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FUTURE PROSPECTS FOR SELF-MANAGEMENT IN GREENLAND?

*Gorm WINTHER**

INTRODUCTION

A few facts about Greenland

Constitutionally, Greenland is a part of Denmark. Greenland's special position and its exceptional conditions have made it the object of much attention and it has received more public funds than any other Danish district since 1950. Greenland's recent development is thus referred to as the largest social experiment in the world.

Consequently, there is all the more reason for analysing and evaluating Greenland's development from every angle. Over the years, a number of analyses and studies have been undertaken which independently elucidate certain aspects of the development.

Greenland is a vast continent, the largest island in the world, covering an area of 2,175,600 km², fifty times the size of Denmark, and approximately seven times the size of Poland or as large as all the Common Market countries and Switzerland put together. From its northernmost to its southernmost point Greenland stretches a distance equalling that from Copenhagen to Tripoli in North Africa or from Paris to Moscow. In spite of its immense size there are only about 50,000 people living in Greenland, the main reasons being the difficult climatic and occupational conditions and also the fact that about 85% of the entire country is covered by an ice cap several thousand metres thick.

* "Grønlandsprojektet". Department of Development and Planning, University Centre of Aalborg.

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The majority of Greenland's population lives in Western Greenland, from Upernavik in the northern part to Prins Christianssund in the southern part. The total population amounts to about 49,500 persons, with about 1,000 persons living in Northern Greenland, mostly in and around Thule, and about 3,000 living in eastern Greenland. 1,500 persons live in weather stations etc.

Of the 50,000 inhabitants, 40,500 were born in Greenland (the Inuits or so-called "Eskimos"), whereas about 9,500 were born outside the country, a majority of these being Danes. Greenland is divided into 13 municipalities, almost all consisting of one town and one or more settlements. Each municipality is headed by a local council, the settlements electing their own representatives depending on their population figures. Each town has its own local and governmental centres for administration and public services school and hospital for all the people in the municipality. Individual settlements have, however, only limited education and health facilities for their inhabitants.

The vast majority of Danes working in Greenland live in the towns. The same is the case with the indigenous Greenlanders of which the majority live in the towns: only 25% of the Greenland's entire population is today living in settlements.

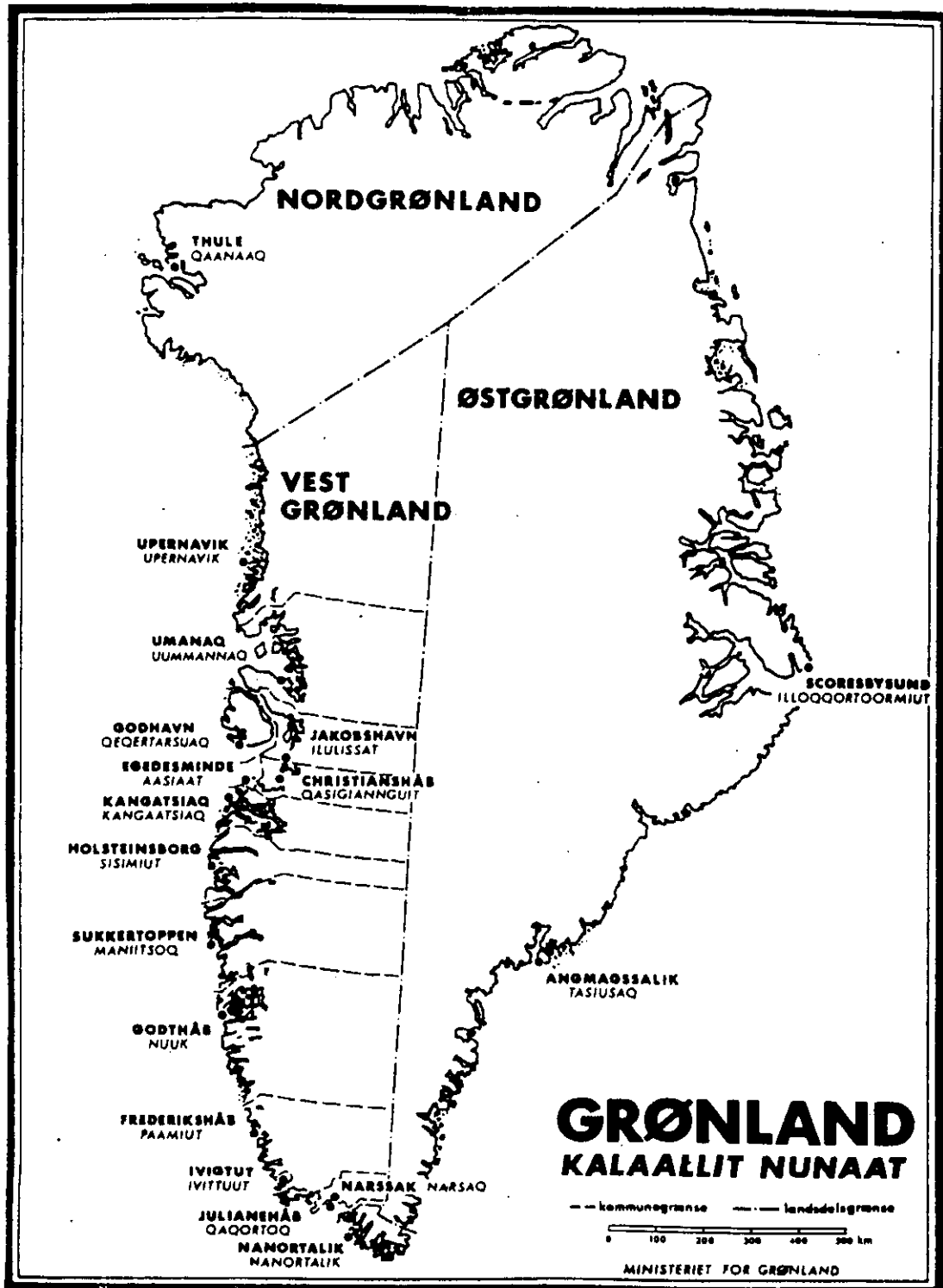
FUTURE PROSPECTS FOR SELF-MANAGEMENT IN GREENLAND

In discussions on how Greenland society can create an independent path of development, co-operative societies have been mentioned as possible vehicles for future social and economic development.

The idea of community has been an integral part of Greenland culture and tradition since the pre-capitalist sealer societies. The Greenland home-rule government proclaimed in 1980 a development strategy based on a common exploitation of so-called animate and inanimate resources. "Animate resources" refers to fishing and hunting and derivative industries for processing these resources. The term "inanimate resources" refers to the minerals in the Greenland subsoil e.g. a decision has been taken to start searching for oil in Jameson Land in the eastern part of Greenland, and gold of almost the same quality as in South Africa has been found in the southern parts of Greenland. The main priority is, however, to exploit the renewable living resources although it also seems increasingly necessary to exploit the minerals to compensate for cuts in the budgets from the Danish Ministry of Greenland Affairs, and to finance increasing independence for one of the "last colonies" in the world.

The emphasis in the development strategy is to increase employment and production on shore mainly in the fishing industry. The home-rule authorities believe that the industries should be located in self-governing communities. The aspect of independence from Denmark and multinational firms is emphasized by a recommendation to establish supporting structures for local involvement and participation in the management of hitherto state-owned fishing factories, and to set up co-

Map No. 1. GRENLAND: REGIONS, TOWNS AND MUNICIPALITIES



Greenland. Regions and municipalities.
 Municipalities in Northern and Eastern Greenland are determined by the respective towns and settlements.
 — — — municipality border / - - - regional border.

-operative societies, so that production is Greenland-owned and controlled.

With the introduction of a home rule government in 1979, the Greenlanders had a unique opportunity to create an alternative co-operative economic structure different from known private capitalist and state-controlled economic systems.

A part of the home rule authorities' gradual assumption of functions hitherto taken care of by the Danish Ministry of Greenland Affairs, is the delegation of authority to the Royal Greenland Trade production and export-division in 1985. Royal Greenland Trade is a state-owned enterprise, with the following functions:

- supply service to Greenland,
- retail and wholesale business,
- manufacturing and export enterprises,
- traffic in Greenland (aeroplanes and helicopters).

Manufacturing is based on 8 fishing vessels, 9 production plants for the manufacture of fish products and a lot of small primitive storage and manufacturing plants in the small settlements.

From a co-operative perspective, the taking over of the vessels and the production plants seems to be the most interesting part, and perhaps also a chance for co-operative development in Greenland. In the last 20 years the movement for the promotion of co-operative societies has eked out a miserable existence between private capitalistic interests and Royal Greenland Trade's state monopoly. The monopoly has manifested itself in several ways, because it is possible to influence both commodity prices (manufactured output) and accounting prices to fishermen and hunters. Royal Greenland Trade has also been able to influence costs in Greenland through a monopoly on freight rates from Denmark to Greenland.

EXISTING FORMS OF CO-OPS IN GREENLAND

Hypotheses about a co-operative mode of production in Greenland cannot however ignore the experiences and problems that the co-operative movement has faced up to now.

Compared to different forms of co-operation in Scandinavia and other parts of the world, one gets a rather fragmentary picture from a first analysis. This is partly because a lot of pioneering work needs to be done, and partly because there are almost no existing statistics on location, manufacturing output and employment.

The movement consists of *consumer co-operatives*, so-called *production co-operative societies* which are strictly speaking suppliers' co-operatives, and *co-operative electrical power plants and hydro power stations*.

Finally it ought to be mentioned that the young federation of Greenland trade unions has in recent years started to establish *workers' co-operatives* based on some of the principles of self-managed firms.

THE FEDERATION OF GREENLAND CO-OPERATIVES ("KAPIKAT")

The co-operative movement in Greenland is organized in a federation of consumers and suppliers co-operatives, called "KAPIKAT".

The leading agency is a central council for delegates from member enterprises, which is composed of representatives elected in proportion to the economic performance of the members.

As a member enterprise or a group of enterprises this gives one vote for each \$ 100,000 of the total revenue of the co-operative. The consumer co-operatives are organized according to principles of Danish consumer co-operatives, and enjoy certain advantages with respect to supporting structures in Denmark. Here the consumer co-operatives have more than 40% of the retail market and have established their own manufacturing enterprises, know-how and capital that can be invested in new co-operatives. The Greenland consumer co-operatives are organized to operate as large-scale supermarkets, and in 1983 the total revenue for 7 co-operatives was approximately 28 million dollars, which gives consumers the opportunity to dominate the co-operative federation.

The suppliers' co-operatives are small and less profitable enterprises, often operating with losses. One of the biggest, the liquidated "AVATAQ" in the town of "Qaqortoq" (Julianehåb), had a total revenue for 1983 of approximately 0.9 million dollars.

A problem in the co-operative federation is that the consumers' co-operatives and suppliers' co-operatives have different and opposing interests. The consumer co-operatives are enterprises organized with the aim of fulfilling the consumer members' need for less expensive and quality products. The suppliers' co-operatives are also organized in accordance with their members' needs, but these are contrary to consumer interests because they are related to hunters' and fishermen's interests in getting the highest prices possible for products which end up in the "cold" counters of retail shops. The suppliers' co-operatives are based on the idea of profit-sharing in accordance with the quantities delivered to or bought in the co-operatives.

The economic basis for "KAPIKAT" is very weak, and in 1984 the leading agency therefore tried to increase the member enterprises' allocation of funds to the federation from 0.8 per thousand of revenues to 2.0 per thousand. A majority of delegates from the consumer co-operative rejected this at the annual meeting in the central council, and thus perhaps spoiled an opportunity to take a necessary decision.

The contradictions between consumers' and suppliers' interests perhaps explain the latest organizational development. In 1982 a new federation for suppliers' co-operatives alone was established, and an interesting alternation in the regulations was a complete change in the method of decision-making from the principle of one vote — \$ 100,000, to the democratic co-operative principle of one person — one vote. The new federation was given the name "NIPEKAT", and has until now had a relatively unknown existence.

THE MEMBERS OF "NIPEKAT"

It is very difficult to make a status report on suppliers' co-operatives in Greenland, because many have gone out of business. According to my own preliminary investigations, it is possible to identify 30 suppliers' co-operatives in the period from 1980—1984, which either *have been* functioning before liquidation, *are functioning* or *are in the process* of establishment. A common feature of the cooperatives is that they are situated in settlements (50—500 inhabitants) along the western coast. (See map of Greenland on next page) and are all technologically speaking on a low level of development.

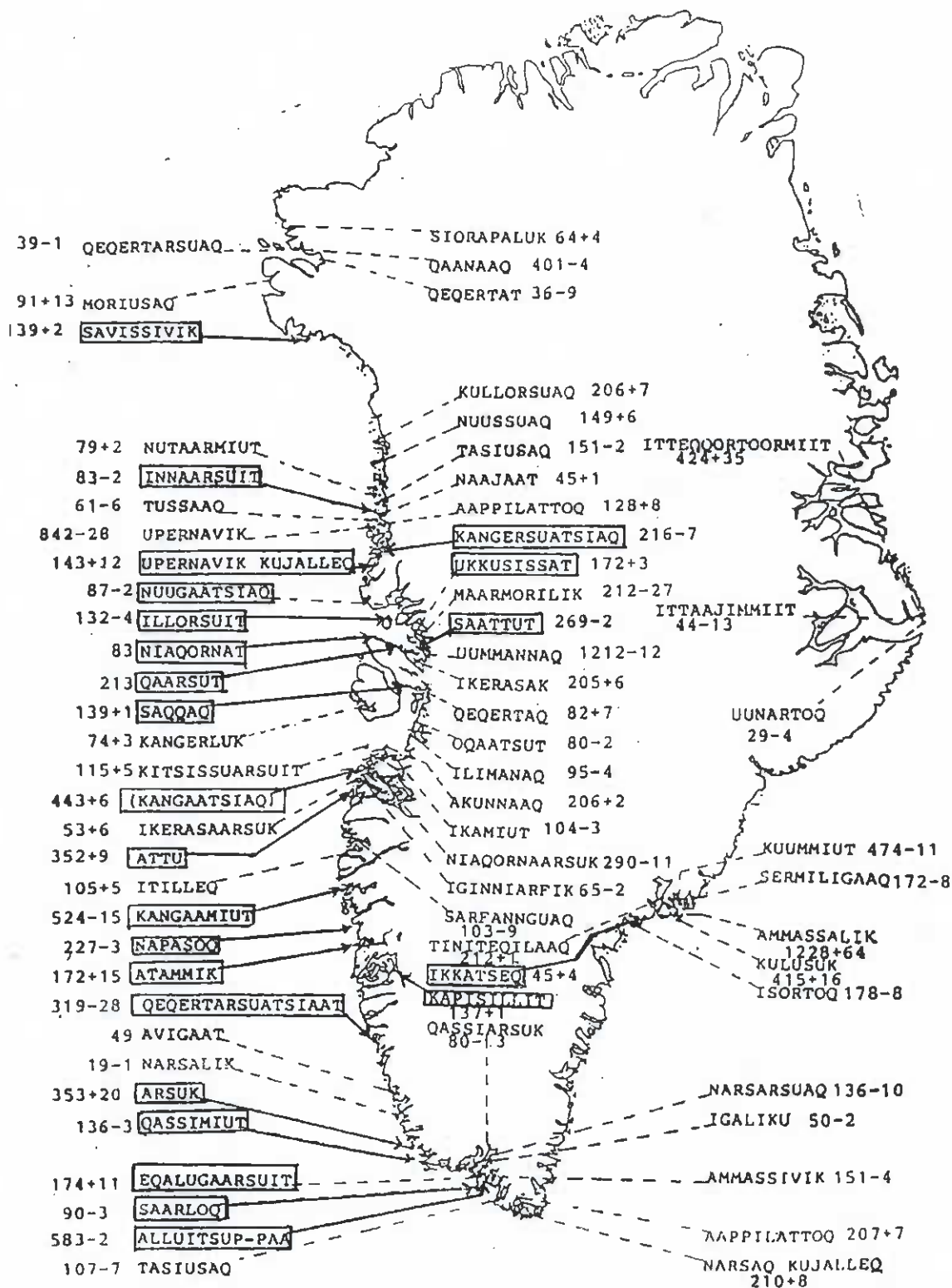
Typical settlement production in Greenland is dominated by the landing, delivery and primitive manufacturing of a *residual base of raw inputs* (fish, sea- and land-mammals), where processing of e.g. fish on the lowest technological level is characterized by manual methods *without a cold storage plant* — this means that the fish is salted or dried.

Typical settlement production in places where Royal Greenland Trade have established the most necessary facilities is characterized mainly by the use of drying equipment. Part of the planning strategy of the Danish Greenland Affairs Ministry has been for many years (since the late sixties/early seventies) to close down the settlements and move the inhabitants to bigger towns so that labor, housing and capital could be concentrated in the most "suitable" places. This created in the settlements some immediate needs for a substitute, after the Royal Greenland Trade had closed their facilities, on which the hunters and fishermen were dependent. In many instances the settlement people have avoided moving by establishing their own co-operatives with small-scale expansions, often an investment in a small cold storage house. This freezer technology has created buffer production connected with the mechanized plants in the bigger towns at the west coast. A major feature common to all the co-operatives is that the cold storage plants are used for all those species that neither private capitalists nor Royal Greenland Trade find profitable to exploit.

Besides trade and manufacture of meat and fish, there are a small number of co-operatives based on sheep-breeding and reindeer-breeding. Only one plant in the settlements has technology at a higher level than the typical ones just described. A new mechanized fish plant started up in 1984 in the settlement Qeqertersuatsiaat (Fiskenaeset) south of the capital Nuuk (Godthåb). Besides this there is a larger plant in the town of Sisimiut (Holsteinsborg) (See the map with towns, page 267).

The "Sipenek" co-operative has also faced heavy deficits, and has had to rely on financial support from the communal authorities. In 1984 there was no indication that there were plans to close this plant, which had been the first suppliers' co-operative established in Greenland in 1969. Instead there are plans to expand production and move the factory to the town harbour, which will give the co-operative a higher input from suppliers, because the factory will then be situated the same place as its competitor. "Sipenek's" production is today not basically different, as far as inputs are concerned, from that typical of the settlements. In 1983 there was an agreement between "Sipenek"

Map No. 2. LOCATION OF SUPLIERS COOPERATIVES IN THE SETTLEMENTS FROM 1980—1984*



* Towns (2,000—10,000 inhabitants) are not included on the map. The figures are the whole population in 1984 in a settlement with new residents (+) and removers (-).

and Royal Greenland Trade with respect to the distribution of production between Royal Greenland Trade at the town harbour and "Sipenek". "Sipenek's" output is therefore typically a buffer production mainly derived from a residual base of raw inputs and based on species which private firms and Royal Greenland Trade did not find profitable to export. Even some of "Sipenek's" members sometimes prefer to sell their catches to the Royal Greenland Trade factory, when it is more profitable to do so!

THE PROBLEMS FOR CO-OPERATIVES IN GREENLAND

The fact that Greenland's supplier co-operatives have been forced to operate in markets with low profits, determined by the needs of hunters and fishermen for a local place to sell their catch, illustrates some of the co-operative movement's most central problems.

The economic potential is too low to enable the movement to manage its different tasks as an organization serving members' interests. For instance the cost of helicopter transportation to send a delegate from the northernmost co-operative "Sakkaq" in the settlement "Savisivik" in the Thuler region close to the North Pole, is approximately \$5,000. This is of course a constraint on the number of times the council of "Nipeqat" and "Kapikat" can call together delegates for a meeting. The organization cannot afford much travelling by delegates living far from the main office. It also cannot offer financial support for the establishment of new co-operatives and for the consolidation of existing ones. There seems to be an important need for a central or common financial institution either in the form of a co-operative bank or a fund, to support and protect the co-operatives in operation and in the phase of establishment or modernization.

With respect to technology and development of products it seems clear that innovations are necessary to make the co-operatives competitive, but this again requires such big investments that the movement cannot afford this development. The low level of input-processing can perhaps partly be explained by the fact that production hitherto has been aimed at domestic markets (in Greenland). Exports have been monopolized by the state-owned Royal Greenland Trade and later the home rule enterprises. The existing transport system has not been able to meet demands for quick transportation over the Atlantic with as low costs as possible. This illustrates an important problem and a need for the suppliers' co-operative movement to have its own sales organization working in the interests of fishermen, hunters and sealers.

The members of co-operatives affiliated with "Nipeqat" have little awareness of the co-operative idea. The members of a co-operative are often more interested in dividends than in the consolidation of the enterprise. For instance, some supplier members avoid supplying the co-operative if they can get a higher price by selling elsewhere. They sell their products on the black market, where hygienic standards are low and where immediate demand for fish or other species is high. This results in higher prices than the co-operatives can offer. This is usually

called "selling on the wooden block" — fishermen and hunters place their catches on a plank of wood in the street in order to sell to the highest bidder. There seems to be an urgent need for information — and educational activities for members of co-operatives.

CONSUMER CO-OPERATIVES IN GREENLAND

In contrast to the suppliers' co-operatives the consumers' co-operatives are characterized by large-scale operations on the retail market for consumer goods, and they are all situated in the bigger towns. Since the early sixties the Danish Greenland Affairs Ministry has, time after time, looked favourably on the idea of a co-operative take-over of Royal Greenland Trade retail shops. Largely because of this, many local communities started their own consumer co-operatives. But when it came to realization of the promises, Greenlanders often found that there were big gaps between words on a sheet of paper and later action.

Today there are 11 consumer co-operatives in Greenland; seven of these have their own supermarkets and only two of these actually took over supermarkets from Royal Greenland Trade. The remaining co-operatives were forced to rely on support from the Danish co-operative wholesale society and union in Copenhagen. Royal Greenland Trade was expanding its operations and in many towns a competitive situation arose between the co-operative and the state-owned enterprise. The first co-operative supermarket was opened in 1964 in the town of Nanortalik and the co-operative movement was founded with retail shops as a starting point.

WORKERS' CO-OPERATIVES IN GREENLAND

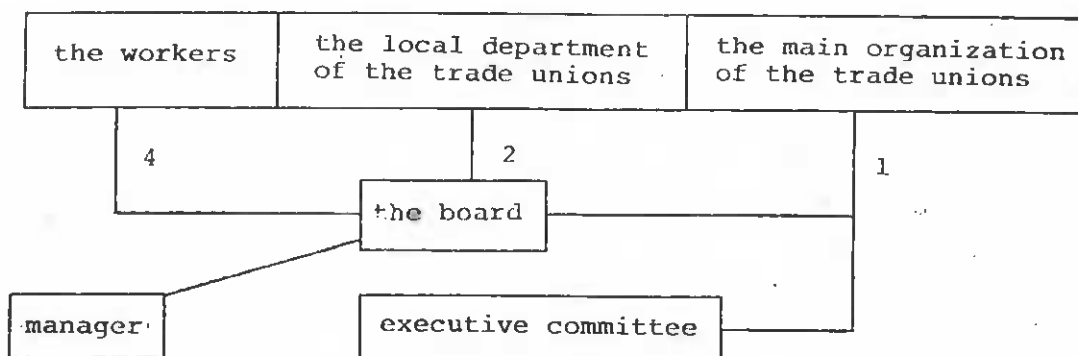
Workers' co-operatives are a very "young" form of organization. The trade unions association SIK only began discussions on the establishment of co-operatives in connection with a congress in 1978. In 1980, the first workers' co-operative was started in the town of Narssaq in southern Greenland. It was called "Eqqiaasoq" and it provided cleaning services for private firms and public institutions. It was only a limited success, however, and was forced to close down immediately after starting. Later, in 1982, another cleaning co-operative was started in the capital Nuuk (Godthåb). In 1984 this had 14 full-time employees; some workers were also employed part-time by their own choice. In 1983 "Eqqiaassoq" in Nuuk took over the removal of night soil in the town, and the co-operative was able to hire a further three full-time employees. However, the "Eqqiaassoq" in Nuuk also was forced to shut down later (in 1986), so the Greenland Trade Unions are now looking for new industries and trades where more successful co-operatives can operate.

The workers' co-operative describes its goals in terms of members' needs, those goals being mainly to increase employment, create acceptable working conditions and secure a higher than the average wage

on the labor market. The diagram below gives a picture of the principles of organization which are interesting to compare with those of traditional Danish workers' co-operatives; the latter are organized after the principles laid down in the so-called standard rules for indirect consumer enterprises. It is more correct to characterize workers' co-operatives in Denmark as union-controlled with a certain element of worker participation.

Diagram 1.

ORGANIZATION OF THE WORKERS' CO-OPERATIVE
"EQQIAASQ" IN NUUK (GODTHÅB)



As illustrated in diagram 1, workers had the majority on the board and in the executive committee, which in principle gave them a controlling say in the operation and development of the co-operative. The board was elected at a general assembly, where four workers were elected to the board together with two representatives from the local union and one representative from the union's central department for the Greenland trade unions.

THE HOME RULE ENTERPRISES

January 1, 1986 saw the final stages of the takeover of Royal Greenland Trade by the home rule government. This process was brought to an end by a gradual divisionalizing, starting in January 1985, and with the takeover of Royal Greenland Trade's former Production and Export division (PRO-EX).

In 1986 the home rule administration took over the supply service to the whole of Greenland, which meant taking over both retail and wholesale business. In addition, transport and mail services went over to the administration. In 1987 the remaining public enterprises (e.g. telecommunication, shipyards, power station, water supply etc.) organized under Greenland's Technical Organization (GTO) were transferred to the Greenland authorities. The remaining divisions of Royal Greenland Trade are now organized in one organization called "KNI" ("Kalaallit Niuverfiat"). The PRO-EX enterprises which, as mentioned

above, are fishing vessels, production plants in the towns and storage and manufacturing plants in the settlements, are now under the control of the home rule ministry for fishing and industry. The KNI enterprises are under the control of the home rule ministry of trade and education. The taking over of Royal Greenland Trade is interesting in many respects. *First* one must remember that Greenland's economy is more dominated by public enterprises than is Denmark's economy. *Second* it has always been a declared political goal of the home rule government to increase public participation in the operation of public enterprises. This has in the last two years resulted in organizational changes, which seem to be a form of *self-management*. The form I am referring to is the plurality of interests delegated to a self-managing community of interest or a local community as in Yugoslavia. Second degree co-operatives in the worker-owned Mondragon firms in the Basque region of Spain also have this plurality of interests in management. Another example could be a hybrid co-operative structure with mixed consumer and worker control.

In the home rule production enterprises, a reform has been implemented which means that *production committees* have to be appointed, while the KNI enterprises have to have *shop committees* appointed in the retail shops in order to increase local participation in planning the operations of the home rule enterprises.

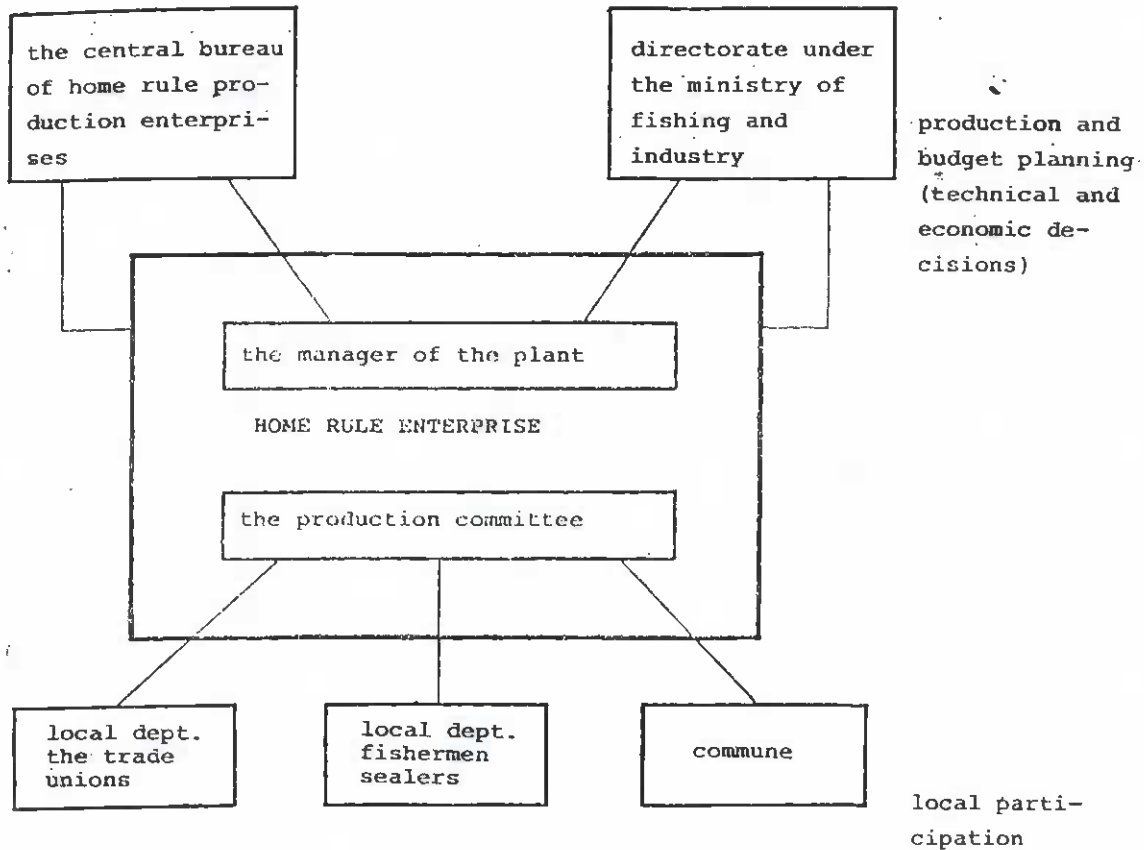
According to a proclamation from the home rule administration, local production committees will consist of delegates appointed by the municipal council, the local department of the trade unions and the local union of hunters and fishermen. The day to day manager of an enterprise is a member of the production committee without voting rights, and is also the secretary of the committee, which meets at least twice a year. The hybrid representation of interests is laid down in the principle of the suppliers to the factory (hunters and fishermen), the workers and the local community delegates taking decisions on the principle of one person — one vote *in the committee!* One cannot say, however, that direct democracy at the workplace has been established unless the committee is changed to a self-managed council elected directly from the workers and the suppliers of input to the fish-factories. However the chairman of the Greenland trade unions in 1984 declared that he would prefer workers management, and that worker representatives will be elected directly from the workers at shopfloor level.

An interesting question is, on which issues can production committees decide. As illustrated in diagram 2, the decision processes could lead to a field of tension between decisions reflecting the local interest, and decisions taken centrally.

It should be stressed that the home rule ministry of fishing and industry has, as well as adopting the rules of appointments of committees, also established a comprehensive degree of central planning from the capital, Nuuk. All decisions on raw material inputs (how many tons of fish to land and what species) and employment are either taken directly by the Directorate under the order of the ministry, or as a result of negotiations between the ministry and the central department of organizations such as the trade unions. The production com-

Diagram 2.

THE DECISION-MAKING PROCESS IN HOME RULE ENTERPRISES —
CENTRAL COMMAND OR LOCAL SELF-MANAGEMENT?



mittees only have the "responsibility" for planning the budget and the operation of the enterprise and they only have the right to make recommendations to the main agency of home rule production enterprises. The right is restricted to suggestions for the budgets and production plans, and proposed amendments in cases where the centrally defined plans later turn out to be unrealistic. In cases where the home rule ministry does not approve decisions and the functioning of the production committees, the central bureau of production enterprises suspends the committees' rights overnight. Hiring and firing of a manager in a factory is a decision to be taken centrally, while the manager hires and fires the workers. In cases of hiring and dismissals the committee again only has a right to request changes in decisions. Compared to co-operative democratic management the well-known dilemma of the incompatibility between central planning and self-management again appears.

Diagram 3 illustrates some main differences between self-management decisions and the way decisions are supposed to be taken in the home rule enterprises.

Diagram 3.

DEMOCRATIC MANAGEMENT IN A COMPARATIVE PERSPECTIVE

Characteristics:	A self-managed enterprise:	A home rule enterprise:
1. Democratic management	The participants right to manage on the base of equal voting rights (one person — one vote) Election of an enterprise council.	The participants can influence appointment of representatives to the production committee in local organizations and as an elector to the elections for communal councils, (indirect elections).
2. Income sharing	The participants decide income per head after deduction of costs — Profit-sharing according to work/economic result.	Collective bargaining between unions and employers on the Greenland labor market. Incomes are understood as wages.
3. Finance	The participants decide on either internal or external finance.	The law of fiscal affairs decided by the home rule government and planned in the ministry of fishing and industry.
4. Employment/Appointment of professional management	The participants appoint the professional management and decide how to distribute the work hours.	The ministry/The main agency under the order of the same ministry decides hiring/firing of employees/management.
5. External control	No external forces (the state, banks, etc.) possess control of the enterprise unless public interests are harmed.	The ministry controls via the budget and production planning, which means that all inputs, factor prices product prices are decided centrally.

As the diagram demonstrated, home rule enterprises are still far from being fully self-managed. It should, however, also be recognized that the committees are a new phenomenon and that the proclamations from the home rule government according to some paragraphs can be revised every year.

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BUDUĆI IZGLEDI ZA SAMOUPRAVLJANJE NA GRENLANDU

Gorm WINTHER

Re z i m e

Od kraja sedamdesetih godina Grenland — jedna od poslednjih kolonija na našoj planeti — prolazi kroz tihi revoluciju. Kolonijalna metropola, Danska, počela je 1979. godine da prenosi upravu nad institucijama Grenlanda autonomnoj vladi.

U privredi Grenlanda dominiraju preduzeća u javnom sektoru. Njih direktno i čvrsto kontroliše danska vlada. Ova državna preduzeća (koja se uglavnom bave uvozom, izvozom, distribucijom, saobraćajem i proizvodnjom) takođe se prepustaju novoj upravi Grenlanda.

Ono što je najinteresantnije u vezi sa pomenutim transferom jeste izražena namera autonomne vlade da poveća učešće građana u rukovođenju preduzećima javnog sektora. Stvaraju se nove organizacione forme, strukture koje imaju mnogo zajedničkog sa samoupravnim interesnim zajednicama u Jugoslaviji. Proizvodna preduzeća na Grenlandu biće pod upravom proizvodnih komiteta koji će predstavljati sindikate, organe lokalne uprave i snabdevače (lovce i ribolovce). Prodavnice će biti pod kontrolom komiteta u kojima će se nalaziti predstavnici potrošača.

Pored ovih novih autonomnih preduzeća, na Grenlandu postoji snažan zadrugarski pokret, sa jakim potrošačkim kooperativama. One se pretežno bave soljenjem ili sušenjem ulova lovaca i ribolovaca. Takođe nastaje jedna do dve kooperative radnika, mada grenlandski model samoupravljanja omogućava manjinsku zastupljenost u upravnim odborima lokalnim i nacionalnim sindikatima.