil and gas operations in the region. Shell developed relationships with state and federal authorities, as well as the North Slope institutions and residents. They are paving the way for subsequent interactions around future oil and gas operations in the American Arctic. This section reviews the company's recent history in the region, which situates the profit sharing agreement negotiations in context.

Shell is among several multinational oil and gas companies operating in American Arctic waters, and a relatively recent arrival to Alaska compared to some other oil corporations and gas operators. The company, through its subsidiary, Shell Exploration and Production Company, is the largest exploratory leaseholder in both the Beaufort and Chukchi Seas, first arriving in Alaska in 1960.²⁶ Today the company holds more than 300 offshore leases in the area.²⁷ Other global oil and gas companies hold leases and eventually hope to drill in American Arctic waters, including BP, Statoil, and Repsol. Still other companies own, operate, or hold interest in onshore oil fields, production facilities, and pipelines throughout Alaska.

Shell returned to the North Slope in 2006 to resume operations after several decades of absence (Jones, personal communication, 2015). In the 1990s Shell had drilled 32 offshore wells without incident, but let them lay fallow as they pursued opportunities in the Gulf of Mexico. The price of oil was low at the time. Shell Gulf of Mexico Inc. began a

²⁶ Shell uses different subsidiaries for different development phases.

²⁷ Shell Alaska is a subsidiary of parent company, Royal Dutch Shell Corporation, based in the Netherlands. Shell Alaska reports to Houston, Texas, Shells' North American Headquarters, which in turn reports to the Netherlands.

long process with federal authorities towards offshore drilling in the Beaufort and Chukchi Seas. The company was required to undergo a number of federal statutory and regulatory requirements for permission to operate in the Arctic. The approval process encountered many roadblocks and corporate missteps over the years, including regulatory delays and lawsuits. As a result, in 2013, Royal Dutch Shell PLC announced that it was suspending operations in the Alaska Arctic for 2014, causing an economic ripple effect in the region. The company said the decision was based in part on a federal appeals court ruling that found the federal government conducted a flawed environmental review before selling \$2.7 billion in oil and gas leases to Shell and other companies in the Chukchi Sea in 2008, where Shell was the leading bidder.²⁸

External events, notably the Macondo–Deepwater Horizon accident in the Gulf of Mexico in 2010, further delayed progress with federal regulations. The incident sparked a moratorium on all offshore projects in American waters for several years. In 2012 Shell delayed things further through its own technical difficulties and incompetence. Noble Drilling, one of Shell’s subcontractors in the Arctic, that operates the drill rigs, pled guilty to eight felony charges related to safety and environmental problems and paid the federal government \$12 million in fines in 2014 (Restino, 2015). Shell’s 2015 proposed plan in the Chukchi uses the same contractor (Jones, personal communication, 2015).

Major national and international environmental NGOs actively opposed the project, arguing Shell did not take adequate measures either to prevent a spill or to clean it up effectively in Arctic waters. The federal government voiced similar concerns, and this

²⁸ Shell has also held several leases to explore oil in the Beaufort Sea for a long time. In 2011 the company finally gained conditional approval by the DOI to drill for oil in the Beaufort Sea. The Beaufort Sea exploration program had withstood an appeal in federal court that followed on five years of legal challenges. The company’s efforts also faced regulatory hurdles during this period.

argument was successful in delaying approvals for several years, particularly post-Macondo, as the company struggled to demonstrate adequate response measures. Environmental NGOs equally criticized the federal government for what they considered lax regulatory oversight. A representative from Oceana said, “The Obama administration has steadfastly refused to fully and fairly evaluate the risks of selling leases in the Chukchi Sea” (Restino, 2015). Several North Slope organizations partnered with international NGO’s, and brought about some of the largest lawsuits against Shell’s offshore project, highlighting the extent to which the community remains divided about oil and gas development, the economic trajectory of the region, and how to coexist with Shell.

Navigating the regulatory and exploration process, Shell negotiated with federal agencies and North Slope representatives and organizations. Shell employed several strategies to improve cooperative relationships in order to secure the leases and pave the way for offshore development. The federal government has offshore jurisdiction with regards to offshore development. The company had to meet basic federal regulatory and legal requirements. It spent \$5 billion in five years, to address the regulatory requirements alone (Reiss, 2012). The company also concluded agreements with NOAA and other federal agencies to share safety and environmental information. Third, Shell lobbied federal authorities to reduce regulation and streamline offshore development processes. Indeed, as a major resource company Shell lobbies regularly at the federal level, both through the supportive Alaska Congressional Delegation, and directly to the White House (Jones, personal communication, 2015).

Although the fraught aspects of the corporate/federal relationships were well publicized, the state and industry emphasized areas of collaboration. The Obama

administration, while seemingly moving overall towards opening offshore drilling opportunities in the Arctic and elsewhere, recently added more environmental regulations (Harder & Gilbert, 2015) Secretary of Interior Sally Jewell described federal cooperation with industry.

Both industry and government have taken important strides to better protect human lives and the environment from oil spills, and these proposed measures are designed to further build on critical lessons learned from the Deepwater Horizon tragedy and to ensure that offshore operations are safe. (Sec. Jewell as quoted in Harder & Gilbert, 2015)

Shell too, positioned itself as supporting federal interests by providing national security assets as well as and state and local economic development through its role in domestic oil production. Shell's strategy at the state and federal levels was made clear in remarks made by the president of Shell USA, "Shell continues to see important exploration potential in the basin, and the area is likely to ultimately be of strategic importance to Alaska and the U.S" (Macalister, 2015).

Indeed, many national security bureaus and politicians support offshore oil development, and private sector expertise in its efficient extraction. "Industry experts and national security officials view the Alaskan Arctic as the last great domestic oil prospect, one that over time could bring the country a giant step closer to cutting its dependence on foreign oil" (Broder & Krauss, 2012). To position itself as a guarantor of national energy security, Shell seeks to strengthen its alliances beyond traditional allies in Washington DC. It aims to develop relationships with the U.S. Department of State, and has claimed the Trans-Alaska Pipeline is a strategic National Asset, a position widely shared in Congress (Reiss, 2012, p. 184). Shell also has ongoing federal interests that coexist alongside specific offshore

lobbying activity: it is perennially seeking to influence federal oil tax laws, energy policy bills, environmental legislation (such as the Clean Water Act) and climate change legislation

Shell reiterates existing American security rationales the states already use to advance preferred strategies and initiatives. Politically, security framings ease funding for almost any project. Shell's 2011 promotional materials for their Alaskan Arctic program notes, for example, "The oil we plan to produce will boost supplies to the USA, building energy security for the country" (Royal Dutch Shell PLC, 2011). Shell's comments reflect recent federal framings of offshore oil development, as an effort to improve national energy independence—a goal with economic and geopolitical implications.

The company position reiterates a White House press release from 2010, which captures the federal emphasis on efficiency in Arctic activity, including plans to explore oil development on the U.S. Outer Continental Shelf (OCS). The strategic nature of offshore development was reinforced by web links to the U.S. Department of Defense's energy security strategies, some of which relate to domestic, offshore oil:

"Obama Administration Announces Comprehensive Strategy for Energy Security: Decisions expand domestic production, promote efficiency.

Washington D.C.—As part of the Administration's comprehensive energy strategy President Barack Obama and Secretary of the Interior Ken Salazar today announced more details of the Obama Administration's efforts to strengthen our energy security. President Obama and Secretary Salazar announced that the Administration will expand oil and gas development and exploration on the U.S. Outer Continental Shelf (OCS) to enhance our nation's energy independence while protecting fisheries, tourism, and places off U.S. coasts that are not appropriate for development. ... By responsibly expanding conventional energy development and exploration here at home we can strengthen our energy security, create jobs, and help rebuild our economy," said Salazar (White House, 2010).

In these federal policy statements, authorities frame offshore development as compatible with a wide range of stakeholder interests. It is possible to lower oil costs, ensure environmental protection, and to diversify domestic sources of oil and gas—the energy resources the US continues to rely on. The United States Department of the Interior statements stress federal efforts to balance energy demands with environmental concerns and indigenous rights.

Similarly, Shell’s promotional materials position their activities as a natural extension of “obvious” and timeless state interests in the Arctic, implying that they can coexist seamlessly with native interests and environmental concerns. One document is entitled “Shell in the Arctic” and seems aimed at their own shareholders, as well as Arctic states and stakeholders. It alludes to the company’s role in local job creation, reiterating an economic security theme as well.

The sparsely populated coastal areas of the Arctic were—and still are—traditionally fertile hunting and fishing grounds for local people. In more recent times a range of industrial activities have taken hold, such as commercial fishing, oil and gas activities, mining, increased shipping and even eco- and cruise-tourism. Likewise, the Arctic has always attracted military interest and all Arctic states still have a strong focus on security issues of the high North. In the 20th century, the increasing search for minerals and oil and gas led to the exploration and further development of large areas of the Arctic and created even more jobs. (Royal Dutch Shell PLC, 2011)

In 2009 a statement by Shell’s Executive Vice President of Exploration, David Lawrence appealed to the interests of all major stakeholders by describing how all can benefit from “responsible” oil and gas development (Lawrence, 2009). He stated that Shell could deliver energy security and economic development while also protecting the environment.

The company seeks to win over the large segments of the American public skeptical of the oil and gas industry and more broadly concerned about reliance on fossil fuels (even domestic sources). Lawrence portrayed the state and country's economic reliance on petroleum as inevitable, and raised the specter of more imported oil as crippling the entire national economy.

[Alaska's Resource Development Council] could strongly influence for Alaskans how the State will be prosperous when the Trans-Alaska Pipeline is shut down because no offshore oil is flowing through it. That table could influence an outcome for a country that already imports 60% of its oil how quickly that number will grow to 80%. And that table in the back could drive the US Federal Treasury, (which could use some cash right now), to refund over \$10-Billion in lease bonuses because of a 5-year OCS leasing plan that was, in layman's terms, voided on a technicality. (Lawrence, 2009)

Shell positions itself as delivering a non-negotiable vital good, even in light of climate change.

In the world of the three hard truths, increased demand, harder to find and produce energy, climate change and CO2. This is simply opting out of the challenge. We need people, communities, government, regulators, and organizations to opt in. Let's not talk about the 50 ways that something might not be able to work—let's focus on the way that it can. Let's show we can do it and do it right. (Lawrence, 2009)

Lawrence delivered these remarks at Alaska's Resource Development Council Annual Meeting in Anchorage, an event sponsored by a long list of major transnational oil and gas companies, as well as associated companies involved in other aspects of the oil and gas industry (including ASRC).

Indeed, Shell and the state of Alaska enjoy considerable synergy in message and strategy, which they leverage to lobby the American public and federal government to expand offshore drilling. The appeal of expanding domestic oil and gas production cuts across party lines in Alaska. State government officials and oil and gas industry decision

makers have close relationships. Former Alaska Democratic Senator Begich, for example, in a meeting of oil and gas industry leaders, reassured them that he was joining Republican and Democratic Senators as well as the American Petroleum Institute, to amend Obama's oil tax proposals in the proposed federal budget to "continue to incentivize domestic production" through eliminating the proposed industry taxes (Begich, 2009).

From a discussion of Shell's federal strategies to promote its Arctic offshore venture, I now turn to Shell's local strategies in the North Slope. Here the company has relied on different strategies. Offshore oil development has been particularly controversial. Compared to onshore development, it is perceived to more seriously threaten the environment and indigenous subsistence practices. Second, it appears to offer fewer direct financial benefits than onshore development. Finally, local stakeholders felt they have fewer "tools" to control the trajectory of this new form of development. Nonetheless, opposition to offshore oil development has softened in the North Slope, in part through Shell's intervention, as well as through other events. However, development in the Beaufort and Chukchi Seas remains controversial, given the Inupiat majority's longstanding reliance on whaling in the same waters.

North Slope organizations, through their history of activism and proximity to the Chukchi and Beaufort Seas, have become local gatekeepers of the Arctic offshore drilling debate. They face significant risk from offshore activity, which they hope to minimize. However, the view of how to exert control differs among organizations. Some North Slope institutions negotiate with Shell to obtain some of the benefits associated with offshore oil development. These include the borough and most Native corporations, which would also benefit financially from new offshore development. The borough stands to benefit, and a

senior manager explained how they have become concerned about the drop in oil volume flowing through the TAPS pipeline over the last decade (Jones, personal communication, 2015). Shell's offshore oil development represents an important source of potential continued revenue for the state and North Slope Borough, and Native corporations. The most likely scenario calls for moving at least some of the offshore oil through the existing TAPS infrastructure to market, which would raise the value of the taxable infrastructure (Villa, personal communication, 2015). The borough and state need such an infusion into TAPS, which is only running at 35% capacity (Villa, personal communication, 2015).

In contrast, tribal organizations like ICAS and AEWC have different interests—to them, maintaining subsistence is the priority. The state of Alaska has fewer apparent qualms, and is attempting to position itself as the guarantor of U.S. domestic energy supply in its interactions with the federal government. The State and North Slope face similar dilemmas however: they need to sustain the oil industry, at least in the short term, as economic alternatives are remote.

Borough and Native corporations are more open to offshore development given their reliance on the continued growth of oil revenues for their survival. Therefore, Shell seeks to make partners of these entities, as it makes it easier to work with them (Jones, personal communication, 2015). The borough and Native corporations have determined that they can benefit financially even from offshore development in federal jurisdiction, because there will have to be infrastructure on their land, connecting to TAPS (Jones, personal communication, 2015). This goes for the state of Alaska as well. They also involve themselves in oil and gas activities to mitigate the risks of such development (Willie, personal communication, 2015).

In their view, participating in the processes around offshore development ensures they have some level of control.

Inupiat leaders initially opposed the Prudhoe Bay oil fields that led to the creation of the North Slope Borough, although public opinion has changed regarding this kind of onshore development. Local leaders “began to realize the benefits of industry-funded borough activities, [and] the Inupiat view shifted to tacit support of continued onshore development in the same area” (Kruse, 1991, p. 18). Local public administrators note that some public figures take a public stance against offshore drilling, but change their perspective as budgets tighten. “No one gets elected saying they support offshore drilling” (Brown, personal communication, 2015). On the other hand, increasing oil flow through TAPS would help the borough maintain its high standard of living. Further, it is a politically popular move and it benefits local politicians at the local and state level. “It helps people in power maintain political influence” (Jones, personal communication, 2015).

Most Slope organizations and residents have come to at least reluctantly support *onshore* development of oil and gas as a means to sustain their standard of living, although deep concerns linger over the social impacts. Residents and leaders express fears about cultural loss and negative social changes, with a sentiment that it is already too late to recapture a lost Native social cohesion (Smith, personal communication, 2015). As the region faces new debates around offshore drilling, one representative from a local Native corporation summed up these doubts, “How can we tap into offshore without hurting ourselves?” (Willie, personal communication, 2015).

Although local residents are concerned about offshore threats to whaling, residents acknowledge their clear economic dependence on ongoing oil and gas activities. Native

residents in particular, depend not only on oil and gas revenues, but also on bowhead whales for their subsistence hunting. Concerns persist about how to clean up oil spills in water, and fears that the sounds may drive whales away or disrupt their migration patterns (Jones, personal communication, 2015).

This tension has created local rifts. Some estimate that 90% of the population support offshore (with concerns) and 10% oppose it strongly (Snow, personal communication, 2015). Public opinion in Barrow is perhaps more open to offshore development than the villages, in part because Barrow enjoys most of the benefits that have already arrived with onshore oil. There is perhaps a generation gap as well, as younger people identify more with being shareholders than tribal members (Gourneau, personal communication, 2015; Smith, personal communication, 2015). Scholars note, “North Slope residents are consumers of both the benefits and risks of oil resource extraction. Although the majority of borough residents have supported onshore oil development, offshore oil projects frequently draw opposition” (Blair, Lovecraft, & Kofinas, 2014, p. 36).

Opposition to offshore development may be difficult to maintain going forward, however. Onshore fields are drying up, and oil companies are increasingly looking to offshore sites that are more accessible with the warmer, shorter winters that reduce sea ice, lengthen the drilling season, and mitigate the other challenges associated with oil extraction in Arctic waters. As it became more obvious that onshore reservoirs are now small, far apart and expensive to develop, offshore has gained in appeal (Jones, personal communication, 2015).

Several drivers have softened local institutional and popular opinion towards offshore activity. The shift was sparked by the behavior of an earlier offshore oil development in the

1990's by oil company BP. The company was very responsive to community concerns, and was able to gain the support of the community, even building its drilling island in state waters so the borough government could tax it (Jones, personal communication, 2015). Second, residents (especially in Barrow) believe they need new sources of petroleum revenue for continued economic growth, and the hope that by participating in the process, it can control the trajectory of development. No matter what their position, residents and institutions, as proximate, permanent stakeholders in this new development want to maintain local control in decision-making to manage the costs and benefits. They hope to maintain local control and their standard of living (human security) by controlling the trajectory of offshore drilling.

Third, a simple lack of other immediate economic alternatives for economic development resigns many to offshore development. In interviews, several local leaders mentioned with pride the region's improved standard of living, but their new goal for the North Slope was parity with the national standard of living, which, without alternatives, requires an infusion of oil revenue (Begaye, personal communication, 2015; Smith, personal communication, 2015). Finally, the behavior of Shell in the region also softened opposition to offshore activity. The company employed several strategies to gain support for its activities in the North Slope. I will summarize these drivers here.

North Slope villages are often at the front lines of the risks of new development, and in these smaller towns, popular opinion towards offshore oil development is more cautious. Revenues from the Prudhoe Bay onshore oil development hugely changed the quality of life in villages (Jones, personal communication, 2015). There were significant material gains, at the cost of serious cultural and environmental losses. On the one hand, villages covet the

lifestyle in Barrow made possible by oil money (Snow, personal communication, 2015.) In polls they report positively on their quality of life since [onshore] oil development (Kruse, 2010). On the other hand, most local residents historically opposed offshore development, citing difficulties associated with cleaning up offshore spills (Kruse, J.A. et al. 1983, pp. 193, 208).

Villagers want to protect subsistence resources, but also want access to the jobs and income that oil brings—especially through employment. They argue these are compatible activities, and indeed many village households participate in both spheres (Kruse, 1991). A village native corporation representative noted that shareholders have mixed opinions about offshore oil, and summarized the conflict, “It means jobs for kids but subsistence is also a concern. ... How to protect lands and sea mammals?” (Willie, personal communication, 2015).

Native corporation leaders, particularly ASRC, argue that they share the concerns of their village shareholders. They argue, however, that their engagement in offshore activities is important to ensure local control over the development trajectory, to capture financial benefits for shareholders, and to keep them involved in the development process so they may intervene to minimize risk. This approach also allows them to partner with the oil companies.

Despite popular reservations in villages, it is unclear to what extent this conflicted view translates to the borough and native corporation decision makers, not to mention the oil companies. Scholars argue that the consolidation of power at the borough government makes opposition to oil and gas activity by residents difficult to mount. As we have noted earlier, the voice of villages, often more critical of offshore development, is muted in the Borough

Assembly. “Centralized power in Borough headquarters has reduced the independence of the Borough villages and encouraged Borough citizens to act like clients and consumers” (Knapp & Morehouse, 1991, p. 1)

Borough representatives claim that as a government, it has never opposed onshore oil development (Jones, personal communication, 2015). It had concerns about environmental impacts and how much the locality would benefit economically, but those were assuaged as Prudhoe Bay’s benefits were substantial and disturbed subsistence very little (Jones, personal communication, 2015). Borough leaders have passed several measures facilitating onshore petroleum development in the North Slope, but are more cautious regarding offshore development. It was unclear how much control the municipal government would have over development, and how to capture financial benefits. Compared to onshore oil field activity, borough leaders have raised more “environmental concerns regarding offshore drilling on the outer continental shelf (which also happens to lie beyond their taxing authority)” (Knapp & Morehouse, 1991, p. 11). In the past, the borough’s attitude towards oil development and relationship with other stakeholders depended greatly on the individuals in leadership. Often these individuals set the tone for the institution they represent, even after their departure.

Some scholars argue that the private sector Native corporations drove the shift in attitude among residents towards oil activity: “[They] have greatly influenced the real and perceived stake of the Inupiat in oil development. Most of the revenues of the regional corporation (ASRC) are derived from subsidiaries with a strong presence in the oil field support industry” (Kruse, 1991, p. 18). Despite concerns regarding offshore oil activity in particular, scholars during the early 1990s suggested that the more business-friendly Native corporations influenced the borough government to acquiesce more to industry than they

normally would. I could not tell if this was the case. It appears that the borough depends on oil just as much as the corporations. Perhaps interests have co-mingled long enough for there to be, in 2015, no longer evidence of such a division.

In addition to these other factors, Shell's own behavior in the North Slope did much to shift public sentiment towards offshore development. In parallel to its federal strategies, Shell developed relationships within the North Slope as it pursued federal offshore lease approvals and permissions, which required the company to solicit the input of North Slope residents. Shell's profit-sharing agreement with several local Native corporations was perhaps one of the most hopeful activities in an often fraught history.

Initially, when Shell returned to the North Slope from its hiatus in 2006, intending to begin offshore oil development, its behavior towards North Slope residents engendered strong local opposition to its plans. Shell assumed the North Slope community would welcome them back. But, North Slope residents claimed that company activity drove whales away, and compounding the problem, Shell refused to accommodate village concerns. The Shell community outreach liaison at the time illustrated the tone; "We felt that even if local interests couldn't come along with us, the federal government had sold us leases so they'd give us the permits" (Reiss, 2012, p. 73).

Shell's approach was initially paternalistic, advising North Slope residents to "trust us" (Jones, personal communication, 2015). Residents felt disrespected by the company, and the company's ill-advised attempts to improve relationships failed, including hiring a former mayor to consult with the company (Reiss, 2012). The community was skeptical, as they were aware of Shell's past behavior and economic legacy abroad in Nigeria, the Caribbean,

and Russia. In the view of some local observers, this adversarial approach delayed Shell's progress and led to lawsuits (Jones, personal communication, 2015).

Residents noted that over almost 10 years, Shell has modified its approach in the region. The company replaced its community liaison, and the borough's mayor during much of this period, Edward Itta, was a savvy strategist and pragmatist. These men worked well together and accommodated each other on issues that did a lot to build trust in the community (Reiss, 2012, p. 145). During the late 2000s, the company conducted over 540 meetings with coastal community stakeholders, mostly in the North Slope, to convince the local population to support offshore drilling (Reiss, 2012). By Itta's retirement in 2011, after six years as Mayor, he had changed the tone of negotiations. Although Itta initially opposed all offshore drilling he changed his position after he convinced Shell to modify its original plans (Reiss, 2012, p. 274). Itta eventually decided that offshore oil exploration should proceed, to ensure the amenities in the North Slope (Reiss, 2012, p. 250).

Shell spokespeople for their part, cited the improved relationship between the residents and the company. The company noted that it "had gone to great lengths to minimize the impact of its drilling program, including a voluntary shutdown during the fall subsistence whaling harvest by the villages of Nuiqsut and Kaktovik, installing best available discharge technology and reducing the number of wells. "These steps were taken after considering direct feedback from North Slope stakeholders" (Reiss, 2012).

Shell's relationships with regional organizations are varied. The company is perceived to be more cooperative with Native corporations and the borough government, although the company is "still learning" to cooperate with tribal organizations (Jones, personal communication, 2015). A veteran borough bureaucrat noted that there "used to be a

shaky relationship with the oil industry but we have learned to communicate with each other” (Begaye, personal communication, 2015).

To overcome resistance, Shell employs several community strategies to sway opinion on offshore development in the region. It uses different strategies for different groups. Strategies include local community outreach and corporate social responsibility (CSR) initiatives for local institutions. The company continues to conduct community meetings throughout the North Slope, although this was done most intensively at earlier parts of the project, when it needed to secure permissions. According to a Borough Department of Wildlife Management representative, Shell is required to conduct public meetings around offshore plans required by exploration permits issued by BOEM and other federal agencies. Other federal environmental laws, such as the Marine Mammal Protection Act, are also important catalysts for meetings to discuss different phases of the company’s exploration plans (Jones, personal communication, 2015). Shell also engages in local spending around corporate social responsibility initiatives, including donations to the local college and hospital (Brown, personal communication, 2015).

An example of a very successful, ongoing collaborative project between the borough and Shell is the NSB/Shell Environmental Baseline Studies Agreement. Shell funds and cooperates with the local Department of Wildlife Management (DWM) on this program, which came about because many local groups said they lacked information to make decisions on development and exploration. Shell pushed back eventually and proposed that they work together to fill baseline science needs. Mayor Itta supported the cooperative project, although the DWM initially opposed the proposal—the Department did not want to be perceived publicly as under the influence of Shell. But the Department eventually

acquiesced. The Steering Committee includes coastal villages that make their environmental observations to the DWM, which translates them into “western science” and makes recommendations to Shell (and borough/community) (Jones, personal communication, 2015). The DWM itself is staffed by both Native and non-Native professional scientists. A DWM representative contended that this kind of public/private partnership is good and a groundbreaking new trend. He noted that the program “allows [DWM and Shell] to collaborate on scientific research to understand the North Slope environment and marine life, to better understand the effects of development and other activities on marine mammals and those that subsist on them” (Jones, personal communication, 2015).

Shell’s other strategy is to share the expected wealth from offshore development with local Native corporations and their subsidiaries. They have done this by concluding a profit-sharing agreement with several North Slope Native corporations, which is discussed in the following section. Shell also shares the wealth by subcontracting Native corporations for offshore development activities; including oil spill response, oil field service provision, and other auxiliary functions. In the opinion of a local non-native borough bureaucrat, the company probably uses local Native corporations more than they would otherwise (Jones, personal communication, 2015).

I move now to a discussion of how local actors in the North Slope responded to Shell’s initiative. I highlight the strategies of the actors to promote their own interests, and how they strategically align (or appear to align) their interests with other actors. Shell’s alliances with local Native corporations appear to have benefited all parties. Native corporations promote oil and gas development in the state and federally. The powerful ASRC is more open to offshore drilling than any other institutions in the borough, except

perhaps, for the borough itself. Indeed, the ASRC and North Slope Borough government seem to agree on many of the fundamental issues of North Slope development. Both have direct and indirect financial interests in oil development. In terms of proposed offshore exploration, although these two organizations have disagreed at some points in the past, there is little evidence they disagree now (Knapp & Morehouse, 1991, p. 15).

While Inupiat well-being is in actuality more closely dependent on the revenue link between the Borough and the oil industry, the for-profit Native corporations have been more aggressive in their support for additional development. The stance of the Native corporation leadership has influenced the manner in which Borough leaders have dealt with the oil industry, causing them to adopt a less adversarial approach. (Kruse, 1991, p. 18)

North Slope Native corporations benefit unevenly from oil, however, and have different views on offshore development. Some derive more direct economic benefits while others are more threatened by damage to the environment and competing economic sectors like fishing and tourism. In the North Slope, the participation of some, but not all, village corporations in the Shell profit-sharing agreement could be an example of this phenomenon. The large Ukpeagvik Iñupiat Corporation (UIC) of Barrow, well positioned to benefit from offshore development, and already a major beneficiary of Prudhoe Bay, publicly opposes environmental NGO lawsuits against Shell, saying they slow local economic growth (Blue, 2014).²⁹

A smaller village corporation representative, however, would like to see smaller villages benefit from offshore development. In the past, the corporation president has approached Shell directly to propose business opportunities, as well as to offer support if Shell or Conoco Phillips decided to contest the federal Critical Habitat law. The corporation

²⁹ UIC is the Alaska Native Village Corporation for Barrow, Alaska, and serves as a strategic platform for offshore lease activities in the Chukchi Sea, including the Shell exploration and production program.

also opposes the law. A corporation representative told me that as a landowner, the corporation is concerned about the devaluation of the land if an offshore spill were to occur. However, the representative indicated that the village corporation would look to the federal government to clean it up, not necessarily the company (Willie, personal communication, 2015).

Shell has been less successful in working with tribal organizations. Compared with the North Slope Borough and Native corporations, tribal organizations remain more concerned with environmental issues and hostile to most outside intervention—the oil industry, environmental organizations, and state and federal government. Native organizations (both for-profit and non-profit) make a conscious effort to be proactive in offshore oil discussions and decision-making. Several Native corporations note that they must involve themselves in the process to have a seat at the table to help guide decisions that would otherwise occur without them (Gourneau, personal communication, 2015; Willie, personal communication, 2015). ICAS echoes this sentiment. Their methods to control the offshore development process vary, and include lawsuits; meetings with state and federal authorities; and lobbying both as opponents (with ICAS and smaller Native corporations opposing on environmental and subsistence grounds); and in support of offshore development (ASRC on economic grounds).

The Alaska Eskimo Whaling Commission (AEWC) and the Inupiat Community of the Arctic Slope (ICAS), as tribal entities, remain most committed to resisting offshore development. However, even the whaling captains that comprise their leadership are divided. Some oppose offshore development strongly, but others support oil and gas because they need money to maintain the expensive equipment necessary for whaling (Smith,

personal communication, 2015). ICAS and AEWC were the two North Slope groups that participated in several lawsuits against Royal Dutch Shell in the late 2000s, joining state and national environmental non-governmental organizations including, the Sierra Club, the Alaska Wilderness League, and the Center for Biological Diversity. These lawsuits were recently resolved in Shell's favor.³⁰ They were aimed specifically at Shell's marine oil activities off the North Slope. Local "concerns included drilling's effect on endangered bowhead whales, such as a possible interruption of feeding patterns, and whether Shell had made adequate plans to deal with an emergency, such as a major spill" (Joling, 2010). Regarding the lawsuits, then-president of ICAS, George Edwardson, read a prepared statement. "Shell wants to drill wells and drive its fleet of vessels straight through the bowhead whale migration." "What happens if there is a major oil spill? We have an obligation to protect our people" (Reiss, 2012).

ICAS had joined the lawsuit at the request of the Native village of Point Hope, although in 2015 the village withdrew from the lawsuit. The Point Hope village council passed a resolution noting that the decision to drop out of the complaint was "justified, in part, because the lawsuit's goals had been accomplished. The Department of Interior [had] issued new and more protective Arctic standards for offshore oil development that address many of the villagers' concerns" (Rostino, 2015). ASRC issued a public statement in support of Point Hope's decision to withdraw from the lawsuit. It hailed Point Hope's decision as a victory for local self-determination; the organization's skepticism of environmental NGOs—

³⁰ According to the Associated Press, the "9th U.S. Circuit Court of Appeals rejected a case that challenged federal approval of Shell's exploratory drilling plans in the Chukchi and Beaufort seas" (Joling 2010). Despite this victory, the lengthy federal approvals process and the fallout from the 2010 Deepwater Horizon explosion and oil spill caused further delays for Shell. Deepwater Horizon had a ripple effect on oil and gas activity in the Alaskan Arctic. Shell was among the affected companies. The Department of the Interior withdrew leases scheduled to go forward in the Chukchi and Beaufort Seas (Reiss, 2012, p. 142).

shared by much of the community—was very evident. The use of solidaristic language is marked in its comments, highlighting the efforts of regional leaders to coordinate their efforts, although this often does not occur. ASRC’s CEO statement read, in part,

ASRC welcomes the news from the Native Village of Point Hope. . . . The recent action demonstrates that when we come together as one people—free from outside influence—we can progress our region forward in a productive manner. . . . We share Native Village of Point Hope’s desire, along with all our other whaling communities, that our subsistence marine traditions are protected; withdrawing from this lawsuit removes that barrier that has prevented us from working together. . . . Now we can sit at the table to have meaningful discussions on how to move our North Slope communities forward. (Restino, 2015)

Even apparently natural alliances around offshore oil development cannot be taken for granted. Relations between North Slope organizations and environmental NGOs are unsteady. These lawsuits reveal complex regional politics. Dynamic fissures and alliances exist between and within groups. For example, ICAS receives much of its funding from ASRC, which supports offshore drilling. Further, thousands of tribal members are also ASRC shareholders. Despite a coalescence of interests evident in the Shell lawsuit, major environmental organizations are often not welcome by residents to intervene in local affairs. Greenpeace’s “no drilling” message is unpopular in Barrow, for example (Reiss, 2012, p. 117). A native corporation leader was blunt in referring to environmental organizations, “They don’t know what they are doing—they create a ruckus and they don’t live here” (Willie, personal communication, 2015).

Shell has exploited these fissures. In a 2009 public talk, Shell spokesman David Lawrence questioned some apparently “natural” alliances that oppose oil development.

Some NGOs often employ a tactic of litigating development projects at every stage and use a “face” of a local community to provide weight behind their tactics. But the interests of many local groups and international NGOs could

not be more disparate. ... If you don't think so, ask individual members of many International environmental groups how they feel about harvesting whales—under any circumstances. If they are honest in their response, you will be even more intrigued at the partnerships they have formed in Alaska. (Lawrence, 2009)

Offshore oil development, located in the federal jurisdiction, is primarily a “federal game.” The state of Alaska, North Slope Borough, and some of the largest Native corporations, (namely ASRC), lobby the federal government directly, and also fund lobbyists and organizations in Washington DC to promote onshore and offshore development (Brown, personal communication, 2015). The borough government and some Native corporations including ASRC have also been involved in Alaska state politics in support of regional oil and gas for quite some time and now promote offshore oil.

At the federal level ASRC lobbies on energy policy, and specifically for gas and oil drilling on its land, including areas in ANWR (Stern, 2006). In an interview, an ASRC official describes the company's interactions with the U.S. Congress and Alaska State legislature as “educational outreach,” which they consider necessary given the widespread “ignorance,” particularly at the federal level, of the history of Native American corporations (Gourneau, personal communication, 2015). ASRC described congressional level Democrats as often hostile and Republicans as too complacent concluding that Native corporations are “a success story” (Gourneau, personal communication, 2015).

ASRC lobbies for the typical interests of business, both for itself, and the oil companies it relies on. The organization's current president is also a whaling captain, another indicator of complex ties and interests. ASRC notes that it is “looking to government at state and federal levels to provide fewer regulatory hurdles and stable fiscal environment and to provide development opportunities and be partners, to ensure safety in operations for

the benefits of shareholders and all state residents” (Davis, personal communication, 2015). ASRC notes that their diversification plans mean that if their political and economic needs are not met in Alaska, they can move elsewhere, like oil producers: “We don’t want to have ‘to pivot’ but will if tax and regulatory regimes are unfavorable” (Davis, personal communication, 2015). Native organizations, at least ASRC, do not seem to view participation in offshore as antithetical to their desire for economic diversification. This could be the case for the state of Alaska and other North Slope entities as well.

ASRC’s strategy with state and federal decision makers is to obtain a seat at the table among stakeholders deciding oil and gas policy. The corporation appears confident as a major statewide decision maker, noting that it, and other Native corporations “add to the Alaskan economy” and “have become the proponents of positive points of development and reinvestment in the Borough and the state” (Davis, personal communication, 2015). In negotiations and lobbying, ASRC positions itself as the possessor of special knowledge about energy policy and Arctic policy based on Inupiat identity and North Slope residence. The corporation, for example, recommends a framework for corporations who wish to do business in the Arctic: “Be a good steward, engage with the community, and incorporate traditional knowledge” (Gourneau, personal communication, 2015).

ASRC also positions itself as watchdog and economic provider for the region and shareholders through its business operations. The organization notes that its North Slope shareholders bear the risks of development, and argue that they should participate in the benefits, that it is the responsibility of ASRC to deliver: “Look at how development is being proposed, with no revenue sharing but risk borne by us” (Gourneau, personal communication, 2015). ASRC declares that in this context, its goal is to have a seat at the

table to make sure oil development is done safely and provides benefits to the community: “We need a seat at the table to make sure done right, done safe and done to protect traditional practices.” ASRC recommends that companies looking to work in the Arctic look at the “capacity of people from the Arctic, with whom to partner or co-invest” (Gourneau, personal communication, 2015).

At the state level, ASRC participates in political advocacy to promote Alaskan oil, gas and business interests, especially for Alaskan native firms. “We want responsible energy development for native American firms” (Gourneau, personal communication, 2015). ASRC involves itself on several specific issues at the state level, to encourage oil and gas development in Alaska, and the North Slope in particular. It advocates for a state tax regime that reduces taxes on oil and provides for tax exemptions for oil and gas companies, in order to entice energy firms to invest in Alaska. (Davis mentioned oil taxes in personal communication, 2015, and Gourneau mentions exemptions in personal communications, 2015.)

ASRC has set its economic sights beyond the North Slope, and has broadened its advocacy horizons. The organization sees itself as a stakeholder in Alaska, not just the North Slope, and lobbies for the economic health of the entire state at the federal level and with non-state stakeholders. ASRC representatives note that the organization seeks to work cooperatively with a range of other stakeholders as part of its education mission: “We have the interests of the state in mind, not just the [North Slope] region (Gourneau, personal communication, 2015).

In 2014, for example, ASRC joined several other Native corporations (all of which are oilfield service corporations) in the state to formally oppose a ballot measure intended to

repeal Gov. Sean Parnell's new oil tax regime. The ballot measure would repeal Senate Bill, 21, which aimed to reduce oil taxes in hopes that it would stimulate more oil production in Alaska, but would mean less oil income would flow to public coffers. In this case there was a divergence in the opinion of the native corporation and the North Slope Borough, which argued that Parnell's action hurt the region by lowering taxes that flow back to the borough (Villa, personal communication, 2015). In news reports, ASRC representatives clearly indicate they want to encourage North Slope oil production, position themselves as promoting the interests of all Alaskans, and raise the specter of "outsiders" meddling in their affairs- oblique references to ongoing tensions with government and even industry:

The people of the North Slope have a long-standing, vested interest in encouraging and overseeing economic development in the North Slope of Alaska, and the success of the North Slope impacts the entire state. Accordingly, ASRC's focus is on the long term prosperity of our shareholders and of all Alaskans. We believe that unreasonably high tax rates forced upon Alaska's oil producers not only penalize the industry, but also penalize the entire energy support sector and its employees. ... In order for ASRC and its subsidiaries to be successful, we need Alaska's legislators to take action and create positive change in our oil tax structure. It is time for our leaders to reverse the trend of declining oil production on Alaska's North Slope. We do not need Outside voices determining the future of Alaska's oil tax policy. (Sweeney, 2012)

ASRC has been especially vocal in support of offshore development, and Shell's actions in particular. The organization considers offshore development is part of the solution to the state and Slope oil dependency, as one kind of new, sustainable oil and gas development to offset declines in the North Slope. ASRC considers offshore oil development as another option among Alaska's "rich resources" that can promote "responsible resource development [for] viable communities [and] sustainable economies" (Gourneau, personal communication, 2015).

ASRC's comments reiterate the implicit narrative recurring among regional organizational representatives: resistance to the influence of outside interests, and promotion

of local control in regional decision-making. Their comments also echoed a widespread hope among interviewees that through oil-based economic development, the North Slope could preserve their traditional values: “We [ASRC] believe it [offshore drilling] is going to happen and we support it. We want it to happen in a safe and responsible way. It is in our cultural interests to make sure it happens” (Gourneau, personal communication, 2015).

ASRC’s advocacy for offshore drilling highlights rifts among North Slope organizations on this issue, and raises fundamental questions about what “sustainability” means, and what the future of the North Slope should look like. Richard Glenn, an Executive Vice President of ASRC has been vocal in his support for offshore drilling, even lobbying at the Department of the Interior to let Shell drill off Alaska’s continental shelf (Reiss, 2012, p. 103). In response to ICAS’s participation in the Shell lawsuits, Glenn sent a public letter to the organization denouncing their actions. The organization took a very different tone than its letter in 2015 commending Point Hope for dropping out of the lawsuit. Complex North Slope politics are evident here—ICAS receives much of its funding from ASRC, and thousands of tribal members are ASRC shareholders.

“Frivolous lawsuits that stop development in our region threaten jobs, services, dividends, and the viability of our villages at risk,” Glenn wrote (2014). He also argued that these lawsuits and alliances hurt the economic development prospects for the North Slope by threatening ASRC dividends that are funded mainly by the company’s activities in the oil and gas industry, such as leasing land. Glenn (2014) denounced ICAS for collaborating with environmental organizations, arguing that such groups use tribal leadership like ICAS as a “tool” to further an agenda that threatens responsible development and ultimately hurt the North Slope.

In 2014, the ASRC released an official statement reiterating the organization's interest in facilitating offshore oil development in order to stimulate local jobs and growth. ASRC president and CEO, Rex A. Rock, Sr. denounced federal delays in the offshore permitting process and linked the fates of the borough and Alaska.

This decision [for a temporary delay] will have a negative impact on our region and the entire state of Alaska. It is critical for the Department of Interior to define a clear path forward so businesses can move ahead with certainty and our people can continue to have meaningful employment opportunities. (ASRC, 2014a)

ASRC Chairman, Crawford Patkotak agreed:

Our region has benefitted from this project through jobs and growth of small businesses. Delay and uncertainty threaten our businesses, jobs, contracting opportunities, and instability in this process thwarts our efforts for capacity building at the local level. (ASRC, 2014a)

Like ASRC, the North Slope borough government lobbies at the state and federal levels for petroleum interests generally, and for offshore development specifically. A senior North Slope Borough official confirmed that the borough as an entity dealt with the federal government, and maintained a good relationship (Begaye, personal communication, 2015). He stated that the North Slope Borough lobbies at the state to let them know what the area's interests are, further noting that the borough and state shared "aligned interests," including continuing "responsible resource development" even in the protected ANWR region. For both, offshore would shore up production in the existing TAPS, but also justify lucrative new pipelines through the region (Brown, personal communication, 2015). At the federal level the borough funds NGOs such as Arctic Power, and joins the State to promote new regional petroleum development.

In contrast to cooperation with Alaska, a borough leader described its relationship with the federal government as too "one-sided" (Begaye, personal communication, 2015).

He likely refers to federal agencies and federal decision makers in Congress generally, and not the Republican Alaskan Congressional Delegation, which, in 2016 included Senators Lisa Murkowski (R), Dan Sullivan (R) (preceded by Mark Begich (D), whose term ended in 2015, and Rep. Don Young (R) (in the House). The borough leader described some points of friction with the federal government, including what he views as misdirected pro-environmental policies that interfere with local decision-making and subsistence. He also picked up a common point among North Slope organizations and residents who oppose federal policy to “lock up” ANWR from resource development (Begaye, personal communication, 2015). North Slope residents favor onshore over offshore development, as it is considered less risky, and because ASRC is a landowner, it will gain financially.

Like Shell, the borough government adopted corporate, state and federal security and development language in its promotion of offshore oil development in the region more broadly. A letter from the North Slope Mayor Brower to Washington State Governor Jay Inslee in 2015 provides another example of security language, this time, as interpreted by the local government. It is difficult to tell how widely this view is shared. Brower (2015) links domestic security to energy security, energy independence, and overall sovereignty.

Limiting resource development in the US will only benefit foreign nations who have much less respect for the natural environment and who will gladly take our country’s place to fill the demand.

Brower (2015) also discusses the kinds of investment Shell will make in the Alaskan Arctic, implying the federal government has been lax in this regard. Her argument combines elements of environmental security and traditional sovereignty. Although she is critical of federal intervention in some ways, she invites some forms of infrastructure as well.

And by not investing in long-term infrastructure for Arctic production, as Inslee’s comments espouse, our homelands will be more at risk from oil spills. Any

potential oil and gas development in the US Arctic will entail extensive investment in oil spill cleanup and response personnel and equipment. This includes other elements of essential infrastructure such as ports and telecommunications. Development will also likely spur the federal government to invest in more icebreakers and to establish a permanent Coast Guard presence in Arctic waters. These kinds of investments will only make the Arctic environment more secure, not less. But as things stand today, we are only one shipping accident away from environmental catastrophe.

In its relationship with the federal government, Alaska strategically positions itself as the supplier of national energy security. Alaskan decision makers at the federal level, on both sides of the aisle, support both onshore and offshore petroleum development. They promote sources of Alaska energy at the federal level, in national energy bills and the like. Longstanding Alaskan Senator Lisa Murkowski is a tireless advocate for Alaska energy projects; the Republican is well positioned, on the Senate's energy committee, and includes projects benefiting Alaska, including expanding OCS drilling in U.S. waters.

Alaska's strategy at the federal level includes using the welfare of North Slope residents in its promotion of Alaskan oil and gas activity. However, as we will see later, Alaskan politicians create set-asides for the North Slope as well, perhaps because of the North Slope Borough's own lobbying at the State. In a testy exchange at a recent Senate hearing regarding a new Alaskan petroleum project, Senator Al Franken, a Minnesota Democrat, noted the reduction of Arctic ice meant more oil development in the Arctic, causing more climate change and more ice loss. In response, Murkowski cited local economic development for the North Slope as the rationale for her proposal. "Many in the North believe that the irony is the people of the north would be denied jobs, economic opportunities ... while people 4,000 miles away lock them up and put them in an effective snow globe for life" (Ruskin, 2015).

Back in Alaska, state-level decision makers negotiate with the oil industry (as a whole) and individual companies on both onshore and offshore development. As McBeath et al. (2008) describe, Alaska uses its leverage in these negotiations in several ways: as the owner of (some) of the land containing oil, which it then leases to oil companies; as the sovereign, meaning it has taxation and associated powers; and as a regulator (McBeath et al., 2008, pp. 236–238). However, as we have seen, Alaska does not always have sole jurisdiction in these areas and must negotiate with federal and local governments. Given Alaska's dependence, many of its pro-resource development politicians have come to resent federal interference. As Shell pulled out of the project in 2014, several Alaskan politicians blamed the federal government, including state representatives at the federal level. The following is from an Alaskan newspaper:

[Alaska governor] Sean Parnell ... called the news "a textbook example of how the federal framework can negatively impact our economy," but said he still believes that "offshore energy development will play an enormous role in Alaska's economic future" after Shell's short-term setbacks are overcome. "As we move forward, I am confident Shell can be part of Alaska's bright future," he said. ... Rep. Eric Feige, R-Chickaloon, co-chair of the House Resources Committee, expressed displeasure at the news. "To me it's a great disappointment," Feige said. "We have good companies that are trying to make investments in our state and our country, and our court system and our federal government is standing in the way. (Rosen, 2014)

Shell is among several oil companies pursuing favorable state and federal decisions regarding Arctic offshore oil opportunities. As we saw earlier, taxes and regulation arouse strong tensions among stakeholders. Alaska already benefits less directly from offshore than onshore development, because offshore is in the OCS which is federal jurisdiction. However it can benefit if offshore oil flows through TAPS, which increases the value of its portion of the pipeline. It can also tax offshore-related infrastructure on state land. Currently Alaska receives a cut of 27% of federal revenues from leases and production from an offshore area

known as 8(g), or what is called “near shore” (a band three to six miles from shore). Alaska gets no portion of federal revenues from offshore—the OCS area beyond six miles from shore (Ruskin, 2015).

However, as Shell begins offshore drilling, Senator Murkowski is attempting to divert more federal offshore revenues to the State, and North Slope Borough. Murkowski, chair of the Senate’s powerful Energy Committee, is currently promoting an OCS (offshore) revenue sharing program that allows Alaska a share of federal revenues from offshore oil and gas development (Ruskin, 2015). North Slope Borough officials had a role in bringing this proposal to Congress, as it had previously lobbied the Alaska Congressional Delegation to introduce the proposal (Begaye, personal communication, 2015). Specifically the bill would shift 22.5% of revenue to the state, and 15% of that would be split between the state of Alaska and North Slope communities. Murkowski’s bill also would expand offshore and nearshore oil development, by requiring annual lease sales in the 8(g) zone in the Beaufort Sea and Cook Inlet and suggests three OCS lease sales every five years in the Beaufort and Chukchi Sea and Cook Inlet (Ruskin, 2015).

In the federal arena, the state of Alaska is a savvy advocate and adjusts its message to appeal to different audiences. It seeks to promote an Alaskan role in as many nationally recognized energy projects as possible. However, it is aware of the current public opinion regarding unbridled Alaskan Arctic development. Americans are ambivalent about Arctic development, although attitudes are in flux. National energy politics are sensitive to uncertain political tides, which respond to concerns about domestic energy security, concerns about unemployment, and fluctuating oil prices. Many politically charged issues are bundled in the question of Arctic oil and gas development, including global climate change concerns,

distrust of the industry (following high profile accidents such as Deepwater Horizon), and Alaska's declining national political influence (Knapp, 2012, p. 18). In the confusion, national public opinion is cautious about Arctic oil development, and has slowed energy development in Alaska, both onshore and offshore (Knapp, 2012, p. 17). In contrast, Alaska is much more sanguine about oil development. According to polls, most Alaskans support both onshore and offshore oil and gas development, believing that the state's economic future depends on it, and that it can be done safely. Most believe the federal government has unnecessarily and unfairly delayed Arctic oil development, harming Alaska (Knapp, 2012 p. 15). Alaskan legislators reflect the opinion of state residents.

Therefore, Alaska strongly promotes offshore oil development but is less convincing in its efforts to address environmental concerns. Alaskan federal lobbyists work with the Interior Department to explain the "opportunities" and "value" of oil and gas offshore development; how to do it "right" to serve as an example to other parts of the US and the world. Advocates imply that competition for Alaska's offshore industry comes from the Gulf of Mexico, and intimates that Alaska should increase its offshore production to compete with the well-established industry in the Gulf of Mexico (Begich, 2009).

Alaskan lawmakers acknowledge climate change, but propose only minor adjustments to ongoing petroleum projects, or propose new Alaska based projects to address national climate change and national energy policy. Former Alaska Senator Begich for example, proposed an Alaska National Gas Pipeline as a way to address climate change (Begich, 2009). Begich also described Alaska as "ground zero" for climate change and claims the state has already seen the effects of this change, including in nearby seas. He has discussed new energy technologies as a solution, although he was short on specifics, noting

the wide diversity of opinion about Alaska's energy opportunities in the U.S. Senate (Begich, 2009).

As Alaskan onshore oil reserves dwindle, there is pressure on stakeholders to explore new opportunities. Petroleum fuels a dependent American economy and apparently ensures national energy security and independence. In this political context, multinational oil and gas companies operating in Alaska may have more latitude to demand a favorable investment environment from state and federal governments. At first blush, it would appear that oil companies like Shell would also have wide latitude in dealings with local governments and institutions such as in the North Slope, and the industry would have more *carte blanche* from higher levels of government to operate unilaterally at the local level. However, current negotiations, such as Shell's recent profit sharing agreement, signal that stakeholder relationships are in fact, more complex.

4.5 Shell's Profit-Sharing Agreement

In 2014 Shell Oil concluded a profit sharing agreement with several North Slope Native corporations to share anticipated profits from new development in the Chukchi Sea. The agreement was the latest in the contentious process to open the area to offshore drilling. This arrangement is unique in American Arctic governance, and likely in the circumpolar sphere. It has implications not only for future offshore development in the North Slope but also local and state economic development, and national Arctic and energy policies.

I focus briefly on this agreement as a lens to examine the implications of the private sector in Arctic decision-making. The agreement is a new way private sector actors are setting the terms of engagement in offshore drilling in the U.S. Arctic. This agreement will influence the trajectory of regional decision-making going forward. The agreement appears

designed to gain support for Shell's program and reduce the industry's fears of delays and uncertainty, by giving local residents a financial incentive to support the company. The company likely targeted Native corporations for partnership not only to reduce government intervention, but to tap into their support for the economic benefits of offshore development, and build on longstanding collaborative relationships.

Few details about the new profit sharing agreement were made public, but the little information available sheds light on private sector decision-making: 1) It was concluded exclusively by private sector actors: Shell and native organizations; 2) it had the support of Alaska's state government and federal representatives; 3) it aligned the interests of private sector institutions, even some initially opposed to offshore development, although Native corporations invoke the agreement as a way to achieve local control and Shell does not; 4) it was the result of the longstanding relationships developed between residents, Native corporations, and oil and gas companies, even before Shell arrived.

In terms of broader implications, the agreement suggests: 1) further entrenchment of oil and gas in the North Slope economy; 2) that through such agreements private sector actors play a significant role in shaping the policy landscape; and 3) the emergence of new methods for local actors to gain control over natural resource development.

The profit sharing agreement was signed in July 2014, between a subsidiary of Royal Dutch Shell, Corp., Shell Gulf of Mexico Inc., and Arctic Inupiat Offshore LLC (AIO LLC). AIO LLC was formed to undertake this agreement with Shell, and is a partnership between the Arctic Slope Regional Corporation (ASRC), and six of the eight North Slope native village corporations: Olgoonik Corporation, (Wainwright), Ukpeagik Inupiat Corporation, (Barrow), Tikigaq Corporation, (Point Hope), Kaktovik Inupiat Corporation, Atqasuk

Corporation, Nunamiut Corporation (Anaktuvuk Pass). It does not include the Native corporations of Point Lay (Cully Corporation), nor Nuiqsut (Kuukpik Corporation).

The agreement was to share the profits from Shell's offshore drilling off Alaska's Chukchi Sea coast. An ASRC press release states that AIO LLC "negotiated with Shell" to acquire an equity interest in the Shell offshore development on the U.S. Arctic Outer Continental Shelf (OCS) (ASRC, 2014b). This agreement is significant, because under current federal law, the federal government would receive royalties from any oil and gas produced by offshore leases (as it is its jurisdiction), but royalties would not have otherwise gone to "Alaska natives" (Dlouhy, 2014). The deal emerged from four years of exclusively private sector negotiations, although it is unclear which party initiated discussions.

According to news sources,

In 2009, ASRC approached Shell, seeking limits on the company's activities to protect migrating whales . . . and a piece of the economic action. Five years later, in 2014, ASRC and six North Slope village corporations created Arctic Inupiat Offshore (AIO). In exchange for an equity investment, AIO received the option to acquire an interest in Shell's acreage and activities in the Chukchi Sea. (Barrett 2015)

According to ASRC, however, "we worked on the deal since 1999—the details on who approached who is confidential" (Gourneau, personal communication, 2015). An ASRC press release notes that the agreement offered AIO signatories several other partner benefits, including the option of acquiring "an overriding royalty interest in oil and gas produced from specific Chukchi Sea leases. In addition, AIO would have the option to participate in project activities by acquiring a working interest at the time Shell makes the decision to proceed with development and production" (ASRC, 2014b). Also, if AIO LLC decides to exercise its interest in Shell's acreage and activities on its Chukchi Sea leases, it will be the manager

(ASRC, 2014b). Shell and AIO LLC would meet on a quarterly basis “to exchange information and address regional and development issues” (ASRC, 2014b).

Also as part of the agreement, Shell would have made contributions to the Arctic Slope Community Foundation, a local non-profit established in 2009. An undisclosed portion of these funds would go to the foundations of each village corporation. It is a “public foundation dedicated to promoting philanthropy among the Arctic Slope region by providing strategic development and financial management of the community-supported endowment. Principal assets would be held in perpetuity, with the goal of achieving sustainable funding, using only earnings for the humanitarian, educational, economic, and cultural needs of the Arctic Slope region” (Arctic Slope Community Foundation, 2016a).

ASRC’s leadership includes former mayor Itta as well as current borough leaders, and the spouses of AIO LLC and ASRC directors. Donors include long lists of individuals, as well as Shell Exploration and Production Company, BP Alaska and ConocoPhillips, which has an employee matching program (Arctic Slope Community Foundation, 2016b) AIO LLC’s corporate offices are in Anchorage. Management consists of leaders of the existing North Slope Native corporations. Rex A. Rock, Sr. was to lead the new company as president. Rock is also president and CEO of ASRC. Barrow’s UIC president and CEO, Anthony E. Edwardsen will serve as AIO Chairman. Remaining Board Chairmen for various village corporations will have other positions on the AIO Board.

Participant public statements, although supportive of the agreement, suggest complex motivations of Shell and the Native corporations to partner in this agreement. They reveal longstanding themes in their relationships, namely the region’s distrust of outsiders, divided opinion on oil and gas development, and competing visions for the future of the North Slope.

Shell, for its part, indicated in press releases that it undertook the agreement for the benefit of local knowledge for its drilling operations. The Shell Alaska Vice President, Pete Slaiby notes, “A regional alliance with so many respected Alaska Native corporations provides Shell the opportunity to collaborate with savvy and experienced North Slope business partners going forward. It also underscores our commitment to provide opportunities for North Slope communities to directly benefit from Shell’s activities offshore Alaska” (ASRC, 2014b).

The participating village corporations were supportive of the agreement. However, the idea of the agreement as a mechanism to align the diverse interests of the Native corporations with that of Shell could perhaps cut both ways, by reducing routes for dissent and disagreement going forward. Phillip Tikluk, president of the participating Kaktovik Inupiat Corp., said in a news release that the collaboration would “bring financial stability and alignment to the village corporations across the North Slope from responsible offshore development” (ASRC, 2014b). The President of the Oolognik Village Corporation, also a member of AIO LLC, describes in broad terms the benefits for the village corporations to be gained from offshore (OCS) development and participation in AIO LLC.

The community of Wainwright is at the forefront of OCS (Outer Continental Shelf) development, and our community has taken a progressive approach in support of responsible OCS development. AIO strengthens our approach to the OCS and provides us with a solid seat at the table. It’s a new day, where the village corporations join together with the regional corporation –it’s a new way of doing business on the North Slope. (ASRC 2014b)

Rock, AIO LLC’s new president, reiterated some of these themes in statements. He hoped the agreement would allow the Inupiaq corporations to have more control over the impacts of drilling in their backyard and also have the opportunity to earn profits (ASRC, 2014b). “I am

humbled to acknowledge that this arrangement balances the risk of OCS development borne by our coastal communities, with the benefits intended to support our communities and our people” (ASRC, 2014b). Rock also emphasized the important role of longstanding relationships and negotiations in providing the basis for such an agreement. “Our region has always been a leader in strategic partnerships that provide meaningful benefits to our shareholders, to our people” (ASRC, 2014b).

Government representatives at the state level were also supportive. Alaskan decision makers praised the deal, largely because it would facilitate petroleum development by smoothing relations among Shell and regional residents and organizations, aligning in some way, their interest in the project of offshore drilling. The state also benefits from the fact that the agreement expands the private sector provision of regional economic development, both directly and indirectly. Now, the region will benefit from the private sector not only indirectly from taxes on TAPS and any other infrastructure, corporate social responsibility initiatives, and through contracting in oil activities, but now directly, from corporate profits. Native corporations are partners in the project, at no cost to themselves.

This agreement would have shared the wealth, and in so doing, give political cover to Alaska representatives at the federal level promoting various petroleum-based energy programs in Alaska. Alaska State Senators, Lisa Murkowski and Mark Begich, supported the joint venture in public statements. They borrow industry language that promises offshore development as a way to link energy security with state and regional development. Murkowski called it a wise decision on Shell's part: "Shell's decision to invest in the future of the region and its people should be applauded. ... [It] ensures that the people of the North Slope Borough share directly in the oil and gas bounty off their coast. It also gives locals a

say in what happens near their communities" (D'Oro, 2014). Other state legislators also approved. "It's exciting to see Alaska Native corporations take a stake in responsible development in their back yard," said Sen. Mark Begich. "As I continue to press the federal government for reasonable permitting timelines and a quick resolution to too much litigation, it's good to see Shell partner with local communities and corporations. Hopefully, we'll see this partnership pay off in the very near future" (ASRC, 2014b).

The ASRC press release cited also reported other sources of state government support: "Joe Balash, commissioner of the state Department of Natural Resources, calls the agreement a historic win-win because it directly links Native corporations to the benefits of oil exploration. While the state doesn't have an immediate stake in its outcome, he says drilling ventures like AIO help prop up both the Permanent Fund Dividend and businesses operating in the state" (2014b).

The agreement was concluded against a backdrop of longstanding conflict and cooperation both within and beyond the North Slope. All the actors involved in the offshore development debate struggle to control the distribution of risks and rewards in local offshore oil development. The region wants to control its own future, and in its relationship with Shell (and the government), we see evidence of a history of distrust of outsiders.

Through this agreement, regional actors would have been much more directly involved not only in decision-making around offshore development, but more directly able to reap benefits of offshore development, an important goal throughout the region, and among Native corporations. The agreement addressed, to an extent, the region's concerns with local autonomy and control over development. Distrust of outsiders is deeply historically rooted,

although outsiders continue to play a large regional role, as there is an inextricable connection with government and the private sector due to the region's economic structure.

The agreement may have deepened regional dependency on the petroleum sector, however, and it is unclear if it will assuage concerns about cultural losses. It may have some unintended consequences by yoking the interests of Native corporations to those of Shell. The deal masks the conflicts that continue to exist among the regional organizations. Alliances, interests, and points of leverage are constantly shifting and are difficult to navigate. Point Hope, for example, participated with ICAS in a major lawsuit against Shell but in 2015 dropped out, and now is a signatory to the profit-sharing agreement. It is unclear why it changed its position, although they claimed it was because they had succeeded in pressuring the Department of Interior to strengthen environmental protections for offshore development. Another Native corporation leader speculated that Point Hope probably initially participated in the lawsuit because “they are one of the oldest villages, and very active and vocal for subsistence issues” (Willie, personal communication, 2015).

However, the agreement may also have opened new rifts in the North Slope. Some village corporations had not signed onto the agreement, and were aware of its divisive effects. One Borough civil servant speculated about Kuukpik Corporation, of Nuiqsut village, which was not a signatory to the deal, noting that the corporation has traditionally driven a hard bargain with resource companies, and was perhaps holding out for something better. Kuukpik Corporation had a strong track record—in the 1980s, it did not allow resource development unless the companies provided free local natural gas (Brown, personal communication, 2015). The leader of another of the non-participating native organizations was vague about their motivations, noting that the decision not to join the AIO was taken at

the Board level, and that it was a “Management decision by the corporation and not for shareholders to decide” (Willie, personal communication, 2015). The representative acknowledged the drawbacks of the situation however, calling it a “catch-22,” and noting the difficulties of working with other Native corporations on offshore issues, if they are not participants themselves.

Finally, this agreement appears similar to Impact Benefit Agreements (IBAs) and co-management agreements, which are among the diverse instruments often concluded between First Nations and private sector natural resource corporations in Canada. IBAs are not legally required and often cover many issues including local environmental protection, hiring and training, and community provisions. There are no IBAs in Alaska. Scholars claim that some aspects of IBAs deliver “mixed outcomes,” often failing to provide the employment and other benefits and protections promised (Haley & Fisher 2014,12). Other scholars note, however that IBAs and other agreements, such as the agreement in this section, offer new opportunities. “The advent of [such] new economic agreements creates the possibility of new social relations of exchange” (MacDonald, Zoe, and Satterfield 2014, 71)

4.6 Conclusion

Shell’s profit-sharing agreement offers a lens to better understand the role of private sector actors in evolving Arctic political relationships. The chapter also aimed to understand how such actors shape the development trajectory of the region, and more broadly, regional governance. What can this unusual agreement, negotiated exclusively among private sector actors, tell us (or not tell us) about federal power and local control, and how the dilemmas in the American Arctic are being resolved?

Although Alaskan offshore oil extraction is not fully realized, the impacts of potential activity are already being felt in the North Slope, in national discussion, higher levels of government, and industry circles. The implications are global and reflect the inconsistent U.S. approach to its Arctic and energy policies that impact the circumpolar region and beyond. As such, Arctic offshore development is a useful lens to examine how private sector behavior shapes state decision-making in the Arctic and vice versa, in regional development as well as national energy and Arctic policies.

The case of Shell suggests that the oil and gas industry aim to set the terms of these debates and their trajectories, even as they are themselves subject to global market pressures. After the project was suspended, Shell spokesman Marvin Odum described the project's alleged benefits for both the state and federal governments. He also suggested Shell's withdrawal was temporary and noted policy areas the company may well intend to intervene going forward, although he implies it will require a more cooperative federal approach. "Shell continues to see important exploration potential in the basin, and the area is likely to ultimately be of strategic importance to Alaska and the US. However, this is a clearly disappointing exploration outcome for this part of the basin" (Macalister 2015). Odum continued, "Shell will now cease further exploration activity in offshore Alaska for the foreseeable future. This decision reflects both the Burger J well result, the high costs associated with the project, and the challenging and unpredictable federal regulatory environment in offshore Alaska" (Macalister 2015).

The company is tapping into both the material reality of American petroleum dependence at all scales, as well as national hopes of "having it all" (oil and trees), and national discourses that since 9/11 have emphasized "security" as the policy rhetoric that

trumps all. Other offshore decision makers use similar language. They too promote Arctic offshore as a way to ensure development cum security, referring to it in various forms: a human security narrative on the Slope, and energy and geostrategic security beyond.

In fact, despite ostensible federal sovereignty and jurisdiction over offshore development in the OCS, this study suggests state weakness rather than state dominance, compared to relative private sector strength (Markus, 2015). The regulatory hurdles the state places before Shell stem more from the bureaucratic periphery than from core federal opposition to Shell's offshore program. The federal government needs domestic offshore development, but struggles with the resources to manage it, and its conflicted relationship with climate change. Thus, challenges to Shell's program arose not from centralized opposition, but rather many uncoordinated peripheral bureaucratic decisions that arise from the lack of a coordinated federal Arctic energy agenda. In fact, in disarray, the federal government (and lower bureaucratic levels) need the private sector to establish norms and negotiations that set a precedent for handling this form of development. The private sector, along with Alaska and the localities, exploits this weakness to push for offshore, using language that facilitates this form of development.

The state of Alaska, for example, is yoked to oil and promotes it by leveraging its rich trove of natural resources, particularly oil and gas, as a national good in the form of abundant domestic energy supplies. These resources have come to be viewed as a national strategic asset, as the United States seeks to untether itself from Middle East oil. This claim has bipartisan support in Congress because it appears to address the federal government's central Arctic dilemma, located at the intersection of Arctic, energy, and security policy arenas. That is, how, or to what extent, can the United States use its Arctic resources to address

national energy demand, and ensure energy security both in terms of ongoing supply, and geopolitically, without having to negotiate with other countries?

Shell's new profit sharing agreement also demonstrated the mutability of the concept of security in national discourse on Arctic offshore energy. Through this agreement, which is a reflection of its public approach to its offshore project generally, Shell promised to deliver several aspects of security, appropriate for different stakeholders. That is, economic and human security for North Slope residents, energy and geostrategic security at the national level, and economic security for the State. Other stakeholders further intertwined these realms by claiming that Alaskan offshore development, and the agreement specifically, can deliver state and regional solvency and ensure the nation's petroleum supply by mitigating risks from stakeholder conflicts. However, it is unclear if this offshore program delivers human security, in the sense of environmental protection, true community involvement, and relief from oil dependence. These elements are still addressed in a piecemeal fashion, through various environmental regulations, North Slope community meetings, and a profit sharing agreement. These seem to facilitate the broader Arctic offshore program, by setting norms and protocols for such Arctic resource development.

Finally, Shell's agreement suggests that the region appears to be placing its economic future in the hands of oil and gas, led by the private sector. It entrenches petroleum as the source of economic development, and does not create opportunities for regional economic diversification. It remains to be seen to what extent this new development, mediated by the profit-sharing agreement and other measures, delivers energy in a socially and environmentally responsible way. Overall although some benefits of offshore development will be more widely shared, it seems likely that it will also mute future local criticism of

offshore development. Time will tell how these recent negotiations alter regional power dynamics, as stakeholders are re-constellated yet again in the ongoing regional saga.

Chapter 5: Norilsk Nickel and Migration Restrictions in the Russian Arctic

“Firstly, we need to improve [the] quality of government control of decision-making [in the Arctic].”

– President V. Putin’s remarks to the federal Security Council, April 22, 2014
(Presidential Executive Office of Russia, 2014)



Figure 8. Map of Norilsk, Russian Federation. The nearby Yenisei River ties the city and company to important trade routes and global markets. (Map created by Dmitry Streletskiy)

This chapter presents the second empirical case study of this dissertation. It focuses on another Arctic outpost that also relies on natural resource extraction. The Russian city of Norilsk hosts the main production facilities of Norilsk Nickel Mining and Metallurgical Company, one of the country’s premiere natural resource corporations. Despite its apparent success, however, in this remote and inhospitable location, the single-industry town is simply too large to be sustainable in the market context of the post-Soviet period, as Norilsk Nickel has privatized and state support falls away (Parente, 2012).

This chapter focuses on the most recent efforts of the city of Norilsk to sustain itself by cutting its large population of 175,000. In 2013, guided by powerful Norilsk Nickel corporate leaders, the municipality intervened in the federal legislative process to define the administrative borders of Russia's Arctic region. Already slated for inclusion in the zone, Norilsk sought to toughen in-migration restrictions along the border of the new Arctic territory, to reduce in-migration into the region, and the city itself. Corporate and municipal leaders focus particularly on encouraging the outmigration of the foreign born and pensioners. These groups are considered less economically and socially desirable by the city and company. Indeed, Norilsk's effort to bolster border enforcement was the latest in a series of initiatives to reduce municipal costs and population size by limiting foreigners and the economically unproductive.

Norilsk Nickel appealed to federal goals for the Arctic to argue that migration enforcement ensures geopolitical and economic security for the city and the nation. Its rhetorical strategy was to link its own development plans to national priorities declared in federal Arctic strategy documents, as well as longstanding popular national narratives. Both consider uncontrolled population mobility and weak borders threats to the region's geopolitical and economic security. In this effort, Norilsk translated its economic role into a political role. This city is a strategic and symbolic place. It is an Arctic outpost, geographically remote and yet highly strategic, bound up with global market processes via its rich resource commodities. Its success is an example of Russia's long and deep engagement with its Arctic. Like the North Slope Borough, this remote settlement is important to regional and federal authorities, as well as international audiences. This case focuses empirically on Norilsk Nickel's migration controls, and the Alaskan case focuses on a Shell's

profit-sharing agreement, both cases examine the same issue: the role of private sector actors in Arctic governance.

This chapter uses this policy intervention as a lens to examine how the company aligns its interests with federal security and resource development goals in the Arctic. This strategy suggests shared goals of economic efficiency framed in terms of “security” in the development of Russia’s Arctic. It also suggests that private sector companies can entrench these regional framings that shape local and regional decision-making practices. In this case, Norilsk Nickel and municipal leaders appeal directly to the federal government, so I focus mainly on these actors in this chapter. Also, compared to the North Slope, other local actors have less influence in this particular intervention, so they are deemphasized in this discussion. Also, unlike the North Slope, Alaska, there are few indigenous residents in Norilsk, and those are well integrated into the mainstream community. Russia has long pursued an assimilationist policy regarding indigenous residents in the Arctic. They have a relatively weak political voice compared to other Arctic countries. This case, primarily examining interactions between Norilsk Nickel and the federal government, thus reflects the current thinking of scholars who note the growing centralization in the management of the Russian North. They note that Putin’s approach to the North in the early 2000s “was initially based on principles of market economics with an eye towards ensuring that the North became a profitable part of the Russian state.” Later, however, federal intervention in the region’s economic development increased. “An important concomitant trend was Putin’s recentralization of power from the regions to the federal level—whereas in the 1990s there had been widespread decentralization, today this vast territory is governed from Moscow rather than Magadan or Murmansk” (Rowe & Blakkisrud, 2014, p. 68).

To place Norilsk's legislative involvement in context, this chapter begins with an historical overview of Norilsk and Norilsk Nickel, and contextualizes them in the Russian political and energy landscape. It then moves to the city's economic development challenges in the post-Soviet period. This section focuses on the company's previous efforts to achieve economic efficiency and reduce the foreign population through migration restrictions. Some of this historical and socio-economic context for the Arctic Zone legislative analysis re-works earlier material from my M.A. thesis (Parente 2012). Elsewhere (Parente, 2016), I have explained how Norilsk came to be included in the Arctic Zone. After this historical overview I turn to the main contributions of the dissertation, which are: 1) a case study analysis of Norilsk's recent initiative (in 2013) to reshape its economic structure and demography through federal Arctic Zone legislation, 2) an analysis of this initiative as part of a pattern of policies to encourage 'efficient' local development, 3) an investigation of corporate narratives and practices to promote Norilsk's Arctic Zone policy and role with the local and federal governments, and 4) a discussion of the Norilsk case in relation to the North Slope. As in the Shell case study, I again focus on Norilsk Nickel's role in developing and deploying rhetorical strategies in the approval process to restrict in-migration. These strategies borrow from government and popular narratives to link development and security. This chapter concludes with a discussion of what Norilsk Nickel tell us about the evolving decision-making roles of natural resource centres and corporations; how they do (and do not) reshape the state, and their broader impact on economic development in Russia's Arctic.

5.1 Norilsk's Development Conundrum

Norilsk is one of Russia's largest cities above the Arctic Circle, built entirely on perennially frozen subsurface permafrost. It is a single-industry town that hosts the main production facilities of Norilsk Nickel (MMC). Norilsk Nickel is the world's largest producer of nickel and it produces almost half the palladium used worldwide. Although the company operates in five countries, its impressive productive capacity originates mainly from Norilsk.

Some of Russia's richest mineral troves are found here, in the northern reaches of the Siberian Federal District's Krasnoyarsk Krai, where the Yenisei River flows north into the Arctic Ocean (Figure 8). The area's enormous mineral wealth has been exploited by free and prison labor throughout the Soviet and post-Soviet periods. Here the Soviet regime established a GULAG camp to extract the area's enormous mineral wealth. The camp became Norilsk, the administrative heart of the Norilsk Industrial Region (NIR), a sprawling industrial district of 175,000 residents.³¹ The NIR is still one of Russia's largest single mineral production centres, and boasts extensive reserves of diverse base metals and minerals such as cobalt, silver, gold, and sulfur, and valuable rare earths metals such as rhodium, iridium, ruthenium, selenium, and tellurium.

The NIR remains the site of the company's largest mining and processing facilities, and is administered by its Polar Division, comprising the company's largest operations,

³¹ This chapter refers to the city of Norilsk as shorthand. Most of the observations and trends discussed in this chapter apply to the entire NIR, which includes smaller satellite towns of Talnakh, Kayerkhan and Snezhnogorsk. However, Norilsk is the largest city in the NIR and exercises administrative authority over the others. This decision also reflects some of the data sources that provide data at the level of the NIR. The population of Norilsk city proper is about 105,800, and does not include the NIR, which is the new administrative designation counted in the federal census. The population for the region is about 175,000.

centred in the Norilsk Industrial Region.³² The area contains several different metals of varying values, including copper, platinum group metals, and sulfur (USGS 2015). Platinum group metals are perhaps the most valuable for the company. These highly valued, lightweight metals are used in high-tech consumer electronic devices. Norilsk can export small amounts cheaply, with high returns. In the 2000s the company's high valuation was buoyed by its investment returns and strong commodity prices globally (Foek, 2008) (Figure 9).



Figure 9. Norilsk Nickel employee overlooking open pit mines outside Norilsk. (G. Parente)

Today, summer visitors approaching the city are greeted with a dramatic industrial landscape bathed in the midnight sun of the polar day. Along the periphery of the city, open pit mines, twisting pipes, and heavy industrial equipment stretch for miles around the city's

³² The company's other Russian mining and refining centre is Kola MMC, located on the Kola Peninsula.

gridded plan (Figure 10). Utilidors transfer heat away from the base of tall, crumbling apartment buildings. These Soviet-era structures are built on stilts to avoid heating the permafrost underneath. The entire city is built on this perennially frozen ground. Norilsk Nickel factories and offices are located along the periphery, and fence-lined dusty roads lead to the nearest of the mines, which operate adjacent to a GULAG memorial. Indeed, the huge earthmovers still unearth human bones. The centre of town is dominated by a wide main street lined with a museum and city library, chic restaurants serving pizza and cocktails, cinemas, shops, and the grand hotel “where Putin stays,” when he comes to visit the city. Local residents saunter by in the short warm season, an ethnically mixed population that includes everyone from construction workers to accountants in suits. The centre gives way to increasingly decrepit buildings, outdoor fruit stands, and the colorful Nurd Kamal Mosque, painted bright green in an otherwise drab landscape. The mosque, called the “northernmost Mosque in the world,” was constructed by a successful local Azeri resident and is now self-funded through donations. “Every week about 500 people go to the mosque, and some attend classes to study the Koran,” explained the caretaker. “Many families pray at home, so not everyone goes to the mosque every week, although some just come to drink tea and talk about their problems with each other,” she added.

Despite Norilsk Nickel’s apparent success, the company has shrugged off its responsibility for the costly maintenance of this large company town and its large population in the 1990s and 2000s. At the same time, federal authorities are streamlining the development model for the region. They have grown reluctant to invest in large Arctic cities. They have reduced financial commitments to northern outposts and began to promote more cost-effective regional development around selected natural resource projects.



Figure 10. Norilsk City landscape. Aging and neglected Soviet-era housing and industrial utilidors predominate in Norilsk. (Photo: G. Parente)

Norilsk Nickel guides development decisions in the city based on its economic dominance. This dynamic is clear in interviews where local public officials defer to federal and corporate authorities for many issues I broached. Norilsk city officials lack the power or funding to affect change without the support of the company, which has shifted its spending away from social investments to its own bottom line. The company is the single largest private sector employer in the industrial region (although the municipality itself employs most residents). A Norilsk city council member claimed the company directly employs “around 80,000” locally, representing about half of the aggregate population and two thirds of the working age population (M. Laruelle, personal communication, 2013). In an interview, a representative at Norilsk’s local Statistical Agency agrees: “The company

supports thousands more [local workers] indirectly through its control of several non-mining companies in the area” (Parente, 2012, p. 38).

The company’s economic strength has lent it overwhelming power over local affairs, as well as a providing it a direct line of sorts, to Moscow. Russia’s main source of income and geopolitical relevance is the extraction and export of natural resources, particularly oil, gas, and minerals. Moscow’s reliance on these key industries strongly yokes the state and resource companies like Norilsk Nickel. In interviews, representatives from the privately owned company claim its Norilsk operations alone are responsible for three percent of Russia’s entire GDP (M. Laruelle, personal communication, 2013).

5.1.1 History of Norilsk and Norilsk Nickel: Diverging trajectories

“Those [prisoners] quarrying stone for roadmaking in the polar blizzards of Norilsk were allowed ten minutes for a warm-up once in the course of a twelve-hour shift.”
– A. Solzhenitsyn (2007, p. 8)

Economic development and state security have always been closely tied in Norilsk. Established as a settlement by free laborers in 1927, the Stalinist government transitioned it into a GULAG industrial centre a few years later, in 1935. The Norilsk labor camp and the wider GULAG system were established and funded to advance the political and economic ambitions of the Soviet state. Exiled political dissidents exploited the Norilsk area’s mineral wealth for state coffers. The region was known to hold extensive coal and metal deposits, and some of the largest and most easily extractable nickel deposits in the USSR (Humphreys, 2006). The camp became the administrative centre of what was later to be known as Norillag, one of the most infamous networks in Stalin’s GULAG. Norillag stretched across the northern areas of Krasnoyarsk Krai, and included some of the harshest, and most productive, camps in the infamous prison labor system (Applebaum, 2003). In

Norilsk, particularly cruel working and living conditions reflected the remote location and brutal weather.

Norilsk Nickel's precursor, the Norilsk Combine, operated the GULAG mining and production facility, and was also part of the state security apparatus. In 1935, when the Soviet government adopted a resolution to build the Norilsk Combine, it charged the Commissariat of Home Affairs (NKVD) with its establishment. The NKVD was the Soviet security service, and under its administration, the prison labor population grew through the forced resettlement of kulaks (peasants). This practice satisfied both political and economic goals of the Soviet regime, stifling political dissent by moving perceived enemies to farms and factories in far-flung regions, and providing labor for large-scale state economic production.

The Norilsk Combine's main customer was the USSR's defence industry (Rautio and Kosonen, 2006, 35 as cited in Fortescue & Rautio, 2011, p. 837). Production (including metals processing) increased over the years, and by 1953, "the combine was producing 35 percent of the Soviet Union's total nickel output, 12 percent of its copper, 30 percent of its cobalt and 90 percent of its platinum group metals" (Norilsk Nickel, n.d.). Metals traveled up the Yenisei River and the Northern Sea Route (NSR) to national and international ports. Today products mined and refined in Norilsk are still shipped to national and global markets via this route.

The GULAG also advanced Soviet plans to control its extensive Arctic territory and natural resources. The question of how to establish Soviet power in the region was central to the series of Stalin's five-year plans, beginning in 1928 (McCannon, 1998, p. 21). The state repeatedly attempted to bring the administration of the entire Arctic region under one

agency; an effort that McCannon calls “supercentralization” (McCannon, 1998, p. 34). This experiment failed, overwhelmed by two major challenges that endure to the present: designating a single definitive geographic and administrative Arctic territory, and administering such a large and remote area.

The Soviet Union never succeeded in defining a single Arctic administrative unit. Russia did so only very recently for the first time. The Soviet government drafted several different working definitions, which were never adopted. These Arctic designations overlap today, defined alternately by climate, economic features, and other criteria. Administration of the loosely defined region also shifted among different state agencies several times before the end of the Soviet period. The sprawling Arctic region proved too large and diverse to be managed by a single agency and administration became decentralized over time (McCannon, 1998). In 2014 a Russian ‘Arctic Zone’ was created by presidential decree; the creation of a single ministry to administer the region is still being debated.

Norilsk was granted city status in 1953; the same year, Stalin’s death ended his regime and the GULAG system.³³ The Combine ceased to be part of the GULAG network soon after, and operated as a typical state industrial institution. In 1953, Norilsk’s population of 77,000 included 68,000 convicts, most of whom worked at the Norilsk Nickel Combine (Krichevskii, 2010). By the 1960’s however, freed laborers were fleeing the inhospitable region (Hill & Gaddy, 2003, p. 95). With the end of state relocation of workers to Norilsk, the Combine soon faced labor shortages. Industries across Siberia lost their reliable source of state subsidized labor (Hill & Gaddy, 2003, p. 95). Industrial cities like Norilsk in the Soviet period had always been demographically lean, with few non-working members of the population.

³³ The city’s GULAG operations ended on August 22, 1956.

To retain workers, Norilsk Nickel initiated internal changes such as large wage increases. Overland and Kjaernet (2016) describe complementary Soviet-era initiatives from central authorities, designed to support the large Northern settlements as part of Soviet centralized plans for the region. They include the Northern Freight system, which offers cheap supplies, primarily energy fuels to northern settlements, and northern subsidies, which consisted of “socio-economic benefits like higher wages, longer holidays and earlier retirement for those who went to live and work in the northern parts of the country” (p. 38). These initiatives endure today. Norilsk flourished during this time and quality of life improved as reforms took hold. Corporate initiatives and state subsidies, coupled with investments in civic infrastructure (particularly housing) by Norilsk Nickel and the Ministry for the North, blossomed in the 1960s and 1970s. Norilsk Nickel financed myriad “public amenities and cultural amusements and successfully began to attract and retain skilled professionals with higher expectations for quality of life” (Bond, 1985).

Norilsk Nickel’s efforts temporarily buoyed the city. Indeed, Norilsk’s sophistication rivaled cities anywhere in the Soviet Union during the 1980s. The city was a vigorous and demographically youthful metropolis thanks to the in-migration of young workers and their families. According to the director of Norilsk Nickel Combine, the number of students enrolled in kindergartens doubled in a single decade, reaching 28,000 pupils by the late 1980s (Meier, 2003, p. 224).

Operating as a typical Soviet state industrial institution until 1991, Norilsk Nickel’s paternalistic role in Norilsk was characteristic of single industry towns (*monogorods*) throughout the USSR. In the Soviet regime, large state companies were expected to extend the federal regime and its goals, but part of the social contract was supporting the local

population. Norilsk Nickel maintained this role even through the transition in the early 1990s. “Norilsk Nickel assumed much of the responsibility for hospitals, schools and pre-school institutions, housing and road maintenance“ (Adachi 2010, pp. 96)

However, the 1991 market transition transformed industry across Russia, and Norilsk Nickel faced challenges to its traditional municipal role (Humphreys, 2011). Norilsk Nickel was forced to restructure its operations, shed jobs, and outsource positions. State and corporate funding for the city sharply diminished. Suddenly, a large population became a liability in the changed economic and political environment of the post-Soviet period. Many workers departed the area and the NIR population began to decline from its peak of more than 267,000. Norilsk’s population stopped growing around 1990. The region’s contraction has been gradual and uneven through to the present.

Today the city sustains a large population of over 175,000 residents (Rosstat 2011) and municipal expenses now outstrip income from all sources. Company profits have been privatized and siphoned to distant shareholders. Norilsk Nickel has reduced the number of local employees and relinquished the financial responsibilities of its traditional paternal role in the city. Neither the city nor the federal government can fill the funding gap in municipal costs. The state, city, and privatized companies like Norilsk Nickel attempt to draw down the population of large settlements in the North, and discourage resettlement (Hill & Gaddy, 2003).

Norilsk is not unique in Russia. Arctic demographer Tim Heleniak’s publications describe how political and economic forces have reconfigured single industry towns throughout the country. During and immediately after the Soviet era, patron companies and the state absorbed the outrageous costs of industrial development, supporting infrastructure

and settlements throughout remote regions. As the logic of central planning fell away, economic upheaval and migration swept across the country, altering economic development and settlement patterns. Through the command economy and strong centralized power the Soviet government was able to direct resources to large industrial centers, unlike other Arctic countries. The impact of the end of the Soviet regime was particularly pronounced in Russia's Northern and Arctic regions, where new economic and political circumstances suddenly rendered large-scale industry and their cities heavy burdens. Large settlements in remote Arctic regions have always been particularly expensive to maintain. Arctic governing authorities have always sought to closely match the population of northern settlements with their perceived economic and political needs. In Norilsk, this task took on a new urgency in the market transition in the early 1990s.

Not all Russian cities are like Norilsk, however. Norilsk's cradle to grave benefits ended in the early 2000s, but in other areas of Russia, the social benefits stopped even earlier (Laruelle, personal communication, 2013). But in yet other Northern cities, public spending remains strong. Norilsk Nickel, as a private company, can more easily avoid paying public benefits than can public companies. The Siberian city of Tiumen, for example, does not have a budget crisis. Called "Siberia's Oil Capital," its local economy relies on resource extraction by large public companies, namely Gazprom. Tiumen can more easily obtain funding from a public company, than can Norilsk from a private company beholden only to shareholders. Further, Gazprom is valuable to the Putin regime both economically and politically. The European Union relies on the energy giant for about a third of its supplies, which the EU claims Russia leverages in political relations with the region (Kanter 2016). As a result, analysts note that Tiumen can more easily obtain funding from a public

company, and that the company in turn, has more personal relationships with Moscow compared with Norilsk, which they can leverage for state support (Laruelle, personal communication, 2013).

The latter half of the chapter focuses on Norilsk's efforts to downsize the population, through its framings of security and development. To contextualize this discussion, the next section, outlines Norilsk Nickel's relationships with the city and especially the federal government. These relationships contribute to Norilsk's current situation and shape the company's intervention in the establishment of the Arctic Zone.

5.1.2 Norilsk Nickel: Political and economic relationships

Norilsk Nickel plays a central role in most aspects of local decision-making. In order to operate more efficiently, the company has spearheaded recent efforts to reshape the city's population. The company's consistently high profits have been siphoned away from Norilsk instead of benefiting the local population. Although Norilsk Nickel is reducing its social obligations in the city Russian city governments like Norilsk often lack the power to increase their revenue or regulate local companies. Thus, city management remains very much in the hands of the company.

Norilsk Nickel's corporate restructuring over the past few decades has reduced its workforce and municipal social expenditures. Two themes in this history shape the company's decision-making role in Norilsk and its relationships with the state, region, and the city: 1) the intervention of the Soviet and post-Soviet Russian state in all aspects of the company, and 2) Norilsk Nickel as the link between local and national economic development. In contrast to the North Slope, I emphasize the role of the local government in Norilsk to a lesser extent. On the particular question I examine, the key players are Norilsk

Nickel and the federal government, as the local government seems to take the company's lead on the questions I focus on in this case study. Thus I focus less on interviews with local government officials. This is because they provided rather general information, and the information they did provide did not suggest a strong leadership role for the locality. This seemed to be due to a combination of reticence given the city's closed status, and as some interviewees noted explicitly, strong direction from the federal government or the company.

Norilsk Nickel MMC is one of Russia's largest diversified mining and metals companies. A multinational, private company headquartered in Moscow, it trades on several global exchanges. In 2008 the global company was valued at \$53 billion (Foek, 2008). It ranks second in global platinum production and tenth in copper output (Fortescue & Rautio, 2011, p. 835). The company manages the entire production chain from mining to metallurgy to market export. The company's Norilsk-area products are exported to domestic and international markets primarily via waterways. Norilsk Nickel's Polar Division is powerful enough to control the nearby city of Dudinka, which serves as the river port for international NIR exports and imports, including raw and finished products from Norilsk Nickel operations as well as a range of commodities bound for the city (Norilsk Nickel, 2012, August 9). Dudinka is located about 80 kilometers west of Norilsk, and in 2010 had a population of 22,000.

Norilsk Nickel's close political ties to the central state bring the company both advantages and disadvantages. These ties, which are often informal, are evident in its business practices and political alliances. These relationships result from their central role in several key sectors of the Soviet and then the Russian natural resource-based economies. The city and company have been the object of special attention from the central authorities

over the years, their growth due in large part to state financial and other incentives. The Soviet and Russian governments have protected, and at times, intervened directly in company and city affairs, despite Russia's official transition to a privatized market economy after 1991.

Norilsk Nickel's ownership and management changes have been contentious, and highlight the weak barriers between business and government in Russia, even after the market transition. The company's poor transition from socialism was commonplace throughout Russia. Most Russian industry failed to adjust to the new market context and the nation's economic situation steadily worsened throughout the 1990s. Norilsk Nickel was among the failing industries (Humphreys, 2011). During this period, the company has privatized in several stages, and changed hands several times. Just after the collapse of the Soviet Union, the Norilsk Combine was semi-privatized, established by presidential decree as a joint stock company, RAO Norilsk Nickel, in 1993–1994. Shares in the company were distributed among employees and auctioned. The state retained 38% of the shares (51% of voting shares) in RAO Norilsk Nickel (Humphreys 2011, 143).

In 1996, corporate ownership changed again, as Interros management took over. By 1997 Norilsk Nickel was fully privatized. Interros is a holding company and foreign trade association, established by billionaire business partners Vladimir Potonin and Mikhail Prokhorov in 1991. With capital from Interros they started Uneximbank in 1993, which acquired Norilsk Nickel, and several other former state enterprises through the controversial "loans-for-shares" privatizations auctions (Simon 2001, p 34). In fact, Potonin was among the architects of the program, which privatized on a large scale many state owned assets in

the industrial, energy, and financial sectors.³⁴ The scandal rocked the Russian political system in the late 1990s (Wedel, 2001, p. 161).

The Interros corporate website describes the management takeover through several years, and the financial implications for the company and city.

[In 1996,] When the Interros management teams takes [*sic*] over, Norilsk Nickel is more than \$4 bln [billion] in debt and four months behind on salary payments. Annual losses amount to \$800 mln [million]. ... In August [1997] Interros acquires the government's stake in Norilsk Nickel MMC at an investment tender. ... In line with the commercial terms of the investment tender, Interros transfers \$300 mln to Norilsk Nickel MMC in order to develop the Pelyatkin gas condensate deposits. An additional 400 bln rub [rubles] is allocated for the social infrastructure of the Norilsk industrial area, with its population of 300,000, and for the plant's debt payment to the Russian State Pension Fund. Interros also pays the salary arrears. (Interros, 2016)

Scholars describe the reform efforts as an attempt to modernize and operate more efficiently.

[It was] intended to modernize the company and reform the former state company's business practices for competition and performance in a global market. Internal reforms unfolded over several years to improve the company's economic efficiency and reform management and corporate processes, among other measures. (Humphreys, 2011, p. 143)

A senior production official at Norilsk Nickel at the time noted how the company's goals changed as it transitioned from the Soviet to the market context.

In the past, the only goal was to produce 100 times more metal. ... Now the metal is not a goal in itself. Efficiency is the goal. We have to get used to that because we used to work for a state company. (Y. Filippov as cited in Gordon, 1997)

Potonin, Norilsk Nickel's CEO since 2012, epitomizes Russia's public and private sector revolving door, although he is not the only Norilsk manager to serve in public office.³⁵

Forbes magazine called him "Russia's richest man" in 2015 (Forbes, 2015). Already a wealthy private sector businessman, in 1996 he served briefly as the First Deputy Prime

³⁴ In the LFS program, the federal government took out loans from Russian banks to stave off bankruptcy, using shares of state-owned companies as collateral. The state promised its Norilsk Nickel share holdings for a loan from Uneximbank. The state failed to repay the loan and Interros acquired the stake (Humphreys, 2011, p 143).

³⁵ Alexander Khloponin was another high-profile example, winning the gubernatorial election in the Taymyr (Dolgano-Nenets) Autonomous District in 2001.

Minister in the Kremlin. He aimed to help Russian industry through a decree enabling companies to restructure their tax debts and defer tax penalties (Filimonov, 1997). Potonin conceded that the effort also benefited Norilsk Nickel. "Of course I thought about Norilsk," he said. "I personally cannot be far away from this problem. I started it and it is very important to me" (Gordon, 1997).

State involvement did not disappear, even after 2001, when RAO Norilsk Nickel became Norilsk Nickel MMC, as part of a changeover into what its managers called a "globalized corporation," (Humphreys, 2011, p. 1). Many experts, however, do not consider the company to be truly global, "but rather as a Tier-1 Russian company, albeit one with a global scale of operations" (Fortescue & Rautio, 2011, p. 835).³⁶ Initially the restructuring aimed to fill the state-financing vacuum by attracting capital investment from international markets, although the company soon pulled back from global and foreign involvement.

It appears that Norilsk Nickel was caught up in Russian government tendency to maintain a strong hold on industries that it deems important for national security (Humphreys, 2011, p. 147). This close relationship effectively aligns the economic trajectories of Norilsk and the state. Economic analysts argue however, that the company's apparent intention to retain Russian ownership and management limits opportunities for further growth through foreign investment (Fortescue & Rautio, 2011, p. 852). Given the company's domestic orientation, it appears that Norilsk's operations will remain the company's most important for the near future. In sum, the company is a mix of old and new business and governance practices. It is dominated by oligarchs, deliberately Russian, but it

³⁶ Fortescue and Rautio (2011) define a global company for the purposes of the article as one with dispersed markets, characterized by a diversified and multinational ownership, an international management team, and geographically dispersed operations. They note that in addition, the company should be near or moving towards the performance indicators of its global competitors (p. 835).

also a private company with many of the governance characteristics of a transnational company (Fortescue & Rautio, 2011, p. 851).

State involvement also crept back into Norilsk Nickel through its management and ownership structure, even as state financing fell away. The company's involvement in political affairs, and Moscow's influence on the ostensibly private company's corporate affairs gained strength through the 2000s. State intervention stopped short of re-acquiring Norilsk Nickel as a public company. The government could not afford the outright purchase of such large corporations, and saw little to be gained in direct ownership in the mining sector, as long as it could influence the company's major strategic decisions (Orttung, 2006). The state intervened in the company's boardroom, as various shareholders vied for leadership positions, installing leadership friendly to the Kremlin (Humphreys, 2011, p. 145). Ownership quarrels continue. Two state-owned banks are represented on the Norilsk Nickel board of directors, although scholars do not see any state-driven agenda (Fortescue & Rautio, 2011, p. 843).

Norilsk Nickel continued to streamline its operations to reallocate spending. The company aimed to invest in new initiatives, and move away from traditional expenditures—the yokes of full employment, generous benefits, and other costly and cumbersome costs of Soviet-style industry. The company outsourced operations and subdivisions and sold off unneeded divisions and infrastructure.

Two aspects of the restructuring particularly impacted Norilsk. First was the company's reduction of its direct employees and reduction in company expenses related to payroll and fringe benefits. Second was its withdrawal from much of its traditional provision and maintenance of the city's social infrastructure. Even before the restructuring,

Norilsk Nickel was moving in the direction of these new austerities. In 1998 *The Economist* reported

Uneximbank, the capitalist firm that bought 38% of Norilsk Nickel for \$618m in a controversial auction last summer, wants Norilsk Nickel to get out of social work. It would like the government in Moscow to renovate Norilsk's amenities and then transfer them to the city. ... Norilsk Nickel employed 18,000 people whose job is to run an elaborate infrastructure of housing, health care, saunas, sports clubs, holiday homes, day-care centres, and even pig and dairy farms. ("Socialism in one company," 1998)

The company downsized its direct workforce globally and in Norilsk. It still maintained a large employee base into the 1990s, a holdover from Soviet times, when achieving (apparent) full employment was a key social and political goal, usually to the detriment of economic performance (Barnes, 2006). Changes in corporate organization, technology and management almost halved Norilsk Nickel's workforce from the mid-1990s to 2010, as production increased by almost as much (Fortescue & Rautio, 2011, p. 838). Direct employees in the Norilsk Industrial region fell from 122,000 in 1996, to 84,000 by the end of 2001, and to 70,000 in 2005 (Humphreys, 2011, p. 143). However, the cost of wages remained high for Norilsk Nickel. Due to the severe climate, the Polar Division must offer high wages to attract and retain employees. In 2009 the average wage in the Polar Division remained higher than for Norilsk Nickel as a whole, at 57,600 RR per month in Norilsk, compared with 48,000 for the rest of the company (Fortescue & Rautio, 2011, p. 838).³⁷

Since the end of the Soviet period, privatized companies like Norilsk Nickel have reduced their social contributions to a greater extent than comparable public companies (state-owned Gazprom is a good example) (Parente, 2012, p. 15). Today Norilsk Nickel still describes its social investments in the community in its annual corporate social responsibility

³⁷ In 2016, 57,000 Russian Rubles was about \$1000 USD.

report (CSR), but there is little real transparency in decision-making around these piecemeal projects. The extent of community input is unclear in corporate documents. CSR projects are often arranged through joint agreements with city government, but the company's financial investments are not transparent, but rather described selectively. In the company's 2015 Corporate Social Responsibility Report, for example, the CSR projects they describe do not substitute for social service reductions in core areas like transport or systematic health care, and the company does not always provide specific details about the social projects it does choose to undertake in Norilsk (Norilsk Nickel, 2015b, n.p).

In some ways the federal government is concerned about the company's shrinkage of social benefits in Norilsk. It worries about social stability of the rapidly changing region, even though it provides few direct public benefits in Norilsk and similar cities (see tax section following). At the same time, however, Moscow benefits from slimmed-down operations of corporations like Norilsk Nickel. It relies on the efficient development of these natural resource companies, which undergird the national economy, and cost the state little. As a result, the company is constrained in the cost-cutting measures it can make, as the federal government has linked the provision of new exploration licenses to the company's continued maintenance of spending that contributes to social stability (Fortescue & Rautio, 2011, p. 841). President Putin's visit to Norilsk in 2010 illustrates this conundrum. Putin criticized the Duma's cuts in the exploration budget, and suggested that it was connected to the granting of new exploration licenses. The licenses were conditional on the company's commitment to the social development and environmental protection of its places of operation (Predsedatel, 2010 as cited in Fortescue & Rautio, 2011, p. 845).

Today, at times Norilsk Nickel and the state make decisions together in interactions marked by both tension and cooperation. However, Norilsk Nickel's activity reveals the constantly changing political landscape in the Russian North. It is among powerful natural resource companies that leverage their political and economic power to challenge the state as the sole arbiter of regional and local decision-making (Parente, 2016). It influences the direction of the region's political and economic development, and reshapes the relationship with a still-powerful central government. However, rather than outright challenges, the company works to apparently align its interests with the state and curry favor to move its agenda. However, alongside this surface narrative, we see how "security" and "development" signify differently to the city, the company, and the federal government.

Throughout this intervention in the Arctic Zone legislation, Norilsk Nickel leveraged its intertwined political and economic influence in its relationships and decision-making role in the region, and with Moscow. The company's strong political connections to the federal government can be measured in several ways, as we have alluded to earlier, as well as through taxes. The company's overall tax rate has increased slightly over the years, although its profits are increasing even faster. By 2014, the company was so successful it considered distributing its excess cash to shareholders, which was \$3.5 billion by the end of October. The company paid shareholders about \$2.2 billion in dividends in 2013, more than the \$2 billion it paid in 2012. Norilsk's shares on the world market were increasing in value through 2014, and were considered undervalued (Fedorinova, 2014).

However, underscoring the unstable nature of the industry, the value of Norilsk Nickel products fluctuates widely. According to Bloomberg, as of 2016, Norilsk Nickel suffered lower revenues due to lower prices and less demand for Nickel. However, "Norilsk

is more optimistic about palladium and platinum,” which retain strong value (Fedorinova, 2016).

The company’s political connections occasionally free it from government interference. In 2006, it began buying up most public services in Norilsk to reduce its dependence on state-owned infrastructure. The state sold the only local power generating facilities it controlled to Norilsk Nickel. It was the first full privatization of power infrastructure in Russia, and particularly noteworthy in light of the Putin administration’s renationalization of key industries. Analysts believe this sale was likely possible through the company’s strong political connections at the time (Humphreys, 2006).³⁸

Although Norilsk Nickel benefits in some ways from close relations with Moscow, state intervention looms. As we saw earlier, the Putin regime continues to turn the economy and society inwards, stressing the dangers of the international community and the West (Putsykina, 2011). This political move opens economic opportunities for the state. The federal government has tightened its grip on key industrial sectors vital to the economy, (such as the natural resource sector) although usually not through direct ownership (Ortung, 2006). However, several scholars note the specter of predatory state behavior in natural resource industries, such as in oil (Hanson 2009). Scholars argue this also has a chilling effect on foreign investment in Russian resource sectors. Indeed, the government re-acquired significant parts of the oil and gas sector (such as valuable Gazprom), in part due to the Kremlin’s distrust of the oligarchs (Humphreys, 2011, p. 145), although these companies are valuable political pawns as we have seen.

³⁸ For metal smelting, among the company’s core activities, electricity is enormously costly, accounting for about a quarter of total costs (Adams, 1983).

Even as a private company, Norilsk Nickel's foreign ownership and management remains minimal, as we saw earlier. The company is included in the "Law on Foreign Investments," which requires that non-Russian holdings of more than 10 percent in resource companies be approved by the Commission for Foreign Investment, chaired by (at the time) Prime Minister Putin" (Fortescue & Rautio, 2011, p. 843). Separate federal legislation also restricts foreign ownership of strategic industries. Norilsk Nickel is not included on that list, which consists mainly of defence organizations (Foescue & Rautio, 2011, p. 943). State influence has long successfully limited foreign involvement in natural resource sectors. However, economic pressure on Russia from recent events such as Western sanctions may suggest change in this orientation. For example, in late 2016 Russia sold a 20% stake in its oil monopoly Rosneft, likely to overseas investors, in what journalists call "one of [Russia's] biggest privatizations since the 1990s" (Golubkova, Zhdannikov & Jewkes, 2017).

5.2 Post-Soviet Political Economy: Municipal Co-Management Strategies

I move now to an overview of socio-economic adaptation measures promoted by Norilsk Nickel and adopted by city managers, to preserve Norilsk's economic viability. The section overviews municipal budget problems related to its size and demographic composition. It then outlines Norilsk's two major policy mechanisms designed specifically to selectively reduce the city's population of foreigners and pensioners. First, Norilsk Nickel and the federal government have undertaken programs to recruit young workers and to relocate pensioners. The large pensioner population represents a significant strain on the local budget and dwindling social services. Norilsk's second major initiative was its designation as a "closed city" in 2001, after city administrators requested to be added to

Russia's official list of closed cities. This status is designed to limit the admittance of foreigners in areas the Kremlin considers strategically important, although it is invoked for many reasons. This section lays the groundwork for Norilsk's third, most recent attempt to shape the population, through the federal Arctic Zone legislation. Throughout the discussion, I highlight relations with the federal government, specifically the executive and legislative branches as the most powerful actors in the Arctic Zone legislative process at the point when Norilsk Nickel engaged in this case. As we will see, however, several different federal ministries and political parties also play roles in crafting federal Arctic legislation and framing federal interests in the region from various perspectives.

The economic transitions of the 1990s and 2000s brought Norilsk development and demographic challenges, part of a national trend of crippling industrial contraction and social upheaval (Aslund, 2007). Norilsk Nickel underwent several phases of economic restructuring after 1989, causing waves of economic dislocation and subsequent population decline. Even after a sharp initial outflow of residents from Norilsk, public and private budgets demanded further efficiencies, suggesting perhaps that they are seizing the opportunity to realize long-term goals. Norilsk Nickel itself reduced employment expenses by shedding jobs, pulling municipal financing, and shrinking the population of the Norilsk industrial region. Overall, the population of the NIR declined 34 percent between 1990 and 2013, the early 1990s being the high water mark for the regional population at 267,000 (Heleniak 2013). The Russian census is decennial and the next one, expected in 2020 will likely reveal less dramatic, but continued decline (Table 1).

Norilsk's Population Decline

	1989	2002	2010	2017
Norilsk including:	267,609	221,408	175,301	170,000 (est.)
Central District, including	174,673	134,832	105,792	
Talnakh	62,849	58,654	47,175	
Kayerkan	27,881	27,116	22,334	
Snezhnogorsk	2,206	1,306	1,072	

Table 1. Norilsk population decline, 1989–2017. Table by G. Parente using census figures drawn from Goskomstat (1989) and Rosstat (2002, 2010).

Parente (2012) discusses how the municipality, federal government, and Norilsk Nickel employed their own strategies to draw down the population to a more manageable size, but also to shape the population to more desirable demographic cohorts (pp. 37-38). To gain efficiencies they used resettlement and outmigration schemes to reduce the number of pensioners, and labor recruiting to add skilled young workers. The city and company targeted the pensioner population because most of Norilsk's voluntary out-migrants are of working age, leaving pensioners who lack the financial and social means to depart, but who utilize many social services (Parente 2012, p. 5). Norilsk's pensioner population grows proportionally with the reduction of employees, in 2010 accounting for about 10% of the city's population (Parente 2012, p. 48). There are several reasons for this, including the fact that Russia's national pension structure encourages pensioners to work as long as possible, which the Norilsk Bureau of Economic Development notes keeps older workers in the city and on the local Norilsk Nickel payroll (Parente 2012, p. 50). Nuykina (2011) describes the diverse reasons why pensioners remain in Northern cities like Norilsk despite the hostile

environment. One key trap is that although federal pensions are relatively high for Arctic residents, calculated based on the federal Northern benefits structure, they are insufficient for retirees to leave and resettle in other areas of Russia.

Although the company and federal government are responsible for pensions, as Norilsk Nickel slashed its social spending, many of the associated costs of an aging local population have fallen to the municipality (and others to regional and federal governments). Some of the costliest services for the city are providing social and medical services to a large elderly population and maintaining aging Soviet apartment buildings and other infrastructure (Parente, 2012, p. 86).

To gain more tax revenues the municipality wants to reduce consumers of social services as well as attract economically successful individuals. This strategy benefits Norilsk Nickel as well, helping to shift the social service burden to the city. This dimension was described as a cyclical process in a 2015 economic study that noted Norilsk can increase the local budget by increasing the tax base through, among other measures, “improving the social services quality” which will improve quality of life, attract more educated workers and “increase[e] the economically active population” (Ageenko, 2015, p. 730).

Meanwhile, however Norilsk Nickel’s reduction in social funding means that schools, hospitals and other social services operate above capacity, as the city’s entire remaining budget goes to repairing the municipal infrastructure (Krichevskii, 2010). Norilsk’s municipal budget in 2010 was 13.3 billion rubles. Of this total, 4.5 billion went to maintaining the already limited social services, with another 33.7% sent from the city to the Krasnoyarsk Krai budget. Little remains to support the city’s aging Soviet-era housing and infrastructure. Municipal maintenance costs are high. Infrastructure dilapidation is

exacerbated from the extreme climate and because the city is constructed entirely on subsiding permafrost. In 2009 for example, the city could only afford 442 million rubles to spend on housing renovations, which falls far short of what is necessary. There has been little new construction in Norilsk since the 1980s. The city budget indicates that most city funding is used to maintain the older infrastructure. In Russia, the percentage of housing classified as being in “poor condition is” three percent, yet in Norilsk it is 25% (Krichevskii, 2010).

During the 1990s and 2000s, the city of Norilsk and Norilsk Nickel have encouraged residents to take advantage of several federal and non-state voluntary outmigration schemes to relocate city residents to more temperate regions of Russia. They estimate that it is cheaper to resettle residents than continue to provide social services (“Socialism in one company,” 1998). These out-migration schemes are aimed at retirees and other non-working citizens, as the most expensive to support with dwindling social services (Heleniak, 1999). However, these programs have largely failed to move residents out of the city (World Bank, 2010, p. 12).

At the same time, Norilsk Nickel recruits young high-skilled workers to the city to fill specialized positions at the NIR complex. Youth are fleeing the city, often to attend university elsewhere. Norilsk Nickel must offer competitive wages and other inducements such as housing and travel subsidies to attract young workers (Parente 2012, p. 42). Norilsk Nickel managers describe their efforts to attract and crucially, to retain these workers as an ongoing “struggle” (Parente, 2012, p. 42). A representative at Norilsk’s public employment agency noted that Norilsk Nickel hires locally, from throughout Russia, and from former Soviet countries, particularly from neighboring countries with excellent universities and

mining know-how (Parente, 2012, p. 42). Norilsk Nickel's recruitment efforts staunch the steady outflow of the city's youth to some degree. The city also employs several strategies, often in cooperation with the company, to retain young professionals. According to the Norilsk Bureau of Economic Development, "the city pays for a university education for some children so they will come back, but the return rate is only 2 - 3 percent" (Parente 2012, p.48).

To summarize, the city of Norilsk and Norilsk Nickel aim to reshape the local population by reducing the number of residents with low economic status, especially pensioners, and growing the working age population. I turn now to a discussion of the city and company's other strategy to reshape the local ethnic composition by limiting foreigners (except certain skilled workers).

Norilsk's second major initiative to shape the population was its request to be designated as a 'closed city' in 2001 (under the recommendation of Norilsk Nickel) (Parente, 2012, 34). As a closed city, Norilsk can restrict the number of foreign resident entries into the city. In 2001, Norilsk perceived itself to be collapsing in the tumultuous period of transition. The city invoked this Soviet-era federal law in order to protect itself against an influx of migrants and defend its standard of living. This designation was created ostensibly as a national security measure to protect areas the federal government considered strategically important (Korchagina, 2001) (Parente, Shiklomanov, and Streletskiy, 2012, p. 85). It applies to very few places today. Of the NIR's 175,000 residents, fewer than 10% are foreign born, and come mostly from Central Asia and the Caucasus (Parente, 2012, p. 54).

Citizens can enter Norilsk freely but must register and can only stay for a limited time, with official permission (M. Laruelle, personal communication, 2013).³⁹

Norilsk was added to Russia's official list of closed cities via Federal Decree No. 755, at the request of city administrators (Parente, 2012, p. 34). Rhetorically, the request combined the spectre of economic threats as well as the geopolitical threat of foreign incursion. According to the Russian newspaper *Kommersant* from 2001, Norilsk Mayor Oleg Budargin gave the city's rationale for this decision.

We need to put an end to the uncontrolled movement of foreigners in our territory. I warn all employers using foreign labor, their liability for infringement. Our administration has already developed all the necessary measures to restore order in this sphere. (Nikitinski & Netreba, 2001)

The closed city designation for Norilsk has been alternately revoked and reinstated for decades in response to the instability in Russia at the end of the 1990s and early 2000s (Parente, 2012, p. 34). However, in 2001 even as other cities continued to struggle in the aftermath of the transition, Norilsk was doing relatively well and attracting migrants looking for jobs. Nevertheless, Norilsk wanted to limit non-Russian residents and a large portion of the local population agreed, concerned that the city would not be able to support them (M. Laruelle, personal communication, 2013). In 2005 a federal court attempted to rescind Norilsk's closed status, after which Norilsk simply reinstated the status, which did not require federal approval. So the closed city status remained, although a federal decree is for all intents and purposes exercised at the local level.

³⁹ According to the Norilsk FMS, to come to the city foreigners need authorization from the city or an enterprise for a specific reason—usually work. As of 2013 Russian citizens can enter legally and can stay 90 days with migration authorization. They must register with the FMS like foreigners. If they want to stay more than 90 days, they must apply for temporary residence.

Immigration enforcement processes are therefore managed largely at the local level, cooperatively between the Federal Migration Service and city law enforcement. The Federal Migration Service (FMS) is the main federal ministry responsible for immigration control. Their mandate views immigrants through the lens of potential security threats. As in the West, policing and military enforcement of migration are increasingly streamlined and overlapping. In an interview, a Norilsk FMS official explained the strict local immigration enforcement mechanisms. “All foreigners except those from Belarus need permission to visit, and there is a quota regarding how many foreigners can be admitted at one time. Visitors and newcomers must pass through airport or river port security checkpoints and present special permits to verify their legal status in Russia” (Parente, 2012, p. 55-56). The official also noted that Norilsk’s remote location, few roads, and administrative restrictions as a closed city mean authorities can “more easily track the foreign born than in most other cities, through the entry and exit registries” (Parente, 2012, p. 56).

However Norilsk attracts new immigrants and ethnic minorities from throughout the country. A reflection of the rest of Russia, the FMS official noted that “most international migrants come [to Norilsk] from neighboring CIS countries such as Turkmenistan, Tajikistan, Azerbaijan, as well as the Ukraine and Armenia” (Parente 2012, p. 53). Both the FMS official and a local Azerbaijani community leader identified Azerbaijanis as the “single largest and longest-standing minority ethnic group in Norilsk, numbering about 10,000” (Parente 2012, p. 53).



Figure 11. Norilsk’s diverse population includes immigrants as well as Russian-born ethnic minorities. (Photographic credit: G. Parente)

Foreign-born residents come to Norilsk for different reasons. Indeed, one young Azeri Norilsk resident noted proudly that his family has resided in Norilsk “for several generations” (Parente 2012, p. 59). Other migrants came to Norilsk after living in other parts of Russia, because there is less competition for jobs. Migrants to Norilsk noted that they often remain in Norilsk longer than they originally intended thanks to community and family support from other migrants (Parente 2012, p. 59). Rarely employed at Norilsk Nickel, many migrants work in secondary economic sectors including minor trade, small businesses, and services (Parente 2012, p. 57).

The closed city concept brings together longstanding traditions of the state control of mobility, and hostility to immigrants. Norilsk draws on traditions, which exist at both local and national levels, as a key mechanism to achieve regional economic efficiency by selecting an economically productive and (preferred) population. The practice and rationale of state management of mobility has long played an important role in central economic planning as well as a state security function to reduce political challenges and monitor the activities of citizens, and especially foreigners (Laruelle, 2009).

Closed city designations and Soviet-era internal passports, *propiska* (housing registration), are among the mechanisms that endure. Such regulations and programs are common in the North, where economic development has long relied on mobilizing a large and regular workforce in an otherwise unevenly populated region (Parente, 2015, p. 228). In different periods, free and unfree workers and their families were imported to address labor shortages, endemic in this environmentally hostile region. More recently, out-migration has been the goal to achieve a smaller, less expensive population.

In its closed city policy Norilsk also draws on longstanding widespread political and popular hostility to immigrants in Russia. Immigration is politically and socially unpopular in Russia at all levels of society, in the media, and in government (Schenk, 2010). Much native anxiety is based on concern that the government cannot protect their socio-economic and security interests (Alexseev & Hofstetter, 2006). Immigrants have long been framed negatively in the public sphere, depicted as an invading “other” that threatens national unity and economic survival (Kaiser, 1994; Shnirelman, 2009).

5.3 Norilsk Nickel's Arctic Zone Proposal

In addition to pensioner resettlement and closed city policies, Norilsk's proposed amendment to the Arctic Zone bill in 2013 represented its third high-profile attempt to achieve a smaller municipal population. Municipal and corporate leaders intervened in the federal legislative process to legally define the administrative borders of Russia's Arctic region. Norilsk's strategy of aligning its own interests with those of the federal government is evident in these processes. As with Shell in the Alaska case, Norilsk Nickel leverages its economic strength in economics at several scales to propose a major policy intervention. Already slated for inclusion in the new Arctic Zone, Norilsk sought to toughen in-migration restrictions along the border of the proposed region, to reduce foreign in-migrants into the region and the city itself. The company's strategy was to align its proposal with federal interests. It did so by promoting increased migration enforcement in the Arctic as a means to achieve security and development for the city as well as for the federal government.

Norilsk's intervention came in 2013, during the legislative process leading up to May 2014, when Russia established its official Arctic region through an Executive Order. The Order, "On the Russian Federation's Land Areas in the Arctic Zone"⁴⁰ outlines the region's 'borders and composition,' (Government of Russia, 2014a) (Parente, 2016, p. 30). An attached federal bill, "On the Arctic Zone of the Russian Federation" (hereafter, "Arctic Zone"), which has not yet been approved, would apply to this Zone. It is intended to "guarantee normative, legal and institutional conditions of continuous stable economic development of Russia's Arctic zone and creates the basis for further elaboration of Arctic legislation" (Nossova, 2013, p. 40). The legal demarcation of the region would have concrete financial ramifications for localities included in the Zone like Norilsk. According to

⁴⁰ "O Sukhoputnykh territoriyakh arkticheskoi zony Rossiiskoi Federatsii,"

the Regional Ministry that developed the bill, “federal funding and private investment for state development programs will flow to the new region, and federal funding alone is expected to reach almost two trillion rubles (about \$45 million) by 2020” (Parente, 2016, p. 30).

The Arctic Zone demarcation is firmly a federal initiative, and Norilsk Nickel’s attempt to intervene in the process is significant and unusual in a time of increasing federal power. It also helps explain why the company appealed directly to the federal government for amendment. Earlier I discussed Norilsk Nickel’s uneven relations with the federal government. Although Norilsk Nickel resists certain forms of state intervention, it also seeks federal financing. The newly designated Russian Arctic region would offer new sources of funding for various development projects, which Norilsk Nickel and the city have attempted to harness.

Parente (2016) discusses how Norilsk was not initially included in the region in early legislative drafts defining the Arctic zone. The city and company actively lobbied for inclusion both to expand their role in regional decision-making and to access federal funding expected to flow to the zone (Parente 2016, p. 38-39). Norilsk’s eventual inclusion in the Arctic Zone testifies to Norilsk Nickel’s significant political chutzpah, and reveals complex political and economic relationships that “challenge the unilateral federal role in setting the Arctic development agenda” (Parente, 2016, p. 42). Twice Norilsk was passed over for inclusion in drafts Arctic Zone bills in 1998 and 2013.⁴¹ Both times, Norilsk, guided by Norilsk Nickel, approached “Senator Andrei Klishas of Russia’s Federation Council to advocate on [their] behalf” (Parente, 2016, p. 40). He agreed on both occasions, and made a

⁴¹ The city was not included in the original Arctic Zone law that was submitted to the State Duma in 1998 (Sterlnikova 2013).

2013 statement to the federal Duma that noted, “More than a third of the Krasnoyarsk Territory, which I represent in the Federation Council, is in the arctic and subarctic climates. Accordingly, there is every reason to include certain areas of this subject in the Arctic Zone” (Anonymous, 2013 in Parente, 2016, p. 40).

The Senator’s advocacy hints at how the complex informal relationships operate between the state and Norilsk Nickel. Klishas is a member of Putin’s United Russia party, and represents Krasnoyarsk Krai (territory) as a whole, which includes Norilsk. Klishas has very “close ties with the industry as well, for he quit his position as president of Norilsk Nickel to run for political office in 2011” (Parente, 2016, p. 40) Like Norilsk Nickel’s Potonin, he bridges the gap between public and private realms in the Russian Arctic. He emphasized the importance of a reciprocal role between the company the federal government based on the important role of business like Norilsk Nickel in advancing Northern development and the national economy (Parente, 2016, p. 40).

I [Klishas] think that the federal leadership has come to the realization that the resources on which our country largely lives and develops are finite. And that in order to allow the growth of the economy in the future, we must be active in the North. (Norilsk Nickel 2011b)

I turn now to a discussion of Russia’s federal Arctic strategies, as the rationale for the establishment of the zone, and the inspiration for Norilsk Nickel’s testimony, which I will discuss later this chapter. The Russian government demarcated the region in order to implement development and security policies already contained within earlier federal regional planning documents. The demarcation “isolates and resolves the legal status of the Arctic zone” (Norilsk 2013). Norilsk Nickel aligned its narrative with the federal government’s declared interests in the North and Northern economy.

The Arctic Zone Executive Order is the most recent of several federal strategy documents adopted for the Arctic region. Despite the development ideals contained in the accompanying Arctic Zone law, the “draft document remains rather general and declarative; it remains to be seen how it will be put into practice...” (Jensen & Honneland, 2015, p. 454). Thus, among the pieces of federal Arctic legislation that “outline Russia’s interests in, and ambitions for, the Arctic region”, two are particularly important: the “*Foundations of the Russian Federation’s State policy in the Arctic Until 2020 and Beyond*,” adopted in 2008, and even more important, the “*Development Strategy of the Russian Arctic and the maintenance of national security for the period up to 2020*,” approved by President Putin in 2013 (Strategy 2013) (Klimenko, 2016, p. 3).

As I have discussed earlier, Russian federal authorities, like the United States, aim to manage most Arctic issues from the centre. The federal emphasis on centralized control of Arctic policy and programs is evident in these documents originating from Moscow and referring to “national interests”. These documents also outline Russia’s declared interests in the region, which emphasize economic efficiency in regional management, and natural resource development to spur both regional and national growth (Parente, 2015, p.35). These are intertwined goals, providing a rationale for the federal government to manage the North in a way that benefits national and not only regional interests.

The aim of the Strategy [2013] is to implement the national interest, as well as the achievement of the main objectives of the national policy of the Russian Federation in the Arctic by solving the basic problems with the strategic priorities identified in the Principles to ensure national security and sustainable socio-economic development of the Russian Arctic. (Government of Russia, 2013)

Klishas' earlier comments emphasize both domestic and international aspects of federal activity in the Arctic—controlling resource development as well as demonstrating leadership to the nation and the world. “Russia is not solely concerned with possession and sovereignty over contested Arctic spaces, but equally preoccupied with the management of the [region]” (Rowe & Blakkisrud, 2014, p. 76). With a self-described mandate of governing the North for the good of the nation, the federal government has given itself an expansive role in determining what regional “management” practices are appropriate. Examples of federal plans for the region in official state documents include centrally managed resource development and funding to support federal programs. As we have seen, federal methods of maintaining centralized control of Arctic economic and political affairs take other forms, including laws limiting foreign investment.

Another aspect of entangled federal interests in the region involve the blurred lines between economics and security, another area Norilsk takes advantage of in its proposal, as we shall see later. Atland (2011) notes, “Whereas Russia’s Arctic policy in the past was governed by national security interests, it is now increasingly governed by national economic interest and the interests of companies closely associated with the Russian state” (p. 269). I argue that rather than a shift from national security to economic interests; this case suggests that security interests and economic interests are being framed as one and the same. As we see in this case, migration restrictions that have national security appeal and encourage the kind of economic growth that fuels the nation blurs the lines between domestic and international politics for Russia in its Arctic program.

Norilsk’s activity both challenges and supports Russia’s goals for the Arctic region. The language Norilsk Nickel and the city employed in their intervention, which linked

geopolitical and economic securities, thematically and across scales, is evident as well in the central government's rhetorical approach to the region. President Putin's comments during a meeting of the Russian State Security Council on state policy in the Arctic succinctly describes the Kremlin's ongoing interest in the region:

This region has traditionally been a sphere of our special interest. It is a concentration of practically all aspects of national security—military, political, economic, technological, environmental and that of resources. (President of Russia, 2014)

Putin's concluding remarks link geostrategic and socioeconomic development in the region as complementary goals:

In conclusion, I would like to stress that we will continue to invest heavily in the Arctic, to resolve issues dealing with this area's socioeconomic development, and strengthen security. This is a matter of our national security. (President of Russia, 2014).

In the same meeting Putin summarized Russia's regional policy goals at that time, which included securing new funds to sustain a natural resource-based economy and on which is based its foreign policy strength. Analysts note that these policies indicate Russia's desire to reassert central control over the periphery (a trend strengthened with Putin), revive industry, and raise Russia's profile in the international community both as a leader in the Arctic and throughout the world (Laruelle, 2014). Putin referred to the rich hydrocarbon reserves in the Russian Arctic.

For dozens of years, systematically Russia has been strengthening, enhancing its presence, its positions in the Arctic. Our goal is not only to fully restore these positions, but also to make them even stronger. We have to strictly adhere to this vector of state policy, of our strategic planning. (President of Russia 2014)

The tone of his comments echo the "use it or lose it" attitude evident in many U.S Arctic policy statements, raising the specter of geopolitical races for territory and resources. His program recommended a range of economic, military, and socio-economic policies and

programs to assert sovereignty in the region, as well as to take advantage of what they consider their strategic asset of Arctic territory. The centralization of power under Putin's regime makes it appear that there is less diversity in meaningful stakeholder input compared with the Alaska case in the United States. However, as we saw earlier, centre-periphery tensions, among others, are a consideration, as well as the diversity of government agencies with their own agendas. These reflect similar frictions in the Alaskan case. For example, Klimenko (2016) distinguishes between the policy focus of defence-oriented and economic federal ministries. "[M]ultiple actors are involved in devising Russia's Arctic policy. At a general level, each actor has its own vision of the security threats Russia faces in the Arctic and each has a different approach to addressing them." (p. 23)

Russian scholars note that national interest in the Arctic is multifaceted, and has both material and symbolic value. It continues to be not only a source of the natural resources Russia relies on economically and politically, as a diplomatic bargaining chip with foreign nations. It is also a world stage to project power and aspirations. Medvedev (2016) notes,

Despite grand actions and even grander rhetoric, however, Russia's Arctic adventures are no more than an extension of the Kremlin's efforts to "simulate sovereignty": the performance of symbolic acts designed to assert Russia's international presence. As with its wars in Ukraine and Syria, Russia's Arctic ventures are exercises intended to boost patriotism at home while keeping up great power appearances abroad.

However, there are also real, material opportunities for Russia in the Arctic. "The Kremlin views the Arctic as its greatest resource base for the 21st century" (Medvedev, 2016). Medvedev also describes how the Kremlin pursues this vision through the development of offshore oil fields in the Arctic, the construction of icebreakers, and development of the Northern Sea Route. However, often these projects are stalled. Scholars note financial constraints including the declining value of the natural resource sector, and the

lack of Russian technological expertise to take advantage of them (Heininen, Serguinin, & Yarovoy, 2013, n.p.). But the value of seeming to project power in this space remains. More economical are the high profile and symbolic projections of sovereignty, such as the 2007 planting of the Russian flag in the North Pole seabed, claiming the territory for Russia (Medvedev, 2016).

Taken together, a review of federal policies and activities indicate that Russia's regional priorities intertwine economic development and national security, and that the federal government pursues both symbolic and materialized practices in the region. Resource development is framed as an important way to achieve economic security at several scales and is a rationale for strengthening geopolitical security. 'Security' is linked to economic development through its broad framing in these federal policies, encompassing both hard and soft forms: geopolitical, economic, social, and environmental. Further evidence of these conjoined framings are evident in the policy language of another federal program adopted in April 2014, "*The socio-economic development of the Arctic zone of the Russian Federation for the period up to 2020*" (Parente, 2016, p. 35). It states, "the consistent implementation of this government program ... will have a positive impact on the complex national security of the country, the growth of its international prestige, the socio-economic development of the Russian Arctic" (Government of Russia, 2014b).⁴²

Federal plans expand the role of private capital, local government, and public/private partnerships in regional development (particularly the important resource sector). Strategy 2013 "envisages an important role for regional and local governments as well as for private businesses (public-private partnerships)" (Government of Russia, 2013). The policy

⁴² Translated from the original Russian.

documents encourage free-market economic activities including, the “free movement of goods, services and financial resources, support, competition, freedom of economic activity” (MRD, 2013b).⁴³ Although Russia’s traditional resistance to foreign influence remains evident in these documents, they increasingly aim to attract foreign capital investment (Parente, 2016, p. 36). Referring to this policy shift, scholars note, “Russia does not have the resources and technology to exploit the natural resources of ... [its Arctic region] on its own and needs foreign investment and know-how to develop its Far Northern region” (Heininen, Sergunin, & Yarovoy, 2013, n.p.). Recently, however, Russia’s foreign policy choices in areas such as the Ukraine and subsequent international sanctions have disrupted some of these cooperative initiatives (Klimenko, 2016, p. 8)

The Arctic Zone draft bill continues to expand the role of business in regional social policy and investment (MRD, 2013a). It promotes a business-friendly development agenda for the region around the natural resource sector, offering “state support for businesses operating in the Arctic zone ... especially in the field of development of hydrocarbon resources, other minerals and water resources” (MRD, 2013a).⁴⁴

The geographic area defined in the Arctic Zone Executive Order “includes four administrative subjects (Murmansk Oblast, Yamal-Nenets, Nenets and Cukchi Autonomous Okrugs), and one municipal division (Republic Komi). In addition, it includes parts of three other administrative subjects... [including Norilsk in Krasnoyarsk Krai]...” (Jensen &

⁴³ The Ministry of Regional Development’s Concept paper: “The bill is being developed in the framework of the provisions of the Constitution that guarantee, including: the unity of economic space, free movement of goods, services and financial resources, support, competition, freedom of economic activity (Article 8), the equality of the rights and freedoms of man and citizen (Article 19), and the right to freely use their abilities and property for entrepreneurial and other activities not prohibited by the law of economic activities (Article 34), the right to a healthy environment (Article 42), the rights of indigenous peoples, in accordance with the generally recognized principles and norms of international right and the international treaties of the Russian Federation (Article 69), and other rights and freedom (MRD, 2013b).

⁴⁴ Arctic Zone, Chapter 4, Article 26, 2013 (MRD, 2013a).

Honneland, 2015, p. 453). Besides the funding it will attract, the Executive Order is significant in and of itself. Although Russia has a long history of intervention in the Arctic under different regimes, it has never legally finalized the definition of a single Arctic administrative unit, despite several attempts over the years by federal authorities (Laruelle, 2014, p. 29). Instead, “several different working definitions overlap today defined alternately by climate, economic features, and other criteria” (Parente, 2016, p. 38). A single definition offers hope for coordinated federal policy in the region that has long been elusive. Until this Order, what constitutes ‘the Arctic’ in Russia has been blurry, complicating longstanding federal goals of smooth management of the region from the centre (McCannon, 1998). The Order paves the way for federal authorities to construct and administrate the Arctic region as a single, “separate subject of state governance” (Heininen, Sergunin, & Yarovoy, 2013, n.p.).

I return now to a closer analysis of Norilsk’s involvement in the Arctic Zone legislation. Company and municipal leaders made their bid to tighten border security along the periphery of the newly defined Arctic region in testimony during the 33rd Congress of the Union of Cities in the Arctic and the High North, held in the city in 2013.⁴⁵ Norilsk leveraged its Union membership and role as host for the Congress to present its testimony to the Union, which was on the working group for the bill in the Ministry of Regional Development. The influence of Norilsk Nickel at the event was clear, as the Director of Norilsk Nickel’s Polar Division, Rumin Alexander, joined Norilsk Mayor Oleg Kurilov in jointly opening the Congress (Norilsk 2013b). The Union of Cities in the Arctic and the High North did not play an important role in Norilsk and Norilsk Nickel’s advocacy in this case.

Kurilov has been quoted in favor of increasing security for Arctic zone borders. “The

⁴⁵ In Russian, “Союз городов Заполярья и Крайнего Севера.”

establishment of a border regime in the territory of the Arctic zone could prevent a significant number of offenses and crimes and ensure the safety of citizens” Sterlnikova, 2013, n.p). According to Kurilov, most of Norilsk’s citizens, who have witnessed the action of the border regime in the city during the Soviet era, support this initiative (Sterlnikova, 2013, n.p.).

Guided by Norilsk Nickel, the city recommended an alternative to the draft geographical definition of the region. Its proposal called for an alignment of the Arctic Zone’s tentative borders with a different, pre-existing “border area.”⁴⁶ The “border area” is a formally demarcated strip of land that runs along the perimeter of Russia’s international border and northern coastline as part of its national security regime. Access and economic activity are restricted without permission in this high security area, which is administered by the Federal Security Service, or FSB (Norilsk, 2013a). The FSB is Russia’s main security organ and successor to the Soviet-era KGB.

City and corporate representatives critique Russian policy in the Arctic (Strategy 2013), implying it should be amended because it leaves the sovereignty of the proposed Arctic region itself at risk.

One of the priorities of the state policy in the Arctic region is indicated in the Strategy military security, protection, and protection of the state border of the Russian Federation in the Arctic. ... The issue of protection of this area is the most critical, as in the Russian Arctic are not only significant deposits of minerals, fresh water, but are also positioned strategic enterprises. In addition, the territory of the proposed Arctic zone of the Russian Federation on the whole of its length has direct access to the sea. ... One solution to the problem may be in the legislative establishment in the territory of the Arctic zone of the border regime. ... The establishment in the Arctic zone of the border regime seems a rational solution for the future development of the northern territories, as well as an adequate measure to protect the northern border of Russia from attacks from the outside.” (Norilsk, 2013a)⁴⁷

⁴⁶ Officially called *pogranichnie zoni* but called ‘area’ here to distinguish clearly from the region defined through the Arctic Zone bill.

⁴⁷ Translated from the original Russian.

Aligning these two areas would harmonize the strict migration enforcement regime of the “border area” with the newly created Arctic Zone. This would, in turn, limit in-migration to the region and to cities like Norilsk by both foreigners and Russian citizens alike. Currently, to enter the border area, “all non-residents, foreigners and Russians alike, must obtain a special permit from the FSB—a procedure usually requiring about a month to complete” (Amos, 2013). Norilsk’s proposal addresses its concern with the influx of non-immigrant Central Asians, who remain suspect as non-ethnic Russians. Russia’s border areas have been in place (with many amendments) since the 1930s. Although they were abolished in 1993 after the fall of Communism, they were “re-instated in 2006 under President Vladimir Putin” (Amos, 2013). The border areas are already considered “controversial region[s], linked to military strategy, security, and ... rife with corruption” (Amos, 2013).

In 2013 testimony to bolster border enforcement in the emergent Arctic zone, authorities from Norilsk Nickel and the city drew on the federal priorities of security and development declared in these policy documents in their effort to influence the definition of the Russian Arctic, as well as the political process around its establishment. Norilsk Nickel benefits from Russia’s increased military spending in the Arctic. The company manufactures key metals for the defence industry (Norilsk Nickel, 2015a, n.p.), and ships export metals along the Northern Sea Route corridor (Norilsk Nickel, 2016).

Norilsk and Norilsk Nickel proposed enduringly popular migration restrictions through a strict border regime to ensure the region’s security and development. Rhetorically, Norilsk Nickel linked the city’s own development to the declared federal priorities of national security and development, as declared in federal Arctic strategy documents. The federal plans present these two goals as interdependent, and achievable in part through

controlling the mobility of people in the region. Second they drew on the familiar national narratives we saw in the closed city discussion, the longstanding popular national narratives that consider uncontrolled population mobility and weak borders threats to regional geopolitical and economic security.

Norilsk Nickel and federal authorities have co-managed the Norilsk industrial area for almost a century, placing all decisions in the service of resource development. In this latest intervention, Norilsk Nickel's choice of rhetorical framings seems to continue this tradition. The company reiterated the state's goals of regional economic efficiency and security. Its rhetorical strategy framed the restrictions as both security and development decisions codependent on each other and achievable through migration restrictions.

The establishment in the Arctic zone of the border regime seems a rational solution for the future development of the northern territories, as well as an adequate measure to protect the northern border of Russia from attacks from the outside. (Norilsk, 2013a).⁴⁸

Norilsk's language suggests that migration-related proposals will achieve economic development via geopolitical and economic security for the city, new Arctic region, and the country. Advocates used intertwined security and development goals to connect domestic and international policy spheres. Corporate interests also aim to manage the region more efficiently; the state encourages this impulse for economic reasons and as a way to reinforce sovereignty. By linking security and development rhetorically, business reiterates restrictive state-endorsed migration policies and the state's business-friendly regional goals. Russia also seeks cost effective ways to exert sovereignty in the Arctic, and managing population mobility is a longstanding state strategy. Therefore, Norilsk linked its own development plans to federal interests as declared in Arctic strategy documents and longstanding popular

⁴⁸ Translated from the original Russian.

narratives. Both consider uncontrolled population mobility, immigration, and weak borders as threats to regional geopolitical and economic security.

This case suggests that through these shared mechanisms, the public and private sectors advance certain projects and policy priorities that guide city and regional development. Tensions as well as aligned interests characterize the decision-making dynamics in this case, although they seem subtler than Alaska's crowded and noisy stakeholder squabbles. The Russian government has indicated that it intends to maintain a strong regional leadership role and retain control of industries it deems important for national security and the economy. However, this case suggests that the dynamics of these relationships at times favor business, as Norilsk's energy wealth lends it the political latitude to indirectly influence Russia's Arctic strategies in several policy areas.

Thus the rhetoric and practices of Norilsk and Norilsk Nickel sometimes challenge and other times align with federal Arctic plans. This finding adds texture to the overarching narrative of Putin's recentralization in centre-periphery debates (Parente, 2016). Noteworthy in this case is the give and take between the company and the state, rather than authoritarian dictates, which Western audiences often assume in Russian governance. This case also links to broader processes in Russian policy and governance, including the increasingly porous border between public and private decision-making in Russia, most visible to western audiences in relationships between oligarchy and state power (Wedel, 2009).

Norilsk used the federal government's language to establish a common basis for its proposal, as well as to curry favor by supporting the federal agenda. However, it is important to note that the city and company wield this language strategically. It has its own set of concerns that may be different from those of federal authorities. However, shared broad

language of security and development allow them to apparently align their interests. While the city advances the central government's security narrative, it does not necessarily share the same topical national concerns of terrorism or foreign invasion. Local leaders want to maintain control over the population and economy, as Moscow revives its interest in the Arctic through this new legislation.

As a member of the Arctic Zone, local authorities in Norilsk would lose control over in-migration to the city. Obtaining a visa to migrate to Norilsk will become a federal level decision, whereas now, with the closed city designation, it is a local decision. Norilsk wants to blunt the possibility of losing local migration control by proposing strong migration restrictions for the entire zone.

Norilsk's efforts to maintain local control are well founded. Didyk and Riabova argue that the region's centralization is strong, despite the blossoming of local "strategic plans" mandated by the Kremlin that would seem to indicate the opposite.

Despite the constitutional principle mandating independent local self-government, centralizing policies carried out over the last decade have actually 'embedded' the local authorities in the power vertical, hierarchically linking the federal, regional, and local governments both economically and politically." (Didyk & Riabova, 2013)

Despite this subtext, in their public testimony, however, Norilsk advocated strong geopolitical borders as beneficial to the city as well as the nation. Representatives referred to earlier federal policies that portray Russia's Arctic borders as vulnerable to national security threats. The federal policy document, *Fundamentals 2008*, lists "illegal migration" as a national security risk from porous Northern borders along with "sea terrorism and smuggling," although uncontrolled in-migration from the Arctic Ocean seems highly unlikely (Medvedev, 2008).

The city reiterated federal language, noting that weak borders allow the uncontrolled movement of people into the region, an ongoing threat to geopolitical and economic security to be resolved through new forms of mobility control. The city noted, “the territory of the proposed Arctic zone of the Russian Federation on the whole of its length has direct access to the sea” (Norilsk, 2013a). It proposed aligned borders to address both geopolitical security and efficient economic development, as “the solution for the future development of the northern territories, as well as an adequate measure to protect the northern border of Russia from attacks from the outside” (Norilsk, 2013a).

Besides controlling ingress to the region, Norilsk drew on federal policy language that indicates that Moscow is also concerned with controlling the population already in the Arctic area, in order to achieve the elusive federal goals of Arctic economic efficiency and security. In this way, the city also curries favor with the central government, since they are closely aligned politically, by demonstrating that it can control the local population and prevent social unrest. In Strategy 2013, “population decline” is among the “risks and threats” to regional economic development, to be addressed through more efficient migration policies (Government of Russia, 2013). In lieu of maintaining permanent settlements, the new state-preferred solution is a cost-effective labor model that utilizes temporary workers at camps around resource extraction. So, efficient economic development is advanced through the “differentiated regulation of migration, depending on the age and qualifications of migrants ... and reducing the social costs of migration outside of shift [work]” (Government of Russia, 2013).

Continuing its past policies targeting foreigners and pensioners, Norilsk aimed to exclude these groups in particular. Norilsk did not explicitly mention foreigners or ethnic

minorities in its testimony, but its rhetoric reflects longstanding national narratives about these groups. City spokesmen noted the vital role of migration restrictions to select an economically productive population, and ensure city and regional development. However, Norilsk's proposal to align borders means it would have expanded its current migration restrictions to include all Russian citizens, a move likely aimed at Caucasians and other ethnic minorities. These groups have long been a target of migration enforcement in Russia and in Norilsk in particular (Laruelle, 2013). In this way, the city's proposed solution to select a desirable municipal population also advances regional goals, and is a particularly attractive argument in Arctic areas where settlements are costly to maintain and both state and corporate social investment is dwindling.

In testimony city representatives described the financial strain of in-migration, and the high cost of providing municipal social support. Representatives reported frustration with the quality of migrants to the city, described as “at best, they are engaged in business, and most work “illegally.” They also noted another problem with in-migrants is that they are often employed as “taxi drivers or repairmen”—to the city and company, these are not the desired occupations vital to Norilsk Nickel operations (Norilsk, 2013a). They further noted, “At worst [migrants ...] do not tend to integrate into society and be socially useful, and find themselves in the criminal world” (Norilsk, 2013a).⁴⁹ In-migration restrictions will “not only prevent a significant number of offenses and crimes ... but also create conditions to attract desirable workers and regional investment” (Norilsk, 2013a).⁵⁰

It becomes clear that besides economic stability, the city's other security concern is controlling social groups. Migration restrictions make it easier for the city to monitor ethnic

⁴⁹ This is the English paraphrase of the original Russian text.

⁵⁰ This is the English paraphrase of the original Russian text.

organizations in particular, a goal in part because of longstanding suspicion of immigrants, and because the city has a tradition of vote buying in local elections: the city asks ethnic organizations to “activate” their constituents before local elections (M. Laruelle, personal communication, 2013).

5.4 State and Private Sector Roles and Relationships in Russia’s Arctic

Across all periods of Russian history, the drawing and re-drawing of provincial borders was a primary instrument for—and not the result of—the centralization or decentralization of state power. (Goode, 2011, p. 56)

If the act of establishing geographical borders is a useful barometer of political change, this case suggests an evolving role for natural resource centres in Arctic political affairs, and in defining the relationship between development and security in the Arctic. Ultimately, Norilsk (guided by Norilsk Nickel) was not successful in amending the borders of the Arctic Zone. However Norilsk’s political intervention in policy areas normally decided by the central state (i.e., setting external borders and migration policy) both challenged and reinforced the federal role in setting national security narratives and Arctic development plans.

Norilsk’s main strategy was through an indirect appeal to a small part of the Arctic Zone bill’s working group, as the bill was being considered by the Duma in Moscow. In some ways, this strategy reflected and strengthened Russia’s centralized political structures and processes. Indeed, the Arctic Zone bill itself reiterated the deliberately strong but selective role of the central state in the development of the Arctic.⁵¹ Klimenko (2016)

⁵¹ The Arctic Zone bill summarized the participants involved in implementing state policy in the field of development in the region. It defines the territory included in the Zone by naming federal subjects and municipalities (Article 2). It summarizes the distribution of powers among the federal government in regional development, naming the Federation President, central government (Duma and lower house), the Ministry of Regional Development and other federal bodies and laws (Articles 6 and 7). It notes the power allocated to local governments and discusses coordination among central and local authorities (Articles 8 and 9) (MRD, 2013a).

describes the high visibility and targeted nature of federal interventions that speaks to domestic and international audiences. “[T]his approach define[s] the Arctic as a region where Russia could demonstrate its power, partly due to its long history as a strong presence in the region and the fact that the Arctic provides Russia with access to valuable natural resources and also through the concentrated deployment of its navy” (p. 5). Although Norilsk’s limited ability to intervene in the legislative process reveals the overall success of Putin’s efforts to re-strengthen centralized power, such consolidation is not a *fait accompli* (Goode, 2011).

Broadly, Norilsk seeks to retain local control as federal influence again extends North via the new demarcation. The city and company look forward to greater federal funding, but fear new forms of intervention in local affairs. Their strategies suggest an evolving role for natural resource centres (those not controlled by oligarchs) in regional politics, and their new relationships with the State. Norilsk and Norilsk Nickel, and perhaps other resource centres, increasingly see themselves as stakeholders in the Arctic and architects of that space. The political strength Norilsk leveraged to propose these policy changes stemmed directly from its economic position as host of Norilsk Nickel. Both actors are very aware of the economic importance of raw materials to the national GDP. They appear to be experimenting with different political strategies, based on their “pull” with central authorities. Norilsk Nickel provides the city the political access to intervene in other political activities as well, such as Norilsk’s direct appeal to federal authorities for inclusion into the Arctic Zone in the first place (Parente, 2016, p. 42).

Norilsk’s political confidence also suggests increasingly codependent relationships between natural resource centres, certain corporate actors, and the federal government. This

case study reveals new political dynamics that streamline state and non-state, and centre-periphery interests, or at least rhetoric, as natural resource cities (and companies) pursue their own goals by cooperating with the state by championing mutually attractive solutions to shared concerns like economic efficiencies. On the other hand however, Norilsk's proposal also reveals deep anxiety about federal power (Parente, 2016, p. 42). The dynamics in the Arctic debate also reveal old tensions between the centre and control of the periphery, although perhaps the actors are different.

Norilsk's talent was exploiting the common ground with the state. In some ways, state power is relocated from the state to institutions (i.e. privatization, Norilsk Nickel providing benefits), but in other ways institutional (private) power is relocated back to the state (i.e. re-nationalization, Arctic Zone designation). Therefore a third option suggests itself. Instead of state power draining to the private sector or vice versa, the state is operating through multiple actors and agencies [non-state/private] institutions. This is evident in this particular case in the alignment between federal and corporate security and development agendas premised on efficiency.

In Russia's new Arctic, corporate interests aim to manage the region more efficiently. The state encourages this impulse for economic reasons and as a way to reinforce sovereignty. Norilsk Nickel needs the federal state to help reduce operating costs, and the Russian state relies on cost-effective corporate production. Norilsk leveraged national development and security dialogs for its own local purposes. It cited the alignment of the zones as a way to achieve what Moscow has already noted as its priority: the securitization and rationalization of Arctic territory. This strategy of aligning the interests of natural resource centres, their corporations, and the state, demonstrates that these relationships could

be mutually beneficial rather than adversarial. These relationships operate differently than those between oligarchs and the Kremlin, suggesting a new trend of informal political relationships between natural resource corporations and the central state, which have yet to be studied or theorized in depth. The personal relationships rather than institutional channels that characterized Soviet bureaucratic decision-making remain important but have changed in form under Putin.

In Arctic cities like Norilsk, restricting in-migration in the name of security appears a useful tool to achieve economic efficiency and limit perennially unpopular foreigners. City and corporate managers promote policies using political discourse that targets certain permanent populations as geopolitical and economic security risks.

Among the many players in Russian Arctic politics, Norilsk and Norilsk Nickel's activities shape the broader political terrain of the region. Their constant and shifting negotiations with federal authorities create and entrench management practices and priorities in ways that extend far beyond the city limits. The actors in this case appear to share the goal of efficient Arctic management, although how each interprets this path is constantly in flux. Norilsk's rhetorical strategies emphasize economic efficiency as a multiscale goal with political, economic, and social dimensions, achievable through enforcing national security and encouraging resource development. Its rhetoric reinforces national narratives about immigration and local and federal interests in economic efficiencies and the advancement of certain Arctic projects. The next chapter moves to an examination of similar negotiations in the North Slope of Alaska, where a new web of actors shape the development path of the North Slope and beyond.

Chapter 6: Local Decisions, Global Governance: Norilsk and the North Slope in a Comparative Framework

This chapter situates the empirical cases of Norilsk and the North Slope Borough in the relevant theoretical frameworks of critical geopolitics, governance, and economic development. These concepts intertwine in these cases, offering new perspectives on regional governance. This chapter also integrates the neglected analytical lens of political economy into Arctic geopolitical analysis. Similarities and differences in the policy processes in Norilsk and the North Slope are drawn out throughout this chapter. The previous two chapters detailed negotiations around specific policies in resource dependent settlements, focusing on the role of states and corporations in negotiations, and their co-production of security and development discourses and practices.

In this chapter I draw on these cases to argue that states and corporations define risk and opportunity at these sites to promote certain development trajectories. I trace how government institutions and private companies co-constitute both governmental and private sector power in these sites, and in the Arctic more broadly. To explain how this works, I begin by examining how corporations leverage security and development narratives and practices to promote the policies examined in this study. Section two turns to how states make decisions, particularly in relation to corporations. Together they advance certain framings of these sites and construct them, and the broader Arctic region, as spaces of security and resource development. In this chapter the analysis moves to a higher level of abstraction than the more grounded discussion of earlier chapters.

6.1 Corporate Use of Security and Development Rhetoric

Shell and Norilsk Nickel advanced the specific policy proposals examined in this study, as well as their larger development interests, by framing them as solutions to security challenges, broadly conceived. They make implicit and explicit claims that specific security concerns exist and should be addressed through certain forms of economic development, namely their own projects. The corporate strategy of framing security and development as two sides of the same coin is not new. States have long indulged in this practice. Social welfare was originally considered a security rather than an economic concern, necessary to stabilize the economy (Sheppard & Leitner, 2010, p. 8).

The companies in these cases use several interlinked material and discursive methods to promote their policies and larger agenda in ways that appeal to other stakeholders. First I will outline the company strategies in common, and then how they play out in each case study. Norilsk Nickel and Shell promote their own development initiatives by constructing and deploying intertwined security and development narratives embedded in their policy proposals. Rhetorically, the companies claim that their projects, as well as their broader economic and political roles, address several interconnected forms of security, namely economic, energy and geopolitical securities—at several scales. On this basis they suggest security and development are predicated on each other and readily achievable through their development proposals. In effect, Norilsk Nickel and Shell propose their own policies as means to address the blurred risks they themselves have framed. As Burchell, Gordon, and Miller note (1991, p. 35), security is not only about control but opportunity.

However corporate actors do not develop security and development narratives whole cloth. Rather, Shell and Norilsk Nickel frame their projects as ways to address the particular

security narratives important to other stakeholders. In so doing, they co-produce security narratives with other stakeholders (Agnew, 2007). This strategy relies in part on framing security and development differently for different audiences, to highlight shared interests. I find the companies most clearly leverage and reinforce state security rhetoric to promote their own activities. Therefore I focus on state and corporate relationships in this analysis. Corporations align their narratives with those of states by conflating empirical claims about their initiatives with normative claims about interests and values shared with states in order to propose policies that support their activity.

Corporate strategy is not only discursive, however. Norilsk Nickel and Shell construct policy proposals based on their longstanding material roles and relationships at different scales. That is, they ground their proposals in their actual economic roles. Framing their proposals as extensions of their historical and current roles and relationships effectively aligns their projects with the declared interests of other stakeholders. It lends the companies credibility, positioning them as stakeholders that understand the issues, and who will make appropriate suggestions to resolve them. Corporate claims become very strong, rooted in security narratives that draw on their materialized, economic practices in localities and at larger geographic scales.

In this way, Norilsk Nickel and Shell connect economic development to geopolitics. The companies frame certain kinds of economic development, namely their own projects of resource extraction, as “solutions” to geopolitical risk. They frame geopolitical risk broadly, to include national borders and national energy stability. Their use of security and development narratives then, connect domestic and international policy spheres. Corporations shape the geopolitics of states and are themselves geopolitical actors.

6.1.1 Norilsk Nickel: Migration restrictions

In its 2013 Arctic legislation testimony, Norilsk Nickel leveraged its economic role as a basis for its security and development claims. The company proposed a tightened Arctic border regime, arguing that new migration restrictions would advance both geopolitical security and efficient economic development, at local and national levels. Norilsk Nickel's claims were based on its multi-scalar identity that is not only deeply rooted locally, but stretches to the federal level and beyond Russian borders. Its discursive argument drew on its key roles in resource development that undergirds local and national economies. In the direct appeal to federal authorities, Norilsk Nickel drew on political power that stems from its connection to the global resource markets Russia's economy relies on. The company emphasized Norilsk's key role in an Arctic region framed discursively as the resource base for the country.

In testimony, the city and company identify risks and solutions for their audiences. The primary audience was the federal government, architect of the new legislation, and highest authority on Arctic regional issues. The company is politically powerful enough to bypass regional authorities in Krasnoyarsk Krai, who are arguably less powerful than the company itself. Norilsk Nickel argued that their proposal of aligned borders addresses federal interests in sovereignty. The testimony critiques new federal Arctic policy (Strategy 2013) for leaving the proposed Arctic region at risk. They then propose their own plan to align borders as a way to address the Kremlin's interest in Arctic sovereignty, economic development and national security.

One of the priorities of state policy in the Arctic region is indicated as stated in the Strategy is military security, defense, and the protection of the state border of the Russian Federation in the Arctic. ... The issue of protection of this area is the most critical, as in the Russian Arctic there are not only significant deposits of minerals,

fresh water, but also strategic enterprises. In addition, the territory of the proposed Arctic zone of the Russian Federation on the whole of its length has direct access to the sea. ... One solution to the problem may be in the legislative establishment in the territory of the Arctic zone of the border regime. ... The establishment in the Arctic zone of the border regime is ... the solution for the future development of the northern territories, as well as an adequate measure to protect the northern border of Russia from attacks from the outside. (Norilsk, 2013a)⁵²

Federal authorities have long viewed the region as a key strategic resource base (Atland, 2011, p. 267). In testimony, Norilsk Nickel links federal interests in Arctic economic prosperity with its own local projects and narratives. It draws these framings from, or elides them with regional, and especially federal-level (state) rhetoric in these realms. Thus, the company strengthens certain existing security narratives as it tailors its message to specific security narratives and existing projects already in play by the state. Norilsk Nickel thus relies on and perpetuates what Kuus (2007) calls “the normalization of a particular cultural conception of security” (p. 20).

The company’s rhetoric, blurring “development” and “attacks from the outside,” also links local economic and geopolitical security to national security in the minds of the audience. By framing security vaguely, as a geopolitical and economic challenge, the company positioned its own proposal, the establishment of the border regime in the Arctic zone, as the solution to address both aspects of this threat. In testimony, Norilsk Nickel invoked multiple forms of security to align its interest in local economic prosperity with similar federal interests in regional Arctic prosperity.

In general, the establishment of the border regime in the Arctic zone will not only prevent a significant number of offenses and crimes, to ensure the safety of citizens and businesses, but also to create conditions to attract the necessary expertise in the area, as well as the growth of the investment attractiveness of the area. (Norilsk, 2013a)⁵³

⁵² Translated and paraphrased from the original Russian

⁵³ Translated and paraphrased from the original Russian

Norilsk Nickel described stronger security as a means to economic development in the North. Company testimony also cited tightened borders as a way to reign in high costs for the city and company. They note that these high costs hamper economic development and Norilsk's operations. In this narrative they intertwine local economic security to broad geopolitical concerns—both of which can be addressed through border enforcement. Again the company implicitly relies on its importance in the regional economy to emphasize that its continued role as regional economic engine, investor, and employer, a “strategic enterprise,” relies on cooperation from federal authorities to “establish a border regime” for business reasons as well as for national security reasons.

Unlike Shell's elaborate PR campaign in the North Slope, Norilsk Nickel did not need to publicly justify its proposal to local audiences, nor gain local allies. The Arctic proposal and other policy initiatives such as the “closed city,” underscore Norilsk Nickel's broad latitude to control local development to favor its own activities. As we have seen, this authority extends broadly. Representatives in the Norilsk Bureau of Economic Development, note it even includes the company's insistence on vetting new companies attempting to enter the Norilsk market, to ensue they are not competitors (Parente 2012, p. 46).

The company appealed primarily to the federal government by referring to national sovereignty and security, and by emphasizing the importance of local development in Norilsk as a guarantor of Russia's national economy. The company appealed to a lesser degree to regional authorities and its international shareholders. It relied on implicit understanding that its economic success determines the success of the city itself. That is, Norilsk Nickel implied that Russian hopes to secure its energy future rely in part on protecting Norilsk using the measures favored by Norilsk Nickel. The company's strategy of tying its fate to the success

of the nation as a whole may have served other political ambitions. It may have been an attempt to solidify Norilsk Nickel's political value in the imagination of federal and other audiences. Although the company is important to the national economy, Russia's economic success and related political influence is actually reliant mainly on oil and gas, not minerals. The company's rhetoric finesses this as well, lumping itself in with the guarantors of Russia's economy.

I turn now to a discussion of how Norilsk Nickel and the municipality use the specter of immigration as a multifaceted security risk in its strategy. The company aimed to limit free, chaotic movement in the region and into Norilsk. It portrayed in-migrants as representing several types of security threats across several scales. The fluidity of migration flows connects concerns about local economic and geopolitical security (local borders, local productivity) to regional and national geopolitical (territorial) security.

To make these connections, company representatives contrasted their important investment needs with a negative report of in-migrants to Norilsk, who they described as economically and socially marginal, unimportant and even threatening to the city's central mission of resource production for the federal government. Migrants are "at best, engaged in business, and in most of the work 'illegally'" (and not in the occupations the company needs), and "at worst ... find themselves in the criminal world" (Norilsk, 2013a). This recalls the language invoked to close the city in 2001, where city representatives noted their desire for control, "We need to put an end to the uncontrolled movement of foreigners in our territory" (Nikitinski & Netreba, 2001). Norilsk Nickel even aimed to broaden current in-migration restrictions to exclude possible Russian citizens: "In Norilsk persons who came [from] the territory of another region of the Russian Federation have committed drug related

crimes. The city reported that drug trafficking was on the rise” (Norilsk, 2013a). They noted an increase in the number of offenses in the area of immigration law, which causes “tension in the society” (Norilsk, 2013a). Thus the company frames immigration as a threat to local security, broadly defined. Migrants are depicted as threats to economic security to the city, the region, and the nation, as they are described as unemployed or underemployed. They are also framed as hoodlums- threats to personal security locally.

Norilsk Nickel relied on existing negative narratives about immigration to link their proposal with the interest of the state. The company borrowed from and reiterated state language and practices that include negative narratives about immigrants, adapting them to the context of Norilsk. Immigrants have long been implicated in both economic and geopolitical threats in Russia (Alexseev & Hofstetter, 2006). This has a trickle-down effect. Norilsk’s citation of security in connection with immigration is a common practice in Russia, where localities, including the city of Moscow, often invoke security to adopt or develop local policies that impact migration (M. Laruelle, personal communication, 2013).

Norilsk Nickel’s proposed border enforcement relied on infrastructural, regulatory, and territorial modes of control. The company appealed to the federal desire to control the Arctic region’s development and management. This strategy illustrates Brown’s observation (2001, p. 33), that states use technocratic tools to control space and people to achieve efficient economic development. This efficiency can be gained in part through “limit[ing the] unpredictability of urban spaces,” goals shared by corporations and governments (Brown, 2001, pp. 46–47). I argue that Norilsk Nickel’s use of this strategy broadens her argument to include private sector actors. This bordering proposal hints at a deep corporate impact on social relations in Norilsk. Brown (2001) notes, “ethnic segmentation is more about

discipline than race” (p. 46) and describes the larger effect this practice has on communities: “[...] segregated spaces create and reproduce discourses to justify segregated social relations” (pp. 46–47).

In this case, Norilsk Nickel connects local migration, development, and security issues with larger geopolitical questions. The company also co-mingles traditional and soft security threats usually wielded by states. Its reference to immigration as a threat to development and security, and its proposed solution of border enforcement, illustrates how companies conjure, enhance, and perpetuate dominant state security rationales where territorialized and de-territorialized security threats are comingled. As Collyer (2006) notes, “The referent of security remains the territorially defined state, as realist theory would suggest, but the threat, even when defined militarily, comes from individual aliens” (p. 267).

6.1.2 Shell: Profit-sharing agreement

Shell also relied on intertwined security and development claims to promote its profit sharing agreement and larger offshore development. The company argued its expanded petroleum development means economic opportunity for the North Slope and geopolitical and energy security at larger scales. Although the companies in both cases ultimately aimed to win favor with the federal government, Shell navigated a much more mixed local political terrain on the North Slope. The company promoted its profit sharing agreement in a politically divided and complex locality as a tool to garner support for the larger project of offshore production. In contrast, Norilsk Nickel could appeal directly and almost exclusively to federal authorities.

The profit sharing agreement helped Shell present petroleum development as economic opportunity as well as security (economic stability) for the locality. Shell leaned

on its own economic role and the community's longstanding reliance on petroleum resources for economic development in this area. On this basis Shell positioned itself and oil development in general, as key to the region's growth. Shell Alaska Vice President, Pete Slaiby emphasized the economic opportunities in public statements. "A regional alliance ... also underscores our commitment to provide opportunities for North Slope communities to directly benefit from Shell's activities offshore Alaska" (ASRC, 2014). The company minimized local risks of offshore development, implying that the profit sharing agreement is but one example of the kind of opportunity possible with offshore oil. Although the new offshore program is controversial, Shell appealed to the region's long reliance on petroleum for a higher standard of living. A local resident told me ruefully, "Many people in community want TVs, so they aren't thinking about future without oil" (Smith, personal communication, 2015). This effort also aligns with existing goals of the borough local government. According to the borough's most recent Comprehensive Plan, "interest is high in creating more private sector jobs for local residents" (North Slope Borough Comprehensive Plan 2005 p. 64-66).

Shell also relied on its longstanding relationships in the area to make its case. It promoted the profit sharing agreement as an extension of existing local relationships and policies. It positioned itself as deeply embedded in longstanding community relationships, and aware of local needs. Shell framed the profit sharing agreement as an opportunity for another co-managed project, referring implicitly to preexisting business partnerships between resource companies and native companies. In the ASRC press release announcing the profit-sharing agreement, Shell Alaska vice-president Pete Slaiby characterized the agreement as a cooperative endeavor. "A regional alliance with so many respected Alaska Native

corporations provides Shell the opportunity to collaborate with savvy and experienced North Slope business partners going forward” (ASRC, 2014).

Shell’s profit-sharing agreement would have extended other existing local practices familiar to the community. Shell structured the agreement to distribute direct payouts to residents, a system similar to the dividend share payments the community is already familiar with through the regular payouts from local Native corporations and Alaska Permanent Fund. Shell drew on the goodwill it has engendered from popular projects with other segments of the community. One such ongoing relationship includes the joint NSB/Shell Baseline Studies Program, and its environmental regulation program with the local government wildlife service.⁵⁴ Borough scientists praised the project in my interview with them as “a groundbreaking new trend” in public/private partnerships (Jones, personal communication, 2015).

However, Shell navigated among diverse local stakeholders, not all of whom were amenable to their plans. As we have seen, Shell worked particularly well with groups with similar economic interests, such as most, but not all, of the local for-profit Native corporations, as well as the North Slope Borough municipal government. The company worked less well with groups that are ideologically opposed to Shell’s incursion into their traditional land and waters. Such groups, such as traditional tribal organizations and governments, are much less responsive to the financial inducements of the company.

With all local groups, however, Shell benefited from the checkered local history with the federal government. Almost all North Slope organizations have evolved their positions in opposition to the federal government. Many of the organizations are receptive to alliances

⁵⁴ The joint project is called the North Slope Borough Shell Baseline Studies Program. It can be found on the NSB official website: <http://www.north-slope.org/departments/wildlife-management/nsb-shell-baseline-studies-program>.

with Shell as a way to assert parallel power to the government. This desire was especially clear with ASRC and the borough government. A public letter from now-former North Slope Borough Mayor Charlotte Brower (2015) illustrates these fraught relationships with federal authorities. Mayor Brower sent the letter to Washington State Governor Jay Inslee in May 2015, chastising him for urging the Obama administration to oppose offshore drilling.

It reeks of the paternalistic past when the state of Alaska was plundered by people from Washington and elsewhere who coveted our resources [...]. But instead of whales, fish, or timber, as it was in those days, it's wilderness areas and romantic notions of what the Arctic should be that continue to drive outsiders to glibly advocate for limiting resource development.

The profit sharing agreement also provided an opportunity for Native corporations to flex their muscle. Working with Shell seemed to offer a way to advance their own agendas and fill gaps left from NGOs or the government. ASRC, the largest and wealthiest native corporation, asserted itself directly in opposition to the state and federal authorities, and other non-profits. “‘The NGOs aren't really concerned about us,’ says Rex Rock Sr. ‘Shut down oil and gas, and you would be turning out the lights in our villages’” (Barrett 2015). Rock is president and chief executive of Arctic Slope Regional Corporation (ASRC). He is also the CEO of Arctic Inupiat Offshore (AIO), Shell’s would-be partner in the profit sharing agreement. As evidence of the multilayered interests in this region, he is also a whaling crew captain from one of the tiny North Slope villages. These relations are fluid, however. Several of the smaller village Native corporations regularly seek out business opportunities with the federal government (Willie, personal communication, 2015).

The profit sharing agreement gained Shell cooperative local stakeholders. Although the agreement would have transferred some profits away from the company, it provided a large gain by disrupting local unified opposition to Shell’s offshore program. It enrolled

possible opponents or critics into the project and reduced grounds for dispute, as well as for development alternatives. This strategy marginalizes opposing voices (such as other Native organizations) with alternative views. The company gained other benefits that translate beyond the North Slope. Notably, Shell gained allied lobbyists for its offshore program at the local, state, and federal levels. As lobbyists, North Slope voices are also global, as their selected (favorable) quotes are carried on Shell's marketing materials and press releases, signaling a cooperative endeavor to international shareholders and observers that lends stability to development plans. However, it is simplistic to argue these actors operate at Shell's whim. As we have seen, the diverse stakeholders have their own interests and are responding to longstanding historical grievances.

At the state and federal levels, Shell framed its offshore activities slightly differently, as promoting energy and economic security at those scales. Marvin Odum, president of Shell USA noted, "Shell continues to see important exploration potential in the basin, and the area is likely to ultimately be of strategic importance to Alaska and the U.S" (Macalister 2015, 2015). Shell did not attempt to frame the profit sharing agreement as benefiting state and federal authorities directly. The profit sharing agreement has indirect value to these audiences. The agreement means private sector-led economic development in an expensive and remote locale, and politically, it promises the smoother implementation of the offshore project in the community.

Shell's central message stressed the importance of its offshore project to boost domestic petroleum production—a goal framed in terms of energy, economic and geopolitical securities. The company echoed federal framings of offshore development as a means to ensure national energy independence—a goal with economic and geopolitical

implications. The Obama administration initially attempted to establish a role for domestic, offshore oil in the context of US geostrategic and economic interests, although by the end of his tenure as President in 2016 Obama reversed himself. Early on however, the Shell leases were only a part of a larger goal of expanded domestic energy production. A 2010 White House press release highlights the Obama administration's efforts to link security and economic efficiency in order to promote controversial plans to explore oil development on the U.S. Outer Continental Shelf (OCS). "Obama Administration Announces Comprehensive Strategy for Energy Security: Decisions expand domestic production, promote efficiency" (The White House, 2010).

For federal authorities, addressing the disparate goals of development, conservation, and security are perennial challenges, although they shift somewhat depending on the administration. Even after Shell abandoned its project near the North Slope, federal authorities continued to evaluate potential lease sales for offshore oil development, using many of the same rationales. A 2016 press release from the Secretary of the Interior, Sally Jewell, revealed the tensions as well as the ongoing appeal of offshore development for the federal government.

This is a balanced proposal that protects sensitive resources and supports safe and responsible development of the nation's domestic energy resources to create jobs and reduce our dependence on foreign oil. [...] The proposal focuses potential lease sales in areas with the highest resource potential, greatest industry interest, and established infrastructure. At the same time, the proposal removes other areas from consideration for leasing, and seeks input on measures to further reduce potential impacts to the environment, coastal communities, and competing ocean and coastal uses, such as subsistence activities by Alaska Natives. (U.S. Department of the Interior, 2016)

Shell aimed to address the government's struggle to address the apparently contradictory programs of Arctic environmental protection and non-renewable resource

development. The company presented the profit sharing agreement as a way to accommodate all stakeholders.

Unfortunately, Alaska, particularly the offshore, is ground-zero in the misguided effort to put us in an “either / or world”—where fossil fuels play no role in the bridge to an energy future. For economic progress, revenue generation, jobs, energy security AND protecting our environment, it all needs to come together—oil and gas, renewables, biofuels, CO2 management—a world of AND. (Lawrence, 2009)

Some Native corporations also use rhetoric similar to Shell’s in their comments supporting offshore development. ASRC’s Tara Sweeney has said, “When it comes to resource development in the Arctic, many people feel like we have to choose between resource development and environmental stewardship. ... The reality is it’s not an either-or situation” (Arctic Inupiat Offshore, 2016).

At the state of Alaska level, Shell can rely on relatively easy support based on longstanding state reliance on oil. The benefits of the profit sharing agreement to Alaska while indirect are less abstract for the state than for the federal government. Alaska is keenly aware of the political history in the region and the controversial nature of this development. It is amenable particularly to private sector-led political strategies, to smooth the political path for oil development. The state energy lobby is strong and the Republican-led Alaska legislature generally supports strategies designed to expand oil development in the state. The Alaskan public is much less conflicted about offshore drilling than the country at large. The Alaskan economy relies more directly on the economic benefits of offshore oil. Shell’s offshore promotional materials aimed at state audiences stress economic security based on long-term projected offshore oil production to support the state budget. For example, the company publicized a 2009 economic report prepared for them by the Institute of Social and Economic Research (ISER) at the University of Alaska, Fairbanks, in association with

Northern Economics. According to Shell the study “estimates activity in the Alaska offshore could produce an average of 35,000 jobs annually with a \$72 billion payroll. The report also estimates OCS activity will generate billions for state coffers and perhaps, most importantly, extend the life of the Trans-Alaska Pipeline” (Shell Exploration & Production Company, n.d., p. 2).⁵⁵

6.2 Transformations of State Power

I have described how corporations shape decision-making in these cases. They have not displaced state power, which remains evident through corporations’ use of federal language and practices to rationalize and actualize their projects. Indeed upon closer inspection, states and corporations operate together, and as they do so the lines between them blur. In this section I elucidate the state’s evolving role in regional decision-making. I argue that states’ interactions with corporations shape their own selective intervention in the region both materially and discursively. An economic “efficiency” narrative emerges through these relations and intertwines certain forms of security and development as regional priorities. This narrative emerges as a shared rationale for states and companies to manage the region on this basis. Through it corporations encourage states to exert complex forms of sovereignty that are both material and representational as well as territorialized and deterritorialized. I propose this efficiency narrative as an analytic lens to foreground political economy in decision-making processes in the Arctic. It helps us understand how the high economic stakes of Arctic operations are key in intertwining state and corporate decision-making.

⁵⁵ The actual 2009 ISER and Northern Economics report prepared for Shell can be found here: http://www.iser.uaa.alaska.edu/Publications/Econ_Analysis_Offshore_O%26GDevpt.pdf

6.2.1 Sovereignty via efficiency

In these cases, the American and Russian governments play major roles in the political and economic activities of the North. However, their activity and narratives are co-produced with corporations. This finding contributes to critical Arctic geopolitical literature arguing that states remain important, but seeks to understand how they have changed their role in regional Arctic governance (Heininen, 2014).

A meta-narrative of economic efficiency emerges from and shapes the interaction of states and capital in the policy processes analyzed in these cases. It is an implicit management approach for the region. Stakeholders base many decisions on this shared rationale, both explicitly and implicitly, which suggests they aim to manage the Arctic through the watchwords of economic efficiency and security. It helps us understand how states make decisions and exercise sovereignty based on both political and economic considerations. It echoes scholars' observation that in the Arctic, "territoriality is operationalized in alliance with political interests and economic concerns" (Dittmer et al., 2011, p. 202).

The efficiency lens highlights economic cost and opportunity as important rationales for selective state intervention in the Arctic, and good motivations for state cooperation with other actors. My findings illustrate what Barkan (2013) describes as state and corporate co-reliance, rather than antagonism.

Although politically constituted and with political effects, corporations are considered to be separate from the fundamental structures of political order. ... [So] instances in which corporations play direct roles in politics and regulation are then presented as *errors* in which corporate economic interests overtake and wield undue influence within liberal law and public policy. [As a result,] discussions about globalization [present] the economic power of corporations [as] undermining state sovereignty. (Barkan, 2013, pp. 3–4)

This perspective of political economy is lacking in much Arctic geopolitical literature. The mundane concept of cost in the economic sense (and its counterpoint of benefit or opportunity), are too often taken for granted and under-theorized in studies of state behavior, in favor of purely political analyses. A political economy lens on these cases helps us address Shaw's larger question, "what are the implications of globalization on the sovereign state?" (Shaw, 2008, p. 3).

Through what I call "sovereignty on the cheap," the private sector encourages states to exercise sovereignty in certain ways. That is, they enable states to engage in selected material and ideational practices of state sovereignty. A discourse of security *cum* development operationalizes this selectivity. It is a shared narrative that renders certain forms of security and economic development initiatives reliant on each other and achievable through certain development paths. Shore, Wright, and Pero (2011, p. 13) note, "[...] policies can be studied as contested narratives which define the problems of the present in such a way as to either condemn or condone the past, and project only one viable pathway to its resolution (Shore and Wright 1997:3)." As we have seen, corporations propose their own development projects as solutions to problems they frame as intertwined security threats and development opportunities. Shell and Norilsk Nickel align with states because it makes their own goals more achievable. They use security language that makes it easy for states to rationalize these particular projects using traditional, politically powerful narratives of security in order to advance their own goals and satisfy their preferred practices of sovereignty. It operates by providing a rationale for states to shift spending to certain projects declared in their state policy documents and preferred in their previous spending

choices. In some instances, states use discursive (dematerialized) forms of sovereignty to supplement costly material forms of sovereignty (such as social welfare provision).

As we have seen, as Shell and Norilsk Nickel invoke security to promote specific development projects they frame their arguments in ways that dovetail with declared state interests in efficiencies and certain federal Arctic priorities. They do so on the basis of their existing material roles that complement state roles. That is, Norilsk Nickel and Shell perform concrete economic functions that advance declared federal goals, or substitute for or complement state activity. That is, they provide the energy that underpins national economies and locally they fund social services and infrastructure the state alone cannot or has not. The United States and Russia can then prioritize particular physical investments and initiatives as corporations assume more responsibilities for material activity in the region. States can outsource or privatize certain aspects of regional management, and retain a firm grip on other aspects. In this way, states assert sovereignty choosing carefully among costly investments. While the processes in the Arctic are not wholly dissimilar to those occurring elsewhere in the world, the enormous costs, opportunities, and risks involved in operating in the Arctic, as well as the high visibility of the region on the world stage makes it an excellent laboratory to examine these dynamics in state and private sector decision-making.

For example, in the Alaskan case since the 1970s the North Slope has relied on revenues from private sector-led petroleum development, filtered through Native corporations to supplement state and federal social welfare benefits, employment opportunities, and social physical infrastructure (not for military or geostrategic use). The federal government has already largely shifted welfare response to residents themselves through private sector Native corporations. Federal welfare spending continues for Native

Americans and rural residents, but federal priorities in the region are reflected in state policy documents and expanded funding in particular policy areas such as defence spending, environmental regulation, and energy production. The Alaskan and federal governments also encourage private enterprise among indigenous residents in the North Slope, many of whom now partner with resource development projects through Native corporations. Shell's partnership with Native corporations builds on this shift from state support to private enterprise. At the same time, Shell and Native corporations rely on the state for business contracts, infrastructure, and regulatory services. As Glassman notes, paraphrasing Dicken (1997), "[...] few international firms are truly 'global,' 'footloose,' or 'borderless,' and that most in fact rely heavily on the continued services of nation-states—including those services which facilitate increased global economic integration" (Glassman 1999 p. 672).

The security *cum* development rationale shared by states and corporations in these cases also implicitly deprioritizes certain forms of development. Often these forms are already less favored by states. For example, the security *cum* development narrative deemphasizes welfare as a form of security, and as we have seen, states and corporations already chafe at the costs for social services. Scholars have already noted, at least in the US case, the comparative disinterest in "human security" as federal priority in the region.

At the level of nation states there is only a tenuous link between the promotion of civil society and human security beyond the context of environmental issues as far as the US approach to the North American circumpolar region is concerned. Indeed, there is no region, no geopolitical discourse, which connects people and place outside of a fairly narrowly and empirically defined environmental agenda. State Department expertise has at times consisted solely of personnel previously assigned to border security and INS, and State Department interest with respect to the work of the [Arctic] Council is limited to concern with scientific, environmental and technical issues which affect the state of Alaska. (Heininen & Nicol, 2007b, p. 152)

Thus, in a time of state austerity, the United States and Russia select certain development pathways rationalized through the security *cum* development narrative. It is a tool states can use to shift spending in directions they prioritize and can control. Indeed, Ferguson (1994) argues that development is about state control (extending sovereignty) rather than economic amelioration. Similarly, Abele (2011) describes the Canadian conservative Harper government as “willing to spend” in order to promote sovereignty in the Arctic, but only in certain policy areas where they have sole jurisdiction and which fill out their version of sovereignty- primarily defence and resource development (p. 219). States in these cases use the language of security to pursue public engagement in certain policy spheres, and privatization in others. Specifically, they continue to privilege selected physical infrastructure in certain spheres of governance (military, industrial development) that are areas of traditional practices of sovereignty and easily rationalized in traditional security language. Scholars remind us “states often seek to perpetuate these traditional and assumed ways of defining and delimiting sovereign jurisdiction” (Gerhardt et al., 2010, pp. 994–995). We will see that states also use the traditional language of security to prioritize a wide range of policies, even if they are not traditional foreign policy issues.

Examining state choices through the lens of efficiency highlights the tensions between the traditional responsibilities of liberal states as well as traditional social- welfare states and the high operating costs and new development opportunities in the region. Marketization is an apparent way for states to reconcile these bifurcated political choices. Indeed, it could be called the goal of the efficiency narrative outlined above. As we have seen, states simultaneously encourage market-oriented processes but continue selected state-funded activities. Shell’s profit-sharing in the North Slope is an example of privatizing

social welfare provision. Marketization processes further strengthen dominant state and corporate forms of “knowledge” by drawing new participants into social, market, and political processes already established and dominated by states and corporations. As we have heard in North Slope interviews, residents repeatedly voice their desire for agency, and a share of the region’s wealth through meaningful participation in local development.

Weissling (1989) discusses the kind of priority shifts development can bring to communities, similar to what we see in the North Slope.

Processes of development also lead to improved living standards and integration into a market economy by indigenous people but are not necessarily formal policies or placed on a target population with a specific goal in mind. They may be conceived of as an ‘economic and social transformation of a society, resulting in the reduction of the role of the primary (and later also the secondary) sector, increasing urbanization and changing aspirations, attitudes, and behaviour (Kosinski, 1985, p. 21). (Weissling, 1989, pp. 209–210)

Thus, as states and corporations interact through the efficiency narrative, states are encouraged to exert power selectively, in ways that complement the activity of corporations, and vice versa. Such practices with both material and representational aspects address a broader discussion in critical geopolitics about how to ground material processes in a deterritorialized era of globalization (Collyer and King, 2015).

State and corporate use of security *cum* development discourse also supplements costly forms of sovereignty, and highlights the tensions states face as they make choices about how to assert sovereignty. The shared narrative of efficiency for example, acts as a form of sovereignty that is strengthened as it is reiterated between these actors. In these cases, both states and corporations shape discursive and material forms of state sovereignty that Arctic scholars often ascribe to states alone. This discourse is another means for states to prioritize some forms of security and development over others. Such choices can reduce or

at least reallocate costs for states. In Norilsk, for example, federal, corporate, and local leaders engage in multiple discourses aiming to strengthen migration restrictions. Even if these narratives are only partially materialized, these public discourses, which occur in multiple venues, public fora, and policy documents, reiterate apparent state control over territory, population, and decision-making itself. In this case public and private decision makers calculate that they would rather use such narratives to frame migration as a security threat and spend on enforcing migration, than extend welfare benefits to a larger population as a form of economic security. This choice aligns with existing state priorities evident in state policy documents and spending. Collier (2011) observes the conundrum of evolving states as they make choices about how to exert sovereignty:

The large welfare state [such as the United States, and Russia even more so] ... challenges 'classical liberalism,' so neoliberalism aims to limit the growth of the state. However, some 'social state' is necessary. Therefore the question is: "How can liberalism be adapted to problems of the social state and how can the social state be modified to conform to political and economic principles of liberalism?" (p. 23)

Thus, discursive and symbolic forms of sovereignty serve as powerful, cost-effective ways for Russia and the United States to assert control over the Arctic idea and territory while leaving some material roles to corporations. In regional policy language, states in these cases refer to energy security rhetorically to assert sovereignty in the Arctic, while leaving much of its execution and technical expertise to corporations. Barkan notes the "centrality of corporations in contemporary models of governance ... [and that] corporations play a fundamental role in providing public goods and exercise powers customarily associated with formal state institutions" (Barkan, 2013, p. 4).

In terms of how these dynamics operate, the corporations in these cases appeal to the preexisting assumptions and interests of states, and provide an echo chamber for these

rationales as “common sense.” Their interventions are highly specialized, adhering to the traditional approaches of the states to their Arctic regions, and appealing to current concerns for the region. In Russia, Norilsk Nickel emphasizes ‘strategic enterprises’ in the region, alluding to Russia and Soviet deep engagement in the region as a national resource base. In the United States, Shell refers obliquely to the US engagement in the Middle East for resources. Here, the company’s provision of social services follows Alaska’s tradition of privatizing social welfare, and in Russia, the Norilsk Nickel, which cannot out and out rescind its role, seeks to quietly reduce its social expenditures, while capturing federal approval by framing it as a national security issue. We have seen how Shell’s promotional materials for its Arctic projects mirror federal language when describing potential offshore oil development. Both emphasize federal efforts to balance energy demands with environmental concerns with the rights of indigenous residents. The Department of the Interior report on offshore opportunities reads: “This is a balanced proposal that protects sensitive resources and supports safe and responsible development of the nation’s domestic energy resources to create jobs and reduce our dependence on foreign oil.”⁵⁶ In its materials Shell also alludes to its role in local job creation and environmental protection and reiterates the economic security theme.

The sparsely populated coastal areas of the Arctic were—and still are—traditionally fertile hunting and fishing grounds for local people. In more recent times a range of industrial activities have taken hold, such as commercial fishing, oil and gas activities, mining, increased shipping and even eco- and cruise-tourism. Likewise, the Arctic has always attracted military interest and all Arctic states still have a strong focus on security issues of the high North. In the 20th century, the increasing search for minerals and oil and gas led to the exploration and further development of large areas of the Arctic and created even more jobs.⁵⁷

⁵⁶ <https://www.doi.gov/pressreleases/interior-department-announces-next-step-offshore-oil-and-gas-leasing-planning-process>. March 15, 2016

⁵⁷ Shell PDF (2011). <http://www.shell.com/content/dam/shell/static/future-energy/downloads/arctic/shell-in-the-arctic.pdf>. Accessed June 23, 2016.

It is important, however, not to overstate the dichotomy between materialized and dematerialized forms of sovereignty. State practices include both aspects in this study. Russian scholars describe overlapping and shifting projections of material and dematerialized sovereignty, noting that Russia pursues natural resources for income as well as to “project power” symbolically for domestic and global audiences (Medvedev, 2016). As Campbell notes, material and discursive practices are co-constituted (1998, p. 2), although much Arctic critical geopolitical analysis relies primarily on discourse analysis produced by states.

Federal regulation is another mode of state sovereignty in these cases that has both material and dematerialized aspects, and is enabled by corporations. Corporate activity in the region provides an object of regulation and management by the state. State policy documents are themselves discursive, and also provide for material regulatory mechanisms around natural resource extraction and environmental protection. In these cases, Shell and Norilsk Nickel’s resource development activities require significant and ongoing state cooperation and regulation. As Shell and Norilsk Nickel invest in local physical infrastructure and contribute to social services, the state is free to extend sovereignty through other means, such as regulatory regimes. New practices of sovereignty emerge, such as state environmental monitoring. Ferguson (2006) describes corporations as objects of regulation for states instead of territory or resources:

With respect to the question of sovereignty, it should be understood [...] that the core feature [...] is not actual or effective control over national territories [...]. Rather it is the ability to provide contractual legal authority that can legitimate the extractive work of transnational firms” (p. 207).

Shell, for example, is the object of state regulation on several policy fronts, including environmental protection and energy development. The state develops policy plans and

programs and also deploys material investments to buttress its regulatory role. In the North Slope, it participates in scientific environmental assessment. Such practices are new iterations of state traditions of mixing science and military activity as expressions of sovereignty in the Arctic (Hummel, 2005).

Regulatory dynamics reveal areas of cooperation and tensions between state and corporate stakeholders. Cooperatively, the Norilsk case illustrates how corporations draw on states' existing methods of asserting sovereignty to gain support for their initiatives. Norilsk Nickel's proposed new policy drew on and extended some existing material and dematerialized expressions of state sovereignty. Norilsk Nickel wanted to breathe new life into longstanding state migration regulation, including existing migration monitoring infrastructure and discourse (the "closed city" and the existing "border zone" policies, as well as on-the-ground enforcement mechanisms). Norilsk's proposal shifted federal responsibility from economic support for larger populations in the North to investment in infrastructure related to geopolitical borders and the military. These are policies the state has long favored anyway.

Finally, corporations facilitate state use of symbolic forms of sovereignty—another means of efficient state engagement in the Arctic. Although the Russian and American states are anxious to exert sovereignty in the Arctic, costs are high. Symbolic sovereignty can be an economical and politically expedient way to display power. Further, symbolic displays help states finesse the ongoing political tensions involved in managing the competing aspects of the region. Balancing environmental protection with resource extraction, for example. Both states navigate conflicting impulses in spending and decision-making in the Arctic, as in any policy arena. Fragmented federal governments help ensure state intervention in the

Arctic is selective, although evidence of this is stronger in the U.S. case. Symbolic forms of sovereignty help states assert themselves in the region without necessarily resolving all these conflicts. Russia's recent flurry of Arctic activity can be viewed as efforts to "simulate sovereignty," a phenomenon Medvedev (2016) argues is intended to play to both domestic and international audiences. It is a good example of deterritorialized sovereignty that may or may not be coupled with more grounded practices, as Medvedev (2016) notes.

Despite grand actions and even grander rhetoric, however, Russia's Arctic adventures are no more than an extension of the Kremlin's efforts to 'simulate sovereignty': the performance of symbolic acts designed to assert Russia's international presence. As with its wars in Ukraine and Syria, Russia's Arctic ventures are exercises intended to boost patriotism at home while keeping up great power appearances abroad. (p. 1)

Tensions also exist between these actors and their economic and political interests. For example, Norilsk Nickel and the city want to maintain the migration regulatory status quo and are willing to continue to bear the costs of enforcing migration restrictions to maintain local control. The closed city policy is an important way Norilsk exerts local control over its own development. Indeed, one of Norilsk's main rationales for its migration-related proposal was that the proposed Arctic Zone designation moves decision-making authority away from the city to the federal level (Parente, 2016). As member of the new Zone, not only would the federal government supersede local authority in local migration policy, but it would become easier to obtain a visa to migrate to Norilsk.

This example shows the limits of short-term economic efficiency as the sole explanatory rationale for either public or private behavior. In this instance, the city values its own autonomy and is therefore willing to bear more of the administrative costs associated with issuing visas and more local enforcement functions. Similarly, federal authorities are willing undertake more mobility and regulatory expenses with the new Zone in order to gain

control over these policy realms. Federal authorities may simply want to further centralize migration controls in Russia, or authorities may believe their migration capacity superior to that of the locality, and likely to be more successful in minimizing the foreign presence and perceived economic and social burden.

This question of control further blurs boundaries between local and national scales of decision-making. In some ways Norilsk Nickel reiterates state initiatives and ideals for its proposals to make them politically appealing to federal authorities. However, it is also clear they seek to strengthen their own local and corporate control. Just as some relationships that appeared to be in tension had cooperative aspects, so may apparently cooperative proposals reveal tensions. Norilsk Nickel extends the federal border zone but also seeks to maintain local control.

At times in these cases, even relationships that appeared to be in tension had cooperative aspects. They also highlight multilayered states. Norilsk Nickel's proposal to protect local social welfare through migration restrictions was designed to demonstrate aligned interests with the state. Although it criticized Russian policy in the region, it established common political ground with the government about the high costs of maintaining the settlement, offering a solution to federal challenges of the region's development and geopolitical protection. Norilsk Nickel began with the proposition that there was a problem shared by state and capital, and upon this, could lay the groundwork for shared solutions. In contrast, American political dynamics create different stakeholder dynamics.

Although it was a private sector instrument, Shell's profit sharing agreement allowed the company to indirectly align itself with the federal government by organizing local

support for the broader offshore oil project, and even enlist local organizations to lobby for the project at state and federal levels. Shell's shifting relationships with different parts of the federal apparatus were evident in its long-term Alaskan offshore program. This case featured testy but codependent relationships. Shell often saw an overweening state, and the state a footloose enterprise. However, the state relied on the private sector's "technical expertise," for oil development. This expertise allows the state to expend minimal investment in the physical infrastructure element, and it provides a rationale for its regulatory role.

In the United States the federal government struggles with limited resources and conflicting interests intensified by diverse and powerful stakeholders. The federal branch of the United States government has relatively less capacity to make unilateral decisions in the Arctic compared to the Putin regime. Not only are several federal departments involved in different aspects of Arctic management, but Alaskan federal representatives, as well as Alaska state and energy lobbyists are powerful counterweights to unilateral state action. The federal statements of the current administration also indicate the presence of a strong indigenous lobby—a much less powerful presence in Russian Arctic affairs. In contrast, in Russia there is less overt conflict from a fragmented state, although it shares the problems of limited budgets and myriad, conflicting issues to address.

6.2.2 States as transnational decision-makers

State engagement in multiscalar relationships and selective policy interventions in the Arctic also has another dimension in this study. Through them, states navigate domestic and foreign policy spheres, or "the competing demands of internationalization and territorialization" (Steinberg as cited in Powell & Dodds, 2014, p. 14). This section focuses on how the private sector influences the domestic as well as the geopolitical strategies of

states. Through these co-produced practices, states and corporations blur distinctions between domestic and transnational decision-making. This analysis also contributes to studies that disrupt the analytical bifurcation between territorialized states and deterritorialized capital (Hakli & Kallio, 2014).

Corporations help states engage in new forms of sovereignty that reaches within and beyond nation-state boundaries. They do so through roles and relationships that loosen traditional connections between state power and territory. Together these actors restitch sovereignty along different lines. I argue these new forms of sovereignty are built not in spite of the private sector and global governance, but through them—through relationships that traverse scales. ‘[S]tates are becoming internationally organized systems [...]’ (Graham, 2010, p. 89). Just as corporations are geopolitical as well as domestic policy actors, state practices obfuscate the boundaries between domestic and foreign policy (Parente 2015, p. 231).

This empirical study addresses a gap in Arctic governance literature that rarely theorizes a changing, transnational state. One aspect of state change is how they intertwine and merge with private sector actors. However the purpose of this study is not to overemphasize either their distinctiveness or overlap as institutions, but rather to examine how they operate together. As they do so, we can see more clearly where and how boundaries are more porous, without simply asserting that there is no distinction between them. Many critical Arctic analyses, however do not interrogate the changing nature of states, as they set them in opposition to the region’s emerging state and non-state actors. Therefore, I draw on the few analyses in the young field of critical Arctic geography that discuss how non-state actors and subnational groups “de-territorialize and re-territorialize the state, facilitated by

transnational structures and cooperative discourses” (Heininen & Nicol, 2007a). I argue also that the private sector both challenges and strengthens state sovereignty.

The Shell and Norilsk Nickel cases feature transnational decision-making, despite their apparently remote and highly localized setting on the Arctic periphery. These cases extend our understanding of how transnational governance operates in the Arctic. Its focus on fluid, multiscalar processes highlight the simultaneous local and international nature of these negotiations. I draw therefore on Duncan and Ley’s (1982, p. 33), discussion of how places affect the nature of scalar relationships themselves, as well as Agnew’s conception of multiscalar flows of activity (Agnew, 2009).

Corporations and states emphasize the importance of local development at larger scales—tying local development to international markets and national sovereignty. The companies emphasize the local importance of these places (and their local role) in national security narratives, state and federal economic interests, and global resource markets. This strategy powerfully aligns corporations and states. They connect the subnational sites of the North Slope and Norilsk, and their local decisions (or decision-making in localities) to regional, national and global decisions and activity. These places are not only of domestic concern to states, but rather, local decisions influence and are influenced by the global arena. This illustrates Agnew’s (2007) conceptual point, “Recent thinking in human geography suggests that relational spaces and relatively bounded places coexist and interrelate rather than being mutually exclusive” (p. 141). Further, these multiscalar interactions are both materialized and dematerialized. They deal in the trade of actual resources as well as the symbolic connections these places represent. As Weissling notes, states promote “processes of development ... designed to increase ties to national and international market economies”

(Weissling, 1989). As stakeholders struggle to control development in their negotiations we are reminded that social relations and space are mutually constituted (Massey, 1994).

In the policy processes featured in these cases, the companies reframe certain “soft” security issues as “hard” security issues (Kuus and Agnew 2008). They draw on state tendencies to do the same. Soft issues like migration and environmental protection become geopolitical questions as states “fram[e] them rhetorically as geopolitical concerns” (Kuus & Agnew, 2008, p. 12; Collyer, 2012). In this process, Dean observes “the way the relation between the internal welfare of the population becomes linked, in doctrines such as reason of state, to the security, external strength and power of the state” (Dean, 2010, p. 115).

For example, Norilsk Nickel frames the issue of migration, traditionally a soft security issue, in terms of border security. It argues aligned borders will address both geopolitical security and efficient economic development, as “the solution for the future development of the northern territories, as well as an adequate measure to protect the northern border of Russia from attacks from the outside” (Norilsk, 2013). As Brown also notes, the net effect of these security claims is to blur the boundaries between “inside and outside,” although they claim to further delimit this difference (Brown, 2001).

Even as they frame new soft forms of security in traditional neorealist terms of security, states and corporations perpetuate old security framings. It suggests the ongoing political utility of realist security framings for corporations as well as states. In the transnational context, state sovereignty endures and evolves in globalizing processes. Russia’s new Arctic plan for example, points to the continued strength of the nation state. Until recently it was much more open to international investment and cooperation than in the past (Parente, 2016). Regardless, the state retains a very strong role in deciding whom to “let

in” both in terms of foreign capital partners as well as immigrants. As Heininen (2014) notes, “despite many recent changes in regional geopolitics, such as improved cooperation among states, many longstanding discourses and practices of security, sovereignty, and stewardship persist” (p. 250).

In these processes corporations both challenge and reinforce state sovereignty in the Westphalian sense. Because it is through *interactions* that narratives and practices to manage the region emerge, states in these cases are not the sole sovereign, that is, they do not hold “exclusive political authority ... over a given territory” (Agnew, 2005, p. 456). Corporations (and indigenous institutions) in these cases also exercise authority grounded in their service provision and other practices.

On the other hand, however, corporation and state interaction encourage states to move issues from domestic to foreign policy. This strengthens states’ cohesion and identity even in globalized processes. This finding draws on Kuus and Agnew (2008), who note that foreign policy strengthens states as subjects, arguing that the category of state is constructed “through practices operating in its name” (p. 9). Therefore, they argue, “[i]n terms of sovereignty, [...] it is through foreign policy that the state is made into a coherent subject on the international arena” (p. 9).

Further, corporations offer states key roles in mediating deterritorialized flows and actors. In these cases, managing the deterritorialized or transnational issues corporations engage in offer states opportunities to exercise sovereignty. Global energy flows become an opportunity to ensure energy security for the nation; migration flows become an opportunity for state territorial control. Corporations help states by making them ‘legible’ to the world, domestic audiences, and to states itself.

The companies also leverage their multiscalar role in natural resources as they position their projects as addressing security and development challenges at several scales. Resource sovereignty is a useful lens to examine how states navigate domestic and transnational spheres in these cases. Natural resources stretch between scales, as do the security narratives that elide “domestic” and even highly local security, with global threats. In this way, corporations and states use security *cum* development narratives to prioritize certain activities. For example, Alaska and Shell recast the domestic issues of oil development as transnational concerns by citing national security or energy independence. Shell’s promotional materials state, “The oil we plan to produce will boost supplies to the USA, building energy security for the country” (Royal Dutch Shell PLC 2011). This echoes the federal government’s comments: “The Administration will expand oil and gas development and exploration on the U.S. Outer Continental Shelf (OCS) to enhance our nation’s energy independence” (The White House 2010).

Resource development is deeply implicated in practices of sovereignty. Shadian argues, “resource development has always been a part of nation-state making, constructing the Westphalian system” (2013, p. 392). Studies often fail to acknowledge the complexities for states navigating resource sovereignty at the intersection of domestic and the international policy realms. As development scholars note, “Resource sovereignty conceives of control over internal resources in isolation from external relations” (Emel, Huber, & Makene, 2011). Decision-making practices around natural resources suggest a false analytic dichotomy between state bounded power and transnational governmentality (global governance), as well as between political and economic neoliberalism. In fact, as Glassman observes, states and

capital rely on each other in the politics of globalization: “Internationalization of capital undergirds the conception of internationalization of the state” (1999, p. 674).

Corporate security framings appeal to state foreign policy because these narratives are politically powerful. For example, Norilsk Nickel raised the specter of uncontrolled immigration to Norilsk and the Russian Arctic. The company perpetuates federal impulses to exert state power in the Arctic region as well as to manage the region in particular ways. Formerly domestic issues become more politically salient framed as security issues. These framings offer states political consensus and funding to overcome high political and economic costs. However, as Norilsk Nickel drew on this state tendency in its advocacy, the company encouraged the political devolution of security framings and practice. The company’s intervention challenges the “broadly state-centric assumptions of traditional security discourse” (Collyer, 2006, p. 256).

6.3 Public and Private Sector Knowledge Production

In this final section I examine more closely how corporations and states co-produce certain knowledge claims that form the assumptions and narratives that in turn undergird the selective policy processes examined earlier. Norilsk Nickel and Shell’s advocacy in these case studies introduces corporations into knowledge production literature. In their relations with other stakeholders, especially states, corporations influence several policy spheres. In this chapter I have argued that states and private sector actors construct this region through their interplay. Here I clarify how they also create the multiscalar narratives upon which these policy practices are built.

Together, states and corporations define risk and opportunity and thereby policy solutions. They use security *cum* development narratives that draw on existing discourse and

practices. As these policy-based narratives and practices aggregate, they construct Norilsk and the North Slope, and the Arctic region more broadly, in certain ways. As Shore, Wright, and Pero (2011, p. 3) note, “[p]olicies can serve as instruments for consolidating the legitimacy of an existing social order or they can provide the rationale for ‘regime change’ and the subversion of the established order.”

I emphasize that in this study, states and corporations are selecting and reiterating only certain framings of security and development, or, put differently, only certain policies and programs that address certain kinds of security and development, or can be made to fill out that framing. This focus on process helps us understand the contingent rather than inevitable nature of policy proposals and outcomes, as well as to subvert notions of predetermined state interests simply ‘projected’ onto the Arctic from the centre. This also challenges the idea of politically neutral decision-making, to help us better understand how particular framings gain traction. However, there is some co-constitutive relationship between the centre and localities.

Dittmer et al. (2011) emphasize the power of defining policy terms as a way to set narratives and priorities in the region in framing the Arctic.

So what counts for ‘Arctic security’ and ‘Arctic sovereignty’ becomes less clear once one considers the rather different geographic understandings of the Arctic (see Gerhardt, Steinberg, Tasch, Fabiano, & Shields, 2010)—either as an abstract space (and thus security commodity) or occupied place (homeland). (Dittmer et al., 2011, p. 210)

Shell and Norilsk Nickel define certain plans of development for the region, namely their own programs, framed as solutions to particular security and development problems. In discourse with other stakeholders and publicly, they outline certain security risks and

prescribe preferred solutions that link to their plans. However, the state also has a complementary role.

To promote their programs with state audiences, the companies often reiterate and thereby strengthen certain of the existing state security and development narratives through their repetition and embellishment. This process has several implications: First, corporations contribute to “the normalization of a particular cultural conception of security” (Kuus, 2007, p. 20). State and corporate interactions reproduce and thereby strengthen certain security narratives. Shell’s public materials reiterate existing security rationales states already use to advance preferred strategies and initiatives. Politically, security framings ease funding for almost any project. In the Alaskan case, in the face of a strong environmental lobby the urgency and patriotism conveyed by “security independence” language derived from oil and gas must be an important PR boon. This corporate language reflects federal policy language. In turn, Russia and the United States draw on language grounded in “security” to advance certain projects that can be justified (or are chosen to be justified) using this almost bulletproof political rationale. Here I refer back to the discussion of security as a political tool discussed in Chapter 3.

This second implication is, that the discourse and framings of the region are produced dialogically among stakeholders. This finding contributes to Arctic geopolitical literature, which often focuses on state-created narratives and policy. As Kuus says, “Security discourses are not contained within state institutions or projected from these institutions. They are produced in many spheres of the civil society.” She cites Gusterson, noting, “Their power lies in their dispersed and routine ordinariness” (Kuus, 2007, p. 10). For example, Shell’s lobby groups and promotional materials tells states’ stories at several levels. As a

corollary, in these cases, narratives are echoed among stakeholders through multiscalar interaction. Norilsk Nickel reiterates and provides texture to federal development concerns for the region, by providing local insight into this issue by describing how the city's economic performance would improve through tighter border security. Here we see what Agnew (2007, p. 146) describes as the continual give-and-take of constructing assumptions on which stakeholders act: "Knowledge is made as it circulates; it is never made completely in one place and then simply consumed as is elsewhere."

This study's focus on how corporations, along with states, shape knowledge extends state-focused scholarship on geopolitical knowledge production. Norilsk Nickel and Shell use risk and opportunity narratives as political tools in ways that resemble state strategies (Kuus, 2011; Agnew, 2007). They reproduce certain conceptions of security problems and solutions often advanced by states. The companies also rely on assumptions about what constitutes "security" and "development" held by other stakeholders to stretch these security narratives across scales. The assumptions built into these narratives about what constitutes "problems" are framed in ways that allow them to prescribe "solutions," frame debates, and control outcomes (Kuus, 2011).

Because the private sector plays a significant role in defining security risks and solutions in these cases, it is also an important architect of the region's political dialogue. The private sector therefore shapes Arctic relations and the region itself more deeply than is first apparent, through its influence on security knowledge. The influence has broad ranging implications for how the region develops and decisions are made. As Huysmans says, "Security knowledge represents a particular way of arranging social and political relations" (2006, p. xii). This finding contributes corporations' use of security narratives to Kuus's

discussion of the plasticity of security as a political tool, and adds corporations to her discussion of the agency of diverse “intellectuals of statecraft—government officials, academics, journalists, and pundits ... who do the defining and the demarcating” (Kuus, 2007, p. xi).

The outcome of these processes is that states and corporations in these cases construct these sites for certain kinds of economic development. They posit their preferred development programs as solutions to particular readings of security. Such readings emphasize energy and military security and deemphasize food security, for example. By defining resource extraction as the defining characteristic of the region and these settlements, states and companies normalize existing framings of these sites that prioritize development via resource extraction. They entrench dependence on resource development as a basis for development, and rationale for geopolitical strategy. The message is that the area is made “for resource development,” a self-evident way to ensure economic prosperity and security across scales. The corporations in these cases help states exercise “*direct* control of physical space [and] *discursive* control of imaginative space (Collyer and King, 2015, p 193). A third form of control links these two forms—“*symbolic* control of transnational spaces invested with a particular value” (Collyer & King, 2015, p. 193). Through these, states and corporations have the power to define the region itself. Together, they are redefining the Arctic region, an area constantly being redefined. Farish’s (2006) observation of the North American Arctic is applicable across this study area.

If we are to understand the North American Arctic as a space *for* certain forms of knowledge production during the early Cold War, we must consider it *as* an object of knowledge itself, a kind of flexible signifier invoked similarly across scales. (Farish, 2006, pp. 180)

6.4 Conclusion

The analytical framework of “efficiency,” operationalizes the political economy lens to analyze state engagement or non-engagement in the region. This chapter examined the intertwined roles of state and private sector actors in decision-making processes in Norilsk and the North Slope. It introduced an analytical framing of security *cum* development to help us understand how the high economic stakes of Arctic operations shape decision-making. In pursuit of their own programs, corporations link cost-effective security and development in ways that appeal to states. They leverage security and development narratives to advance selected projects, buttressing and enabling selected state plans. Through these processes we see enduring state power, but evolving power as states shift their sovereignty practices and navigate their domestic and international roles partly in response to corporations.

These cases also expand our understanding of transnational governance in several ways. For examine, several critical analyses of the region’s transnational governance includes actors other than states. However, this study differs from their largely institutional orientation. Although I incorporate private sector actors as under analyzed decision-makers, it is not just about adding new actors and predetermined interests into the governance mix. Through the course of the analysis it became clear that the public and private sector actors shape each other’s choices as they co-produce narratives and practices that are constantly in flux. Alliances are shifting and strategies may be different from one interaction to the next.

Therefore, rather than reflecting static interests, I argue these interactions shape the institutions themselves. Actors develop, redevelop, and adapt their assumptions and framings in relation to each other. The theoretical premise of this study is that institutions are fluid and

constantly shaped and reshaped by their practices and relationships. This chapter therefore considers corporations not in opposition to states, but as actors that shape decision-making dynamics in the region, and that even reshape states themselves and vice versa. States became an important part of the analysis as powerful and evolving entities. This approach better reflects the study's process-based perspective that aims to supplement (static) institution-based (and network based) approaches to the analysis of governance.

These practices examined in this chapter also connect domestic and transnational governance spheres by melding traditional and soft security narratives and practices. States and corporations create the Arctic as a transnational space by knitting together domestic and international affairs in ways that deeply shape its decision-making practices and development pathways. This analytical approach better captures the shifting, intertwined political and economic interests woven into these processes of Arctic decision-making. Through this lens we have seen tensions among stakeholders at all scales, and how corporations influence how states navigate political and economic goals. This study demonstrates the merging of the economic and political impulses in state power. It provides empirical examples of new state roles that may be temporary or limited spatially, but that rely on selective intervention, made possible through multiscalar relationships and efficiency narratives. These multi-stakeholder relations suggest what Ferguson and Gupta call an emerging system of transnational governmentality (Ferguson & Gupta, 2002, p. 990). A governmentality framework is a useful lens to understand these processes, emphasizing how governance practices occur both inside and outside the state (Burchell, Gordon, & Miller, 1991, p. 103). This means beyond the formal state apparatus, but also beyond state borders.

To conclude, the findings in this chapter raise several questions to be considered in the final section of this dissertation. First, how can these findings help us understand development decision-making in other sites in the broader Arctic region? Second, how can we develop new theories that combine economic and political considerations, to better explain Arctic governance?

Chapter 7: Conclusions: Conceptual and Empirical Findings and Implications

This dissertation explored corporate participation in regional governance through an empirical examination of how development decisions are made in the Arctic. It examined how states and corporations interact through several economic development and security narratives and practices. I found that they co-produce management strategies that prioritize particular framings of security and development that aggregate to shape the Arctic governance landscape. From its inception, the study has evolved in unexpected ways that offered new insights into regional governance. My reconsideration of decision-making dynamics led me to connect disparate literatures within and outside geography and the Arctic as well as extend their ideas. This final chapter explores the implications of this study for new conceptualizations of Arctic governance and private sector decision-making. This dissertation contributes particularly to new work in critical geopolitics in geography. I begin by reviewing the theoretical contribution of this study. I summarize my main conclusions from this research and integrate these cases into a re-conceptualization of Arctic governance. I then outline new research trajectories in the geographic fields of Arctic geopolitics and economic geography.

7.1 New Conceptualizations of Arctic Governance

This study focused on the role of private sector actors in two specific cases of decision-making in the Arctic. The case studies focused on recent events in the Arctic that illustrate dynamic policy processes. I chose cases that involved a constellation of actors, but featured corporate actors that played major roles in decision-making processes at these sites.

My original approach was two-pronged. I intended to demonstrate the under-analyzed role of private sector actors in Arctic decision-making (Parente 2015, p. 228). My aim was to complement the overall orientation towards state or indigenous oriented analyses in the existing critical Arctic governance literature. Second, I aimed to capture the dynamism of regional decision-making instead of simply adding another actor to rather static, institutionally based analyses. The goal was to “look under the hood” of decision making processes in order to understand how powerful actors develop the regional policy framings that dominate the governance landscape. Instead of assuming a set of predetermined interests that renders geopolitical and economic decision-making like a game of chess, I sought to examine how policies are produced and how stakeholders evolve and govern in relation to each other. A focus on corporations aimed to bridge the gap in the literature between critiques of “classical” geopolitical Arctic analyses, and work focusing on the role of new actors and forms of sovereignty in the Arctic. However I did not overlook the role of states. I intervened in debates about how transnational states evolve by examining their multiscalar, cooperative, competitive behavior in the Arctic. Finally, the study addressed economic considerations in political decision-making, contributing to critical Arctic geopolitical literature that rarely systematically integrates a conceptual analysis of the role of economic considerations in decision-making. During the study, it became clear that the policy processes I focused on were overwhelmingly colored by their history. Stakeholders drew extensively on these histories. Thus, the rich local context in which these policy processes were embedded became much more important to the analysis than I originally anticipated.

This study began as a policy process analysis with an eye to the role of corporations therein. I attempted to background other institutions, particularly the state. However my

original approach attempted to simply add corporations to the mix. However, as the work developed, it became clear that the social relations of these encounters, and the spaces between institutions were key to understanding decision-making dynamics but also these institutions themselves. Those relations should become the main focus of analysis as the place where change occurred. I found that focusing on state and corporate interactions highlighted how these actors *shape each other's* narratives and practices. It became clear that states remain central to the analysis but should be examined as complex and evolving, not static or monolithic entities. So in fact, I backed in to studying states after all. Examining how these entities interacted also revealed how blurred the lines are between the state and the private sector in these cases. That is not to say they are the same, or that it is fruitless to distinguish between them. Examining how they intersect and overlap helps us understand how together they create and implement the dominant knowledges that frame and enable the choices of powerful actors in the region.

In these interactions, rationales based on political economy emerged more explicitly in decision-making than I had anticipated. I had assumed these rationales had background importance in a primarily political game. In fact these considerations were deeply intertwined into political decisions, woven through shared rhetoric and activity that predicates security and (certain forms of) development on each other. Corporations and states share synergy and tensions but together develop a strong metanarrative of security *cum* development and *vice versa*. These cases show how non-state actors use this narrative frame as a political tool. My findings complement the large, institution-based literature on security in geography's sub discipline of critical geopolitics.

This analysis highlights how corporations encourage states to engage in several forms of sovereignty that are operationalized through narratives and practices framed in terms of intertwined security and development. A close look at how security and development are developed and wielded as mechanisms of sovereignty help us see the transformation of state power, and how states' multiple and conflicting roles, responsibilities, and practices shape decision-making. A closer look at the role of states suggests that they participate in territorialized as well as non-territorialized forms of sovereignty, addressing an ongoing debate among geographers.

These findings lead us to a deeper analysis of transnational decision-making in the Arctic. As I began this project, I was concerned that the case studies would be too local and isolated to shed light on processes of transnational governance, but in fact they touch upon transnationalism in several different ways. First, states and companies move domestic issues into the international realm together. In this way, the private sector influences the domestic as well as the geopolitical strategies of states. Corporations, whose interests span several geographic scales, connect decision-making at the subnational sites of the North Slope and Norilsk, and their local decisions (or decision-making in localities) to regional, national and global decisions and activity. As corporations connect domestic and global realms of governance, they draw on the state inclination to make certain domestic issues into geopolitical issues via security *cum* development discourse. In Norilsk, for example, migration is a border-crossing issue framed as a geostrategic and economic threat. In Alaska, offshore oil is promoted as American energy independence from the Middle East. Framing these issues as both domestic and foreign policy concerns render these sites and their activities beyond being merely of domestic concern to the state. These local decisions

influence and are influenced by the global and Arctic stage. Thus, through co-produced narratives and practices, states and corporations blur distinctions between domestic and transnational decision-making. States, interacting with corporations, then, navigate tensions between domestic and foreign policy spheres, or “the competing demands of internationalization and territorialization” (Steinberg as cited in Powell & Dodds, 2014, p. 14).

I also argue that states and capital co-produce knowledge in the Arctic through their interactions. This rests on another finding: the private sector itself in these cases plays a significant role in defining security risks, solutions, and opportunities, and is therefore an important architect of the region’s political dialogue. Corporations participate in evolving governance regimes that shape regulatory environments and investment opportunities. However, private sector actors are not merely playing within the “rules of the game” set by governments, but set norms and practices that become new circumpolar regulatory and administrative standards.

This dissertation contributes a detailed analysis of how these co-produced narratives (grounded in material practices) develop. The corporations in these cases proposed their own projects as ways to achieve the efficient development of the region and meet security goals. Thus they frame these projects in ways that align with longstanding state interests and activities. These framings, through repetition between these actors, begin to create the contours of possible and reasonable actions. Corporations, then, by naming ‘problems’ as well as ‘solutions’ in ways that appeal to states, positions them as experts and creates an echo chamber that strengthens their role as architects of the region along with states. This process draws on Gusterson’s (1996) observation that, “to prosper, institutions do not just need

material resources and structurally assured leverage over decision-making actors. They also need legitimacy” (p. 5-6). I also find that through relationships with private sector actors in particular, states exercise sovereignty in ways that accommodate shifting political and economic landscapes in the transnational arena of Arctic politics. That is, they exercise power in cooperation with, not in opposition to the private sector. Despite the common conception that states control their territories, I argue that setting priorities for the Arctic occurs cooperatively or at least emerges through negotiations and relationships between states and corporations. Together they shape priorities in the region, which, in these cases are based on intertwined priorities of security as a rationale for certain forms of development.

States and corporations construct these sites for selected economic development activities by positing their preferred development programs as solutions to particular readings of security. Such readings emphasize energy and military security and deemphasize food security, for example. As such decisions aggregate, these actors frame the Arctic region itself as a space for development via nonrenewable, resource-based energy production and security. The corporations in these cases help states exercise direct control over physical space, discursive control over imagined space and ‘symbolic’ control to define the region itself (Collyer and King, 2015, p. 194). I do not argue that the only ‘values’ or governance priorities in the Arctic are those co-produced by states and corporations, nor that the only framings of any import are of economics, energy, or geostrategic security, although they are key in these cases. Indeed, diverse actors and the state itself (at various levels) advocate other forms of security and development such as human, food, and environmental security and sustainable development practices. Rather, I point out that the narratives and practices co-produced by states and corporations in these cases help us understand how intertwined

security and development framings become strong regional framings and can lead to certain governance outcomes. Applying a policy process approach to other scenarios in the Arctic may very well glean different dominant narratives and practices. This could be helpful to understand the range of competing narratives and practices in any governance space occupied by diverse stakeholders. For example, although not key issues in these case studies, climate change and environmental issues are increasingly rationalized by state actors alongside traditional strategic goals using securitization language, although non-state actors often frame them differently.

This study also highlights the ongoing political utility of traditional security framings that blur distinctions between domestic and transnational decision-making. The actors in these cases rely on securitizing both traditional domestic and foreign policy issues (e.g. employment or migration) to promote certain forms of economic development. The narratives are grounded in their powerful material roles in the region, and their longstanding ability to set regional priorities. This dominance in the region's economic development and political landscape crowds out other actors and knowledges. The constant framing of almost any issue in terms of security is noteworthy.

Methodologically, the small sample size and questions about comparability of these cases are possible critiques. I chose to study only two sites deeply rather than multiple sites more superficially. The very different contexts of the case studies can also be read as a weakness. However I have already made several arguments for why these cases can both be used to understand the diversity of state and corporate interactions in the Arctic, and why multiple sites are strengths of the project. For one, this study addresses a gap in the

geographic literature, where in-depth analyses and research involving multiple study sites is rare in political analyses of the circumpolar Arctic.

Second, although apparently dissimilar in many ways, these empirical cases share common processes that allow me to analyze the main research question of the role of the private sector in Arctic decision-making. Although the local political situations differ in many ways, they reveal some similar political and economic dynamics underlying the negotiations I focus on in this analysis. They are both remote but important resource dependent sites of private sector-led initiatives, and they involve a constellation of actors negotiating around themes of economic development and security. Of course, Norilsk Nickel has a much different relationship with the city of Norilsk than does Shell and the North Slope. As a longstanding company town, Norilsk Nickel can easily guide the political trajectory of the city based on its actual economic role and its historical role in the imagination of the residents. Shell, in contrast, is an outside actor and can less directly control the economic future of the North Slope. Shell must navigate a diverse political terrain in the North Slope, where local government and Native corporations were designed expressly to improve local control over decision-making. However the North Slope has a similar condition of political and economic dependency on resource extraction as Norilsk.

Other key differences between these cases are the different political contexts and populations of these sites, which lead the strategies of Shell and Norilsk Nickel to diverge in some ways. In Norilsk, the city and company must carefully align with the federal government, but the company does not have to gain the political support of city residents for its initiatives. Demographically, Norilsk's population is large and comprised mainly of white, Russian citizens. Residents have few apparent outlets for dissent, a reflection of Russia's

politically constrained civil society. Also the city's reason for being has always been resource extraction and local residents do not challenge the company presence there. In the North Slope, Shell must make the predominantly Inupiat population (or at least certain segments of it) into an ally for a controversial offshore project. The company leverages the fraught relationship between the North Slope's indigenous majority and the federal government. In both cases, localities want to maintain control, but in interviews in the North Slope, the weighty and conflicting issues of ethnic identity and self-determination are much more clearly bound up in decisions about economic development.

I consider these cases as samples of the diverse interactions that exist in the circumpolar Arctic. This view may make it difficult to extrapolate from these findings (Sayer, 2001, Kuus, 2014). Of course these are exceptional places, and selecting other sites would have highlighted their uniqueness as well. Future research at more sites may improve our ability to extrapolate from these findings. However, perhaps we should not overemphasize this goal. As this research progressed, the context became at once more and less important. On the one hand, the historic and geographic contexts informed how negotiations played out, why alliances emerged and dissolved, and how and why issues were framed the way they were. At the same time, these negotiations began to span out, linking to different stakeholders across scales. It became clear that these relationships were so delicate, so fleeting, and so contingent, that the specifics of each case constantly evolved. I aimed to elucidate how alliances were made, nurtured, and ended. The underlying dynamics, *the processes themselves*, were the analytical aspects that could be examined in diverse empirical contexts.

Better Russian language skills and a deeper background in the region would have facilitated research. This study does not, however, require language fluency. I received excellent translation assistance during interviews, and empirical data collection did not rely either on ethnography nor literary readings of foreign language materials. Through my participation in major Arctic research networks involving Russian scholars and western scholars of Russia, I was able to access quality research on Russia. Finally, Arctic fieldwork is expensive and extended visits to these sites was limited by lack of funds in Alaska and by access restrictions and limited language skills in the secretive city of Norilsk. Of course, with the luxury of time, resources, and privileged access, a more intensive ethnographic approach would have been profitable in these locations.

7.2 New Research Trajectories

This study points us to new trajectories for analyses of Arctic governance in geography and beyond. Further research could address several unexplored avenues in this project. The analytical framework used in this project can be usefully applied to other sites in the Arctic to help us understand development decision-making in the broader Arctic region, or outside the region. How stakeholders constellate around issues depends on their relations to each other as well as the issue itself. Thus, more in-depth analyses of historical relationships can shed light on stakeholder decisions. This approach makes the diversity of regions into an analytical strength, rather than a reason why they cannot be compared. A process approach deeply grounded in local dynamics, paradoxically, can provide a better sense of why development or negotiation outcomes in different places may differ, or why dependency dynamics may be weaker or stronger in different places. This study emphasis on the underlying and dynamics for ‘the things we see’ on the surface speaks to this effort to dig

more deeply into the diversity of policy outcomes and stakeholder dynamics at these sites, but also along networks at several scales. If enough cases are aggregated, we could perhaps develop thematic groupings of places of stakeholder arrangements to use as analytical “types.”

This work also contributes to burgeoning interdisciplinary research on improving the sustainability in Polar Regions. Regional decision-making authority is no longer solely in the hands of federal authorities: it increasingly involves a plurality of actors. I therefore propose good governance practices as an aspect of sustainability. This study could contribute to a future evaluative or normative study of governance practices. Indeed, Arctic sustainability is the focus of considerable discussion in academic and public policy spheres. The Arctic Council has adopted “responsible” resource development and “sustainable” circumpolar communities among its policy priorities (Arctic Council, 2014). My research focus on governance is an important complement to Arctic research in social sciences (often funded by states) that is overwhelmingly oriented towards quantifying social issues or measuring sustainability outcomes. These measures are an important aspect of social research, and popular with policymakers, but these numbers demand explanation. Process-oriented research helps us understand the *why* behind these measures—how they came to be.

This study also points us to new conceptualizations of Arctic governance that combine economic and political considerations. Specifically, it sheds light on how geostrategic and developmental decision-making connect in the Arctic. The tools in this study could help analyze the changing role of states in the context of the processes of globalization. States, like corporations, negotiate both domestic and international impulses. My research suggests that states exert power in the region not in spite of, but thanks to,

corporations. I would like to further explore how the activities and rhetoric of corporations enables the state to engage selectively in regional affairs. This helps us understand the ‘false split’ between state power and globalization, and the tensions for states seeking to manage markets as well as territory (Moisio & Paasi, 2013b).

The analytical framework I used can be applied to other processes of resource development in the Arctic. As the United States, Canada, Norway, and other states (and resource companies) seek new resource development opportunities this study provides a way to understand the dynamics in these new cases. The emphasis on knowledge production highlights how certain conceptualizations of security and development come to dominate regional narratives. Scholars can use this study to rearrange these narratives using alternative “knowledges” alluded to in the case of Alaska, particularly.

To conclude, this study aimed to improve our understanding of Arctic governance in the circumpolar region. It used two cases of private sector led policy negotiations from very different contexts, in an effort to examine how decision-making unfolds. Indeed, the contextual dissimilarity highlights the processes themselves. It emphasizes roles and relationships that are exploited by various stakeholders in both cases, although specific issues may differ. One of the primary conclusions is that narratives and practices that intertwine security and development were used in these cases by both states and corporations. Based on this, they co-produce rationales for action in the Arctic. This finding draws together geopolitical and economic development literatures.

In this study, state and corporations reshape each other and the region itself. It offers an analytical framework critical scholars can use to move beyond analyses that run aground on apparently deadlocked relationships between competing state sovereignties. In examining

how states evolve in relation (and not just in opposition to) corporations, this study also offers a framework to empirically assess theories of how states evolve in globalized conditions. This focus also highlights empirical evidence of how the relations between these entities have become exceptionally complex. But most importantly, through an analysis that captures the political economy of transnational decision-making, this study helps us understand why stakeholders make the choices they do in the Arctic, and helps us predict their future choices. In other words, ‘interests’ are not simply decided in country capitals or corporate headquarters alone, and projected in the Arctic, but rather forged iteratively, in and across diverse spaces, and through many encounters. This study offers new analytical tools for analysts to unpack the scriptings and practices that shape policy outcomes and regional governance. Scholars can move beyond the dominant, mechanistic regional framings of the region as a site of resource races and static stakeholders. The approach I would advocate offers an alternative to analyses of the Arctic as a “new Middle East.” This study offers a fresh approach and new conceptual pathways to understand the evolving Arctic, in order to avoid rehashing oversimplified geopolitical dynamics drawn from elsewhere in the world.

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