

Inuit business Ownership Canadian Experiences, Greenland Challenges

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Greenland Challenges

The Greenland industrial structure has a fundamental characteristic: the omnipresence of the state in the economy. First, the Danish state plays a significant role through its transfers to Greenland, representing 34% of the GDP (Statistics Greenland 1999:109). The Home Rule Government represents an essential actor in the economy, owing a relatively important part of enterprises, among the largest, in all sectors of the economy. It also grants subsidies to enterprises and sometimes erases their deficits. Moreover, the state provides some public goods and services at a lower cost for some industries such as the fisheries (OECD 1999:37). In summary, the Home Rule Government's transfers to enterprises and households constitutes 25% of the GDP (Statistics Greenland 1999:114).

Since the beginning of the 1990s, this state capitalism has been called into question. According to many authors, the state has adopted many economic policies, which are increasingly compatible with a market economy. Indeed, the government adopted the Landsting Act on Competition (1993) that aimed to promote competitiveness and effectiveness within Greenland enterprises (Statistics Greenland 1999:45). The status of some of the Home Rule state enterprises was modified, so that they became joint-stock companies, introducing a distance between themselves and the government. However, the state remained the unique or dominant shareholder of these enterprises. This reform represents a first step in the process of privatization.

We do not have a lot of information about the modalities of this on-going process of privatization. However, following the public discourse on the issue, this movement aims to improve economic behaviors and accounting methods, to develop the independence of the Greenland economy, and to attract foreign investments. These

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changes are then part of the neo-liberal discourse predominant since the two last decades.

There is a striking similarity between new trends in Greenland and global trends stressing the market economy's superiority to all other allocation mechanisms. In other words, arguments in the debate on a development based on private initiative are not exceptionally different from global trends putting a heavy emphasis on the liberalistic virtues of free enterprise and free mobility of capital and labour (Winther 1999:152).

Released in 1999, a study from the Organization of Economic Cooperation and Development (OECD) on Greenland economic development which was funded by the Home Rule, proposes a list of reforms and measures which appear very familiar: to reduce the size of the public sector, to rationalize governmental spending, to decrease the level of subsidies to enterprises, to reform the uniform price system, to weaken the monopoly of state enterprises and to privatize some of them (OECD 1999). In brief, these recommendations are similar to the ones made by other international organizations, such as the International Monetary Fund and the World Bank, to developed and developing countries. These recommendations pre-suppose some radical changes in the Greenland economic structure. They imply acceptance of the thesis that the free market, without any exterior interventions, would provide the most efficient allocation of resources.

According to them the distortions are permanent and can only be changed by introducing de-etatization, deregulation and privatization (Paldam 1997). Whether that is possible at all is another story. Greenland's postwar economic history has proved this strategy wrong if not impossible due to the geographic conditions, which calls for a unique hybrid of Government initiative, planning and private initiative in order to secure supply servicing of the vast area of Greenland (Winther (to be publ.)).

The Home Rule secures a redistribution of resources and wealth through, for example, the fixing of uniform prices and the creation of jobs within small settlements via the fisheries sector. While its current leaders would like to maintain this capacity to redistribute the benefits of economic development, they want the private sector to become more involved in the economy. These objectives are huge insofar as Greenland has not been able to liberalize its economy, despite several attempts having been made since the 1950s.

The establishment of enterprises based on participatory ownership constitutes one measure to increase the private sector's capability to secure economic development while democratizing economic benefits. Is this avenue realistic? The objective of this paper is to propose a tentative response to this question. We partially based our discussion by looking at some examples of Canadian collective enterprises in Arctic regions. There exist many similarities between the socio-economic conditions of the Canadian North and Greenland, justifying a comparison: the key role of the state in the economy, importation of domestic consumption goods, exportation of natural resources, a population with a Native majority, a colonial legacy that is still visible, including asymmetrical bilingualism and economic inequities between Native and non-Native population, and so forth.

Canadian Experiences

The experiences from enterprises based on collective property in Northern Canada can provide interesting lessons. We believe that an understanding of an enterprise cannot be completed without having looked at their culture, as well as their results, as suggested by Mygind (2000:3) among others. This is why we will examine the following factors in order to shed light on the conditions responsible for their social and economic performance: the emergence conditions of these enterprises, the factors explaining their development, the past and prevailing strengths and weaknesses of these enterprises.

Apart from state enterprises and small Family enterprises, there exist two main forms of collective business ownership in the Canadian Arctic: the cooperatives and the native corporations.

Cooperative Development

The establishment of cooperatives in the Canadian North started at the end of the 1950s. It occurred in two different contexts that we will briefly present. They explain the specificity of the evolution of cooperatives and their current situation. In the Northwest Territories² and the Ungava region in the Eastern Arctic, the cooperatives were launched by the Canadian state. They were part of a broader policy that aimed to create some permanent villages, notably from 1959, in order to improve the living conditions of Inuit. The cooperatives constituted to some extent the economic dimension of the settlement policy.

2. At that time, the Northwest Territories included also the Nunavut Territory, which was created in 1999.

It was felt that cooperatives could help 'introduce formal organization in Inuit society for the purpose of producing wealth by cooperation and at the same time promoting native control in native enterprise' (Stager 1982:15, quoted in Green & Green 1987:125).

The federal planners thought that the cooperative model was close to the Inuit traditional organization, which would facilitate their transition. The first cooperatives that were established were oriented primarily towards the production of goods rather than the consumption sector. In the Ungava, the initial cooperatives trials were related to commercial fishing and wood cutting. However, the cooperatives set up some retail stores of imported consumption products very rapidly in all Canadian Northern regions (Duhaime 1987:332, see also Iglaue 1979).

There exist only a few studies on the results obtained from this initiative. The existing studies suggest they were successful to some extent. Since four decades, a number of cooperative enterprises from that inspiration were created; as a result, there are around thirty cooperatives involved in different economic activities, mostly related to food retail sales. Indeed, cooperatives represented 25% of all establishments in Northwest Territories involved in food retail sales. Moreover, they are also involved in activities linked to the commercialization of Inuit sculpture and engraving, hostelry and sub-contracting (Green & Green 1987:124-125).

But the initiative brought about major difficulties. Since four decades now, some problems that were encountered included: undeveloped competencies in management and the lack of motivation to generate surpluses; the frequent recourse to air transportation at the expense of maritime transportation, which increased final costs and decreased competitiveness (Green & Green 1987:130). The Arctic Cooperatives Limited, a federation comprising the cooperatives from the Northwest Territories, eventually faced administrative and financial problems — despite Territorial and Federal subsidies — and consequently, some cooperatives were closed.

One key feature of these cooperatives is that they would not be widely perceived as a collective project of the Inuit themselves. This aspect of the creation and development of the cooperatives would be very different to what one can find in Hudson Coast of Nunavik, in the Québec province. In Hudson Coast of Nunavik, the history of cooperatives is quite different as is their impact on social and economic life. Indeed, the emergence of cooperatives had even preceded the federal policy of settlement and was to some extent distinct. In using the cooperative model, the Inuit wanted primarily to respond to their own needs: to generate and control such economic

activity as the commercial production of fish and the commercialization of Inuit sculpture, which was at its beginning; to get basic products whose access was limited by government policies and the company's monopoly, such as building materials; and more generally, to break up their dependency on Federal subsidies and Hudson Bay Company business practices and to improve their living conditions during a period marked by a high level of social and economic distress³.

Initially oriented towards activities for export production, these cooperatives became involved in the retail trade for Northern customers. Incrementally, they have become engaged in hostelry, distribution of petroleum products and in hunting and fishing outfitting services. Altogether with other cooperatives in Nunavik, they have set up a federation, called the *Fédération des coopératives du Nouveau-Québec*, to gather all common services, such as accounting, annual maritime shipping, and education⁴. The evolution of their financial operations suggests constant growth and limited but recurring surpluses.

It is not to say that these cooperatives did not face problems. In fact, they did, some of these being similar with those faced by the cooperatives born from the Canadian government initiative. What seems to be very different here is the direct involvement of the members in the decision-making process that led to original solutions. For example, they chose to adapt the accounting and personnel management practices with respect to the workforce and not force the opposite, so as to make conditions more appropriate to their communities⁵. They also decided to use their surpluses to support activities that are non-profitable from an accounting perspective, but essential from

3. The most complete study on the cooperative movement in Nunavik was made by Jean-Jack-ues Simard (1982).
4. The primary mission of the *Fédération des coopératives du Nouveau-Québec* is to elaborate the policies and future orientations of its members and to provide different kinds of services: financial services (realisation of annual reports and recommendation on accounting technics), services related to retail trade (trading of staff and supplies) tourism services (development of infrastructures and marketing), etc. (FNCQ 1999:9).
5. In Nunavik, the discontinuity of the workers' presence at the workplace is not perceived as an important problem in the cooperatives, while in other businesses this is considered as serious, if not the most important problem. In some enterprises (including the cooperatives), we observed a sort of 'self-replacement' system among the extended family members (Duhaime 1991). We noticed through our research on Greenland the same phenomenon of fragmented work hours among the governmental and private enterprises. From the enterprise's perspective, the only mechanism of adaptation to deal with this situation seems to be the bonuses offered to the assiduous employees in a private fisheries enterprise that we visited. Larsen (1992: 221) also assessed the importance of this situation in Greenland.

the cooperatives' and community's perspectives. Another decision is to apply uniformity of prices over the whole territory instead of fixing the prices according to final costs and especially, to transportation costs. They provide clear and recurring statistical data to help make fundamental decisions, instead of restricting the access to what is usually considered as 'strategic information' in other private businesses (FCNQ 1999). Finally, they clearly entered the political arena, being involved in discussions concerning self-government for Nunavik as early as the end of the 1970's (Simard & Duhaime 1981).

In this context, we can understand the importance of this movement in Nunavik. That includes 3500 members, representing practically the total adult population of the region. It reaches almost all villages and represents approximately 75% of the Nunavik market. The cooperative movement is the most important non-governmental employer providing full-time jobs (Lefebvre 1996:119), and the 120 employees of the local cooperatives are all Inuit and were trained within the movement. These data are not at all equivalent to data from cooperatives in Northwest Territories. Contrary to the former type of cooperatives, the cooperatives in the Eastern coast of the Hudson Bay in Nunavik emerged at the grassroots level, and were driven from the beginning by community action. Precisely, one can qualify them as a 'social movement'⁶ (Simard 1982a, 1982b).

The Native Corporations

During the 1970s, a new type of economic institution emerged in the North American Arctic: the native corporations resulting from land claims agreements signed between the governments and some aboriginal groups. The phenomenon happened in Alaska, where such corporations were created for the 13 land claims regions, such as

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6. The cooperative movement has a political and social importance. 'The cooperatives allowed people who are strongly attached to their 'traditional culture' to be part of the market economy while keeping their dignity (our translation, Simard et.al 1996: 27). 'In this context, the craft production does not only constitute a reliable indicator of the vitality of cooperative economy in every community, but also reflects the degree of economic autonomy of households [...], including the part of subsistence activities since the craft production appears to be perfectly compatible with the pace and labours of the traditional way of life' (our translation, Simard et.al 1996:66). Moreover, the members of the cooperative movement were active politically, claiming the needs for Nunavik to get self-government, denouncing the clauses on extinguishment of Inuit right to the land in the James Bay and Northern Québec Agreement. 25 years after the agreement, the extinguishment has been widely denounced not only by aboriginal organizations throughout the world, but also by the Royal Commission on Aboriginal People in Canada and by international organizations including some in the United Nations system.

in the Inupiaq regions of the North Slope Borough, and the Northwest Arctic Borough. It happened in Canada with the Inuvialuit Regional Corporation, the Nunavut Tunngavik Incorporated and the Makivik Corporation in Nunavik (Bone et.al 1998). Their creation, development and prevailing situation could be instructive for discussing Greenlandic issues.

At the beginning of the 1970s, the hydroelectric development to take place in the Northern part of the Province of Québec, in Canada, raised an important opposition from the aboriginals. This led to the launching of negotiations which resulted in the signature of an agreement regarding the Cree and the Inuit land claims: the James Bay and Northern Québec Agreement (JBNQA). One of its key provisions was the extinguishment of Aboriginal land rights over the territory covered by the agreement. In return, the governments, and other bodies involved in the project, agreed to pay financial compensation and to further support and normalize the living conditions of the aboriginals according to the main living standards recognized elsewhere in the country. In order to manage these financial compensations, the creation of native corporations collectively owned by all of the agreement beneficiaries was specified in the JBNQA provisions. In fact, there were two of these: one for the Cree of the James Bay region, and one for the Inuit of Nunavik, the later called Makivik Corporation. Its main objective was to facilitate economic development:

There was an agreement on the fact that the compensation should be put into a collective pot (instead of being redistributed individually or locally) and that Inuit economic development was clearly specified in the Makivik Corporation mandate. In other words, according to the spirit of the agreement, the superior governments would be in charge of the infrastructure whereas the local and regional organizations would develop the human resources and support the social forces, essentially mobilized around the Makivik Corporation and benefiting from an important financial capital, that would facilitate the development of local enterprises owing to their dynamism and cultural motivation (our translation, Simard et.al 1996:27).

Uses of the compensation funds were prescribed in the JBNQA. A part was given through utility bonds issued by Hydro-Québec, the provincial state-owned electricity company who had the mandate to build a mega-hydroelectric complex in the region; a second part was to be invested into blue chips in the world stock market. Finally, the third part was to be used to promote economic and social development; as a result, Makivik Corporation started to create subsidiaries. They were active on very different branches and markets: airlines (with First Air and Air Inuit), aircraft leasing, travel agency, blue-water fisheries, construction, caribou meat production, and

others. As a matter of fact, some of these subsidiaries have been operating since the creation of Makivik Corporation itself; but some others were created and then shut down, after bad results, while other ones were more recently set up. As far as it is possible to know, the whole business' results fluctuate from on year to the other. At first, stock markets variations and interest rates variations influence the results. Secondly, while some subsidiaries are generating benefits, others are losing money. At the turn of the 1990s, according to Simard et.al (1996:27), Makivik Corporation's financial losses were estimated to be approximately \$15 million. The data available for our examination shows a pattern of variations in the consolidated results, some years leading to benefits, some others to deficits.

The availability of massive capital funds and technical expertise bring possibilities otherwise non accessible for Inuit as investors. This let them collectively with the capacity, for instance, to invest in large-scale operations, such as airlines and blue-water fisheries. Similarly, this open the door to success and failure in the same proportions.

These possibilities are brought by the very nature of such corporations, which is largely defined by the relationships between the shareholders and the management. These corporations belong to the shareholders, who are the beneficiaries of the land claims agreements. But in fact, these shareholders have a limited influence, with the capacity to choose the executive officers. Business decisions are taken by the executive committee itself, and by boards of the subsidiaries companies. The kinds of economic activities carried out by such corporations often require highly technical expertise, which is well compatible with a centralized decision-making process: operations of a major airline require such management. At the same time, from the shareholder perspective, this situation creates the feeling of a distance between them and the organization, a feeling of powerlessness; ultimately, this leads to a decrease in members involvement and interest. Our observations of that nature concerning Makivik Corporation are somewhat similar to what have been found concerning Nunavut Tunngavik Incorporated for instance (Duhaime et.al 1998, Légaré 2000). This situation would be aggravated by the fact that some corporations cannot pay dividend to the shareholders. They are only authorized to reinvest. Thus, benefits for members are indirect, taking the form of better services in service industries, for instance, lobbying for increasing the level of public services accessible to the members, donations to different initiatives such as leisure clubs, and the like.

Choices for the Future

Why Shift Toward the Market?

By imposing its presence on the market, the state directly influences economic development, but it also imposes some major constraints. It prevents competition, since operating costs for a government-owned enterprise can be subsidized when revenues do not suffice. This means that the private sector will not easily be attracted to compete where government is already active.

But there is another side to the same coin. State ownership is not based on a fantasy of the government of the day. A government decides to create an enterprise under two major circumstances. First, it operates businesses when economic production, understood as socially necessary, cannot be accomplished by private entrepreneurs because it is hard, if at all possible, to benefit from it. This has been the case with the decision to set up state monopolies. In the absence of private investors, the government initiative can really make a given economic activity take off, which otherwise would never appear spontaneously: in other words, it can create a market when there is no market at all, at least at an early stage. In the second instance, a government may decide that a given activity should benefit from the presence of a state-owned company, private actors being present or not, in order to preserve the general interest. This has been the case with the equalization policy as applied by Royal Arctic Line for transportation costs, that allows consumers in Northern Greenland to pay more or less the same tag prices for the same goods that consumers in Southern Greenland pay. It has also been the case with electricity production in Nunavik for instance, where a government-owned monopoly must charge the same unit price in the Northern villages as is charged in the southern part of Québec. In such cases, a private sector is always possible in areas where it can compete, but government presence equalizes the access to some basic products or services, by setting prices for these commodities.

Investing the tax payers' money into business-like activities is a fundamental policy decision. In socialist states, this is the only possibility, based on the belief that economic development can be totally planned, and that the social benefits flowing out of it should then be widely shared. But there are few socialist states surviving these days to provide sustainable examples. On the other hand, there is a fair number of social-democratic states where public ownership is still used to influence economic conditions, such as the Scandinavian states. It follows that a decision to abandon this fundamental social-democratic orientation is an option. In the present-day situation, this alternative is to increase free market, to let market forces to take the decisions,

assuming that what is good for the market is good for society as a whole. This alternative has a name: *neo-liberalism*.

To shift toward neo-liberal arrangements bears consequences. Beside the consequences that are wished for, such as increases of private investments and consequently, increases of wealth creation, there are others that are not necessarily desirable. Among others, some predictable perverse effects are: inequity in accessing commodities due to price variations from one place to another; and unpredictable management decisions, that can lead to sudden variations in the level of services. In other words, part of the risk is still to be assumed by the consumers or socialized in a sense, while benefits are privatized.

The desire in the Greenland Home Rule to find ways and means to moderate these effects is an attempt to keep the benefit of state-ownership without state-ownership. Is this realistic? Where is this leading? Does this correspond to fundamental choices in the Greenland society?

The Limits of Ruling Private Businesses

Governments throughout the world are setting the legal framework of businesses activities. Through basic legislation, they decide about the legal forms of enterprises, basic requirements for ownership and accounting, benefits taxation and so on. Legislation defines what is illegal, for instance the creation of enterprises outside the government system, as it was the case in the pre-perestroika era in the U.S.S.R. However, the state ambition of ruling the private sector is somewhat an illusion in a neo-liberal context: indeed, it is almost impossible to aim at privatizing the public sector and to keep imposing severe regulation on it, the second obviously contradicting the first.

In a trend of privatization, the basic signal that is sent to the private investors is that the government encourages free enterprise by liberating markets from its direct influence. Government lets the market open up to private initiative. But to take the challenge, investors call for more, for freeing markets not only from direct, but also from indirect influence. They argue for reducing the weight of government's intervention, and for shrinking the fiscal burden imposed on private enterprises, and the huge set of government requirements that businesses must conform to in order to operate legally. It has been the case with a long list of industries, such as the banking industry in Canada in the late 1990s, and the civil aviation in the United States in the Reagan years. Privatization goes along with pressure for de-regulation. In that sense, neo-liberalism is generating its own resistance to the state capacity.

If it is true, there is no practicable future in that direction for a government wishing to preserve the social benefits of state-owned companies, without owning them. This would be illusory to think that government can control private businesses so efficiently that these benefits are preserved. The incentive to private investors is pulling them in the opposite direction. On the other hand, experience shows that the business community is ready to accept voluntary norms such as non-compulsory codes of ethic. In Canada and in the European Union as well, voluntary codes became buzzwords: when the government is asked what it is doing to rule private companies, voluntary codes can be evoked rather than nothing, and rather than 'counter-productive controls' as business community often called government rules. Behind these measures, the rationale is that there is a natural incentive to applying these codes, since they associate an image of responsible corporate citizens, which is good for business. Consumer protection is one of these fields where changes have been drastic, where severe rulings have been gradually replaced or avoided by voluntary codes of conducts, labelling practices, and so on. As a result, consumers' rights and interests are somewhat more fragile today than they were in the previous two decades.

Participatory ownership can be seen as a middle way. By fragmenting ownership among numerous shareholders, benefits can be widely redistributed, rather than being concentrated in a limited number of powerful hands. Moreover, the business' policies and practices should be different when key decisions are taken by a large number of shareholders. In other words, fragmented ownership should represent a form of insurance for social benefits associated with business activities. As it has been seen in Canada, participatory ownership took two major legal business forms: the cooperatives and the native corporations. What can be learned from these experiences that could help shape the future of Greenland? Can participatory ownership maintain some of the major social benefits that are already existing through the state-owned enterprise system, such as price equalization or continuity and reliability of services delivered?

Learning from Experience

At this point, the Greenland privatization would have to be operated from the top down. It is a political decision at the highest level of the Greenland political power that will make these changes happen. The decision to pursue an economic activity will not be merely at a private initiative: opportunities will be created by the retreat of the government. The question is then: who is in a position to seize these rare opportunities in the economic life, when suddenly an existing market is opened to new players?

The cooperative development suggests that the direct involvement of the local people is a condition that can make a difference. The Nunavik cooperatives were born from needs at the grass-roots level, as has been briefly explained. Two specific needs were pointed out. In the fifties, Canadian federal policy was explicitly opposed to the birth of permanent settlements. However during the same period, the Inuit needed to stay for long periods beside the Hudson's Bay store. They were coping with major family disruption, problems with food supply and so on: following tuberculosis epidemics, a significant proportion of family members was evacuated to southern sanatoria for at least one year, often one or the other parent, depriving families from major contributors to subsistence production. In such a context, they tried to build better houses than traditional igloos and skin tents. But the federal policy of the time explicitly forbade sales of building materials to the Inuit. Here is one of the needs to be responded to by the creation of the first cooperative associations. The second need was to control the sale of sculptures, when it became known that Inuit artists did not receive their fair share of revenues in the market chain.

Under these conditions, cooperative associations were built as a collective affair from the very beginning; they kept a large membership, the wishes of which being translated into commercial practices. The cooperatives grew up at a slow pace and changed accordingly, without sudden or drastic reversals, as a consequence of a decision-making process where the local members keep a strong role.

In spite of that sense of belonging, and that involvement from the local members, the Northern cooperative have always been confronted with basic problems though, while other enterprises have been able to benefit from competitive advantages. First, they face great difficulty in hiring and keeping workers. The constraints imposed by their sectors of activities have to be pointed out in this regard: the food sector is a competitive one which forces to keep prices as low as possible; that sector is not highly profitable, even when you do not bother with a policy of uniform prices across the territory; as a consequence, enterprises in the food sector, who employed unskilled labor, will pay minimum wages. In front of the cooperatives, the public sector and the native corporations can pay higher and attractive wages.

Secondly, those applying uniform prices cannot compete with private enterprises that can set their prices in a more flexible way according to local cost prices. This provides a great competitive advantage to other companies in the southern regions in which the transportation cost is lower.

Thirdly, the regional mission of the cooperatives do limit their capacity to face competition, while other enterprises in the same sector do not have such regional limits. Private enterprises like the Northwest Company (who bought the northern operations of the well-known Hudson's Bay Company few years ago), are not constrained by regional limits and consequently, they are more flexible in regard to market rules. With some 150 retail outlets disseminated through the Canadian North and Alaska, corporations like this can decrease their unit costs and prices, and therefore influence the demand⁷. These market rules are clearly detrimental to small scale cooperatives. The history of Greenland cooperatives provides similar examples where the small enterprises were confronted with large private firms and state enterprises (Winther 1987).

Finally, the production cooperatives seem to be more fragile than the consumer cooperatives. Their markets are more volatile since the prices are determined by mechanisms that are largely beyond their control. They are confronted with competition that is unlimited in contrast, for example, to the retail stores in small northern settlements; they have rarely the organizational elasticity and decisional flexibility of private enterprises, allowing them to respond rapidly to market signals. Until recently, the marketing of Inuit art was the exception. However, the situation has recently changed and the market seems now to have imposed its rules. Indeed, the *Fédération des coopératives du Nouveau-Québec* continues to support a considerable inventory of works of art that they cannot sell on the market without provoking a severe prices decrease that would threaten the whole industry. Thus, it appears that it is the most recent sectors of activities developed by cooperatives such as the retail sales of consumer goods or petroleum distribution that are now supporting the original activities which brought about the establishment of cooperatives and which remain, ironically, their symbols.

If we except the first problem which is a global feature of the food retailing industry, it seems that all these aspects are related to the cooperative approach. A chain like Northwest Company can operate differently and attract stock investors since they are tied with the notion of profitability, rather than being tied with notions such as regional mission, price equalization or supporting producers. Social benefits seems to

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7. In 1987, the Northern Stores Division of the Hudson's Bay Company was acquired by a group of investors including 415 employees, creating a new entity called The North West Company. This is a for-profit enterprise, which shares are listed on the Winnipeg and Toronto stock exchanges, with an expansion policy. In 1992, the Company acquired the Alaska Commercial Company and now operates 26 stores in rural Alaska trading under the names AC Value Center and AC Express Center. It operates now some 150 retail outlets across the Canadian North and Alaska, with global sales of more than \$620 millions (cdn).

prevail in the decisions made within the cooperative movement. If this is a factor, then the cooperative model should be considered for Greenland. However, the Nuna-vik cooperative movement also shows that this approach comes from a grass-root growth. It would hardly be possible to reproduce such a pattern, in the Greenland context, where businesses to be sold are already all set up and operating with a centralized management.

Here the case of native corporations can offer an alternative. It definitely shows that the native corporations can become important actors in different activities, when it is possible to access massive capital funds and expertise, and to adopt a centralized management. These corporations can widely spread some direct and indirect benefits to the shareholders, if they cannot pay for dividends. For instance, securing a regular air connection between small villages improves the living conditions of those members living out there; for instance, these corporations are making donations for leisure activities; for instance again, they are advocating for their members, which can turn into social benefits later on, when public services are improved as a result of their actions. This situation is not exempt of problems, as it has been stated earlier. These corporations would have more in common with profit-oriented enterprises than with a community-oriented cooperatives.

Greenlandization in the Era of Globalization

The limitations of both models are huge. Can they be viable models in the context of Greenland? Are the benefits expected from these form of ownership real or illusory? Although these questions can appear hard, they are nonetheless relevant, and should be answered in order to evaluate Greenland's opportunities.

We must conclude that the cooperative model is unlikely to work in Greenland context. It is not to say that cooperative enterprises cannot work at all: Brugsen is indicating that this is feasible. What is improbable in the present-days context is to create a community-based movement. The Greenland privatization process is clearly not initiated from the bottom up, and therefore, it would hardly drive a sort of grassroots movement. The best possible scenario would be that some existing cooperatives in Greenland would take over specific companies that are to be privatized by the Home Rule Government. However, this would apply only in the field of retail stores, since they are very few example of successful cooperatives enterprises – if any – in the field of production in Greenland.

The native corporation model is also more or less applicable. In Canada and in Alaska, these corporations have been established to manage the funds the native peoples have obtained in the context of land claims agreements. This context simply does not exist in Greenland, as the necessity to establish ethnic-based entities.

Therefore, how to create a participatory ownership which will make sense, in order to preserve the social benefits created through the state-owned enterprises? Could it be appropriate for instance to entitle each resident as shareholder, more or less on the model of the native corporations, without the ethnic factor? In other words, could it be a promising way to remit ownership of a company's local operations directly to the local community, by entitling each resident with a share of it? In such a model, local communities could own their local retail store for instance. That could partially address some major concerns brought in by the wind of privatization, by spreading over the communities at large some benefits, including the decision-making power. But fragmenting ownership, power and interests, all at the same time, its nothing to ensure some key-benefits, such as price equalization throughout the territory.

What about Greenland-wide enterprises? They could not become collectively owned by all residents without becoming centrally controlled. In such a setting, there is simply no means to insure that collective wishes could be translated into business decisions. This is one of the lessons learned from the development of the cooperatives in Canada, and from the native corporations example. Whatever the scenario would be, it seems very difficult to preserve social benefits while privatizing, even with collective ownership.

State regulation is the only practical mean to impose ways of doing things to preserve such benefits. Privatization without regulations could change landscape to a large extent, specially by modifying the social stratification of Greenland society in a non favorable way for Greenlanders. If the Greenland government sold its enterprises without imposing some conditions, the latter would probably be bought by Danish living in Greenland or not, or by foreign investors⁸. This could fuel underlying interethnic

8. 'When ideology is mentioned as having significance for public participation in trade and industry, it should be seen in relation to the fact that private enterprises outside the fisheries sector are dominated by Danes. This is in contrast with the publicly owned enterprises in which formal competence is Greenlandic, i.e represented by politicians and thus indirectly the Greenlandic population. A liberalization of the market and a privatization of the publicly owned enterprises will thus move decision making competence from Greenlandic citizens to Danish entrepreneurs, and this is ideologically at odds with the thought behind the development of Home Rule and the Greenlandification of society' (Danielsen et.al 1998: 26).

tensions which have been more or less swept under the carpet since the establishment of the Home Rule Government. Moreover, such privatization could threaten small settlements, most of them being supported by the policy of prices equalization, which allows the residents to access consumers basic goods. This could fuel tensions between centers and peripheries, already sensitive in some communities.

The dilemma is then: can the Home Rule Government conform to international pressures by privatizing, and, similarly, keeping regulations to avoid the dark side of such development? But we stated earlier that regulations are widely incompatible with the neo-liberal wave, the real impulse behind all this, which is calling for self-regulation through market signals. Being diffused through the policies of international economic institutions such as the World Bank and the International Monetary Fund, the neo-liberal wave calls into question any public interventions or regulation of market activities. Moreover, it requires also the elimination of all obstacles to the development of capital, like the signature of multilateral free-trade agreements. There are other consequences that are less known, but nonetheless real, such as the transformation of cooperatives and mutual enterprises into joint-stock companies, in order to be more competitive, or to access new sources of funding for expansion in a more competing world. This neo-liberal appeal came to be recently made to the Greenland Home Rule by the OECD in its 1999 study. The establishment of collective ownership in such a context would probably be very difficult: it would go against the global trends.

Despite the appeals and pressures made by international organizations, can the sovereign states leave them aside by establishing their own priorities? This trajectory could be examined by the Home Rule Government, while it examines the opportunity of becoming more autonomous and eventually a sovereign state, through the Commission of Self-Government. But how can it be expected that Greenland will succeed where countries with their full sovereignty did not?

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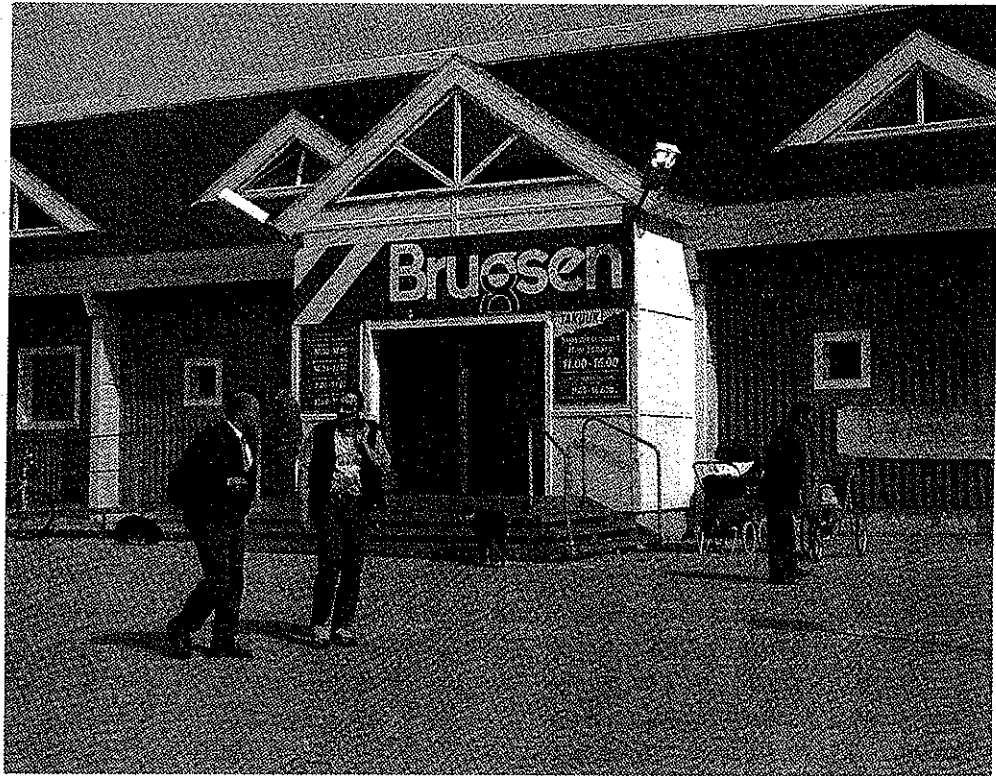
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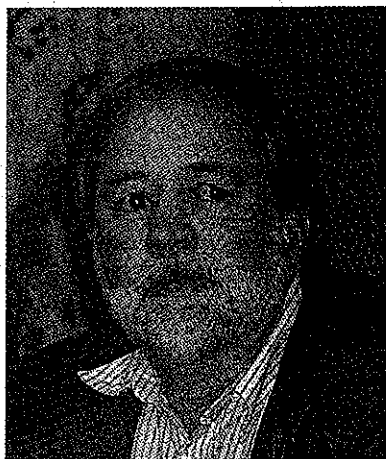
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The Cooperative "Brugsen" in Nuuk



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