

THE UNIVERSITY OF MANITOBA

CO-OPERATIVES AND CULTURAL CHANGE IN THE CANADIAN
ARCTIC: A CASE STUDY

BY

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A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS IN ANTHROPOLOGY

WINNIPEG, MANITOBA
MAY, 1978



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Introduction

My personal experience with co-operatives in the Canadian arctic provided the topic for this paper. In it I have attempted to determine the impact that they have had, and may have in the future, upon Inuit settlement life in the Canadian Northwest Territories. 'Co-ops' were originally designed to function within large-scale, industrially developed societies, and in order to survive in the Canadian arctic, they have had to adjust to its radically different social context (and vice-versa). The major part of this paper has been devoted to the description and analysis of some of these necessary adjustments, and the preconditions which make these adjustments possible.

I gathered most of my information on the Canadian arctic communities of Grise Fiord and Resolute Bay, and their co-ops, during the periods May 1974 to September 1974, and August 1975 to July 1976, when I managed the Resolute Bay and Grise Fiord co-ops respectively. I attended, and participated in, meetings of the boards of directors of both communities and, although to a lesser extent in Resolute Bay, was able to partially discover and understand some of the everyday problems and attitudes of community members. Through participation in community functions and conversations with individuals, both 'white' and Inuit, as well as the study of the fairly extensive co-op records which were available to me in Grise Fiord, I was able to collect, I hope, sufficient information to support the observations and conclusions offered in this paper. Because my field technique has had to be non-statistical, and thus to a certain degree subjective, I may run the risk in places of being too selective and non-representative. In order to minimize my methodological weaknesses

I have as much as possible avoided drawing conclusions on the basis of information gathered from only one source in space or time. Thus most, if not all, functions held in the Grise Fiord community hall exhibit those characteristics presented in Chapter Two, and opinions which I have attributed to individuals in the community have invariably been voiced by others in the community as well.

I am aware of the pitfalls inherent in attempts at 'objective' participation. Francis Caro has remarked that "positive findings reported by 'inside' evaluators are likely to be discredited. An evaluator can enhance his credibility by avoiding engagement with substantive and organizational issues"(Caro 1974:358). Suffice it to say that I believe that co-ops are, potentially at least, the best existing form of economic-oriented organization available to the Inuit people of arctic Canada at their present stage of development. If this is a bias on my part, so be it. No social scientist can be totally objective. Bias is present, if not explicitly then implicitly, in all research in the field of cultural anthropology. I have, however, tried to be as objective as possible as those problems which are not recognized and dispassionately assessed cannot be overcome.

In the initial research, organization and final preparation of my thesis I owe a debt of gratitude to Dr. John S. Matthiasson of the Department of Anthropology, University of Manitoba. His constant encouragement, advice and constructive criticism enabled me to complete this paper and, hopefully, make some contribution to the study of Inuit co-operatives. I would also like to thank Dr. J. B. Townsend and Dr. R. Riewe, also of the University of

Manitoba, for reviewing and commenting upon my thesis. I appreciate the encouragement and assistance that Mr. S. R. Glydon of Federated Co-operatives Ltd. offered while I was in Winnipeg. I am foremost indebted, however, to the people of Grise Fiord and Resolute Bay, without whose co-operation and understanding this paper could never have been written.

CHAPTER ONE

Co-operation and the Co-operative Movement

The concept of co-operation is not hard to grasp. It plays a major role in our daily lives and is a necessary condition for the persistence of many forms of social interaction. J. Dook succinctly summarizes the meaning of co-operation in two phrases - 'self help' and 'mutual aid' (Dook n/d:3). For the purposes of this paper, however, a more rigorous definition, which can, perhaps, be usefully referred to in any future discussion, will be suggested:

Co-operation is that portion of the activity of two or more individuals or organizations directed toward the achievement of a commonly shared goal.

Before proceeding, I would like to examine some of the implications of the above definition.

I use organization to mean a collection of individuals who interact according to previously established patterns of relationship.

Activity on the individual level is synonymous with behaviour. On the organizational level activity is the net effect of functioning suborganizational elements (be they individuals or less complex organizations) which interact with other individuals or organizations. The activities of a governing body - imposing laws and collecting taxes, for example - are the net result of the actions of its individual members and can be viewed independently of these latter's individual actions. Thus, although the individuals of a particular organization may not be co-operating directly with members of another organization, the organization as a whole may be co-operating with its counterpart.

Co-operation, as defined above, played an important role in traditional Inuit (Eskimo) society. Indeed, it was necessary for survival. Frank Vallee observes that "the traditional Eskimo family was a co-operating team bent on wrestling a living from the natural resources" (1967:76). Balikci notes that among the Netsilik Inuit co-operation occurred both within the family through the sexual division of labour, and between related kinsmen during the hunt. "Collaboration", he states, "is deeply rooted in the Netsilik system of behavioural norms" (1970:127). However, "closely knit extended families usually kept and used the returns of their communal hunts; non-related or distantly related families present at the camp received nothing or little" (1970:117). Jenness makes basically the same observations with regard to the Copper Eskimos (1970).

Co-operation, then, was a vital element of traditional Inuit society and occurred mainly among relatives. This point should be emphasized as it must be dealt with in any discussion or analysis of Inuit co-operatives.

The 'co-operative movement' in its modern form was launched in the mid-nineteenth century in order to eliminate many of the exploitative aspects of unrestrained capitalism. Its inception is generally attributed to the 'Rochdale pioneers', a group of English industrial workers who in 1844 founded a co-operative store through which goods were bought wholesale and resold to co-operative members. Profits from sales were returned to members according to the amount each individual purchased.

It was in these early years that those co-operative principles were formulated which still apply today. They are:

1. Democratic control - one vote per member, regardless of the amount of capital invested by each member.
2. Open membership.
3. Limited interest on invested capital.¹
4. Redistribution of profits to members.
5. Education of members in co-operative principles.
6. Political and religious neutrality.

(Taken with modifications from Gossen 1975)

Economic institutions to which these principles have been most often applied are of three kinds: consumer co-operatives (involved in retail and wholesale marketing), producer co-operatives (fishing co-ops, wheat pools, refineries and handicraft co-operatives) and credit unions. My major area of concern will be in the field of consumer co-operatives, although the other two varieties will be mentioned upon occasion. The principle of co-operation, however, can be, and has been, applied to a wide variety of other enterprises and services - hospitals, housing, farming and insurance being among them.

Co-operatives are formed with specific objectives in mind which, although varying from case to case, usually include some of the following elements:

1. The provision of goods and services in the absence of acceptable alternatives.
2. The elimination of excessive levels of interest and profit.
3. The distribution of business ownership, and resulting benefits, to as many people as possible.
4. The reduction of taxes levied upon profits.²

The structure of all Canadian co-operatives includes the following basic elements:

1. Members. Individuals who have invested a fixed amount of capital entitling them to one voting share in a co-operative are members. A member may invest varying amounts of capital over and above this initial outlay; he cannot, however, have more than one voting share. Members may receive a portion of any co-operative surplus in proportion to the relative amount of capital contributed to the operation of the co-operative during the previous fiscal year. Although non-members may purchase goods at a consumer co-operative, they will not receive any portion of surplus.
2. Board of Directors. Co-operative members gather together at an annual meeting to elect from themselves a board of directors which fulfills much the same function as in any corporation. The members of the board of directors are responsible for the definition and interpretation of the co-operative's policies and objectives. They study and approve all financial statements, budgets and large capital expenditures, hire the general manager, monitor his performance and approve salary ranges at all levels.
3. Manager. The manager (or general manager, depending upon the size of the co-operative) is hired by the board of directors and is responsible for the day-to-day management of the co-operative and fulfillment of all other duties set down by the board of directors. The manager prepares and presents reports to the board of directors, hires, trains and supervises staff and delegates responsibility and power to subordinates.³
4. Staff. The staff are usually those employees in direct contact with the customers. They carry out those duties determined by the manager and are hired and released by him.

(Taken with modifications from Gossen 1975)

As has been mentioned, co-operatives in their modern form were originally designed to operate within the 'free enterprise' economic system of the Western industrialized

societies. Often in direct competition with private and state owned enterprises, they attempt to present a viable alternative to these institutions.

Co-operatives became firmly established in Canada in the early twentieth century. In the 1920's co-operatively-owned wheat pools were set up in Manitoba, Saskatchewan and Alberta as a means of achieving greater control in the price and amount of grain marketed. Many farmers have also formed co-operatives to buy and maintain land and machinery. Likewise, on the east and west coasts of Canada fishing co-operatives have been created to control demand-induced fluctuations in the quantity and price of fish and other sea foods offered for sale.

Most Canadian co-operatives were thus originally producer oriented. They were actively engaged in controlling as much as possible those external factors which affected their economic welfare. Retail consumer co-operatives have also, however, been formed to offer to their members goods and services at the best possible prices and in many cases have jointly organized wholesale outlets which manufacture such basic goods as animal feed, lumber, petroleum and other consumer products. The credit union movement, founded by Alphonse Desjardins in Quebec at the turn of the century, has attempted to offer to its members low interest loans and high interest deposits. Unlike most Canadian banks, the policy decisions of credit unions are made at the community level and this flexibility has allowed it to become an outstandingly important co-operative institution throughout Canada.

In the isolated, predominantly Inuit communities of northern Canada co-operatives differ significantly from their southern counterparts both in origin and persistence. The majority were created, and have been actively supported,

by governmental agencies. Their founding purpose and major goal, in the eyes of the Canadian government, has been to "promote economic efficiency by organizing production, consumption and marketing in the hope of raising the standard of living, reducing dependency on direct government welfare, and helping the people achieve some measure of control over their economic fates"(Vallee 1968:218). Although the total membership of Inuit co-operatives is far smaller than that of their southern counterparts, a larger proportion of the members of Inuit communities belong to co-operatives. In some communities the local co-op enjoys a monopoly and does not have to face the fierce competition of businesses in the south. In almost all cases the relative economic inefficiency of Inuit co-operatives would not allow them to survive under southern business conditions.

The first Inuit co-operative, involved in fishing, was formed at George River, Nouveau (arctic) Quebec in 1959 under the supervision of the Department of Northern Affairs and Natural Resources (now the Department of Indian Affairs and Northern Development) of the Canadian government. A Department officer, Jon Evans, perceived the role co-operatives could play in the north, as well as the best means of setting them up. In his words, "it is important that any industries established be under Eskimo ownership at a very early stage in their development. The successful development of these industries would require a good deal of initiative, hard work and determination on the part of the participants. Each project would have a much better chance of success if the participants have a financial and emotional stake in its development" (1964: 19). Subsequently, in 1963 a consumer store was established, and successfully run by an Inuit manager. In his 1966 report Saul Arbess indicated that through a felicitous combination of adequate financing, 'low profile'

support from government agencies and enthusiasm on the part of the Eskimo people, the 'co-operative experiment' in George River had succeeded.

Shortly after the establishment of the George River co-operative, additional co-ops were set up in Port Burwell, Grise Fiord and Resolute Bay, all small communities of under 200 people in the Franklin region of the Canadian Northwest Territories. By 1963 there were sixteen co-ops in the Canadian arctic engaged in "fish marketing, logging, production and marketing of handicrafts and graphic arts, consumer supplies, housing, fur manufacturing and tourist services" (Laidlaw 1963:2). At the first conference of arctic co-operatives held at Frobisher Bay in March 1963 the 'co-operative miracle' was officially announced to the world. Delegates, the majority of them Inuit, explained how co-ops had changed their lives for the better. "Now we are confident we can make a living by staying and working through the co-operatives" (Port Burwell delegate)"we have better clothes now because we can make our money from our prints" (Povungnituk delegate)...."if this co-operative had not been set up we could not get along" (Grise Fiord delegate) (Laidlaw 1963). The establishment in the mid-1960's of a Canadian Inuit handicraft marketing agency, Canadian Arctic Producers Ltd., marked a further stage in the evolution of co-operatives in the Northwest Territories. In 1972 the formation of the Canadian Arctic Co-operative Federation Ltd. brought together in voluntary association most co-operatives, both Inuit and Indian, in the Northwest Territories.

By the mid-1970's a total of 42 co-operatives were operating in the N.W.T. Almost without exception, every small settlement had a co-op store, some producing handicrafts, some selling consumer goods, and a few engaged in

both activities. In many areas they had come into active competition with the stores of the Hudson's Bay Company. It had become clear, however, that Inuit co-operatives had not yet achieved the goals the government had originally set for them. As early as 1968 Frank Vallee pointed out that "some of the incorporated co-operatives are practically inactive, existing only on paper, while others are active only a very limited area of activity such as in housing or in the marketing of handicrafts". In those co-ops that were active the boards of directors "almost always follow the ideas of the white members and advisors, both within and without the community" (1968:219-220). Government departments found themselves having to continue their active support of co-operatives through loans, grants and management assistance as many co-ops found themselves perilously close to collapse. In a number of cases wholesale outlets in the south found themselves unable to collect payment from arctic co-ops for goods which they had previously supplied.

The chapters that follow will present an in-depth analysis of the Grise Fiord Eskimo Co-operative Ltd. in an attempt to understand, and suggest means of solving, some of the problems Inuit co-ops face in the 1970's.

CHAPTER TWO

Grise Fiord - An Overview

The settlement of Grise Fiord is situated near the eastern side of the mouth of the fiord from which it derives its name, on the southern coast of Ellesmere Island in the high arctic region of the Canadian Northwest Territories. At approximately 76° latitude it is one of the northernmost civilian settlements in the world. Five hundred miles within the Arctic Circle, Grise Fiord experiences a period of three months — mid-November to mid-February — during which the sun does not rise above the horizon and a period of three months — mid-May to mid-August — during which the sun never sets.

Temperatures in Grise Fiord do not reach the extremes experienced by other high arctic settlements. The West Greenland Current provides a year-round ice-free channel between Greenland and southern Ellesmere Island and has a moderate influence on temperatures. During the coldest months of February and March temperatures average -35°C . with occasional extremes of -45°C . During the winter the settlement will usually experience several storms with winds as high as 100 mph; however, an abrupt temperature rise preceding and during these storms prevents an excessive wind chill factor. The finest time of the year occurs during the months of April and May when continual daylight, moderate temperatures and good ice conditions combine to make travelling and hunting rewarding and enjoyable. The ice-free months of August and September are often wet and foggy due to the moisture-laden winds from the open water being forced upward by the mountains behind the settlement. During this period temperatures rarely rise above 8°C .

At first appearance the terrain surrounding Grise Fiord presents a spectacular, if somewhat desolate, aspect.

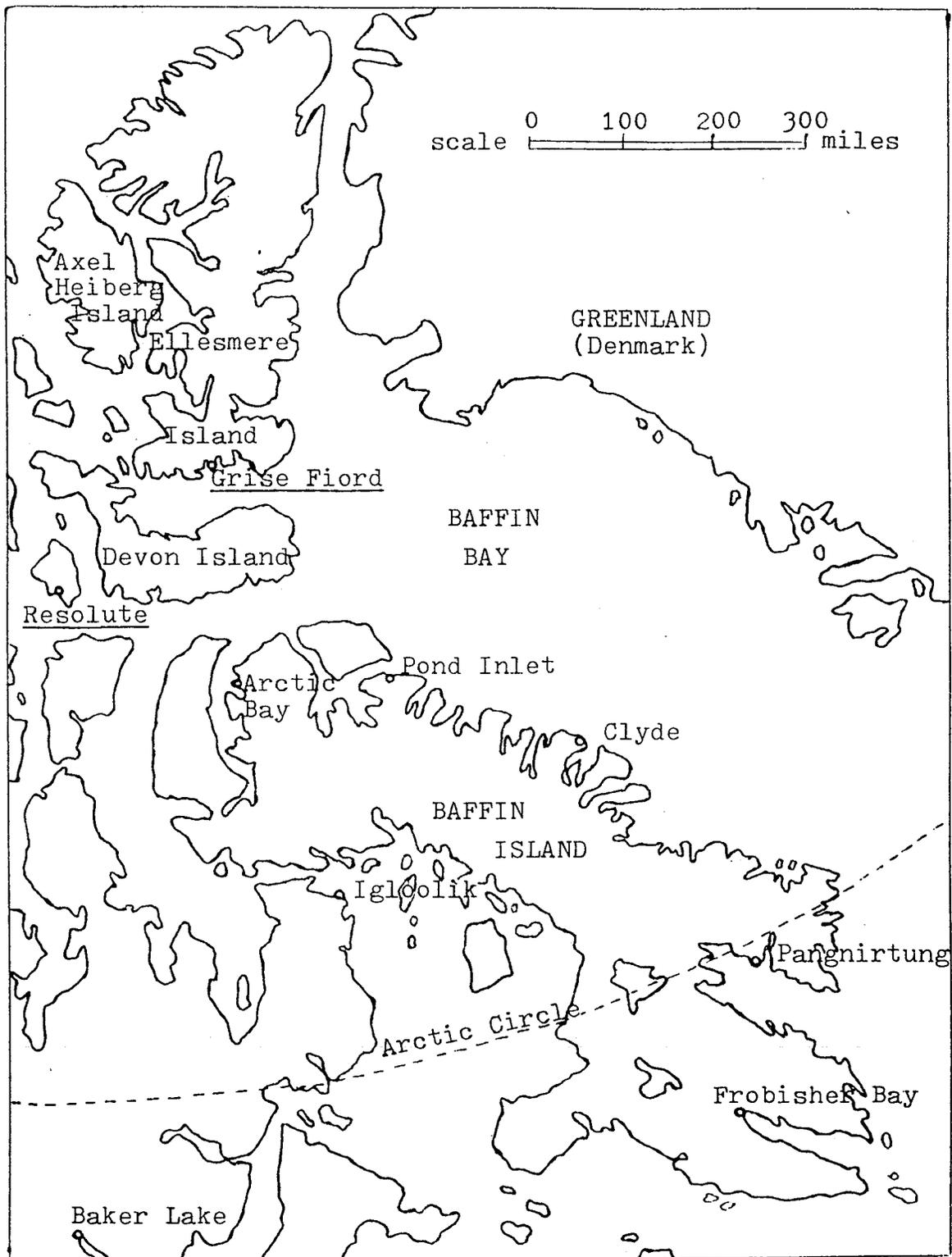


Figure 1: The Eastern and High Arctic Regions of the Canadian Northwest Territories

Treeless mountains reaching 3,000 feet rise abruptly on three sides of the settlement and neighbouring fiords penetrate deeply into the interior. Even in summer the vegetation, consisting mainly of lichens, moss, tundra and a few arctic flowers, is relatively sparse. This outwardly forbidding landscape, however, conceals an abundance of marine life in the adjoining waters of Jones Sound. Indeed, the Grise Fiord area provides some of the best opportunities for hunting marine mammals in the Canadian arctic. Ringed, bearded and harp seal are present throughout the year; walrus, beluga whales and narwhals are hunted in the summer and ptarmigan, geese and ducks are plentiful in the spring and fall. White fox are trapped in the winter and spring, and polar bears and muskoxen are hunted within government-imposed limits. Caribou have not been found in any great number in the Grise Fiord area in recent years, however, although a few were shot in the fall of 1975. Other land animals hunted are the Arctic hare, the occasional wolf, and birds which nest in the general area. For a few weeks in May the people of the settlement fish for char in several lakes which, however, are at a considerable distance from the settlement. R. Riewe gives a fairly thorough analysis and quantification of the dependence of the Grise Fiord Inuit on the wildlife resources of the area (Riewe in press).

The first outpost in the Grise Fiord area was established by the Royal Canadian Mounted Police at Craig Harbour, 25 miles east of the present settlement, in 1922. The Craig Harbour post and others like it in the high arctic constituted a response on the part of the Canadian Government to the "flat denial of Canadian sovereignty in Ellesmere Island by the Danish explorer and government official Knud Rasmussen, and the endorsement of his denial by the Danish government" (Smith 1963:9). It was maintained