

ABORIGINAL CO-OPERATIVES IN CANADA

A Sustainable Development Strategy Whose Time Has Come

>> >> >> << << <<

L. Hammond Ketilson and I. MacPherson

INTRODUCTION

Aboriginal peoples and particularly their leaders are facing a wide range of fundamental issues as they seek to create their own future, economically, socially, and politically. They are making decisions that will affect Aboriginal peoples for generations to come as they seek to make the best possible use of treaty funds; as they seek to create sustainable communities; as they search for ways to circulate financial resources as frequently as possible within their communities, rather than see them leaked away to businesses outside their communities; and as they encourage new forms of entrepreneurial activities.

Broadly speaking, Aboriginal peoples have four options to consider in making decisions about their economic future: they can choose to foster the development of individual entrepreneurs, an approach that has achieved great success in recent years; they can form alliances with "Corporate Canada," an approach that offers many possibilities; they can develop the capacity

of Aboriginal governmental organizations, notably band councils, to undertake economic activities; or they can encourage the development of co-operatives that function in the market-place and have clear lines of accountability between leaders and the people they serve.

Each of these forms of enterprise has its own strengths and weaknesses; none is a perfect or complete answer to all of the challenges that confront Aboriginal peoples. Strong economies generally possess all four kinds of economic organizations.

Co-operatives are not a new or untried form of organization in Canada or within Canadian Aboriginal communities. They exist in many sectors of the Canadian economy important to Aboriginal people, including fishing, energy, forestry, housing, financial services, consumer goods, and arts and crafts. They are involved in training, the production of goods and services, marketing, and wholesale/retail. They fill an important role in economic capacity-building,

This paper is based on the findings of a study of co-operative development in First Nation, Metis, Inuit, Inuvialuit and Dene communities across Canada. The final report, *Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth*, was prepared on behalf of the Canadian Co-operative Association and le Conseil Canadien de la Coopération. It was made possible through funding from Indian and Northern Affairs Canada and the Assembly of First Nations. The full report is available in hard copy from the Centre for the Study of Co-operatives, and in PDF format on their Web site, <http://coop-studies.usask.ca>.

L. Hammond Ketilson, Centre for the Study of Co-operatives, University of Saskatchewan.

I. MacPherson, B.C. Institute for Co-operative Studies, University of Victoria

providing skills development, business development, mentoring, and employment. Aboriginal co-operatives are playing an important role in Aboriginal economic development, particularly in Nunavut, Nunavik, and the Northwest Territories, and have the potential to grow in rural, urban, and remote Aboriginal communities in southern as well as northern Canada.

This paper looks at the current state of Aboriginal co-operatives, their characteristics, their sector distribution, and the contributions of Aboriginal co-operatives to regional and community *economic and social* development.¹ It examines the possibilities Aboriginal peoples might explore should they consider employing the co-operative model more extensively in meeting one or more of their needs.

CO-OPERATIVES AND SUSTAINABLE DEVELOPMENT

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

"The ICA Statement on the Co-operative Identity," in *Co-operative Principles for the 21st Century* (Geneva: ICA, 1996), p. 3.

Co-operatives are fundamentally a form of community economic development. For decades, co-operatives have emerged where other institutions—private sector businesses and government—left a deficiency. At times, the concern was a concentration of power and excessive prices; at other times the concern was the lack of goods and services required by people within an area. The process of developing and sustaining a co-operative involves, in miniature, the processes of developing and sustaining community spirit, identity, and social organization. Co-operatives have been the most successful when they have arisen out of grassroots efforts to meet the needs of a community. This grassroots orientation is a reflection of local people taking the initiative to understand the problems they face and to develop solutions.

This grassroots orientation has also contributed to another strength of co-operatives—their ability to innovate to find solutions to problems not adequately addressed by previous

approaches. The innovation that co-operatives represent lies in the relationship they have with their owners. Unlike private sector firms, co-operatives do not go into business solely to make a profit. Instead, the focus is on providing the owner/members with goods and services so they can increase their savings (in the case of a consumer co-operative) or increase their profits (in the case of a producer co-operative).

Because of this difference in focus, co-operatives are often able to start up and to survive² where private sector businesses would fail. For instance, while a private sector firm may withdraw from a community because it was unable to earn a rate of return competitive with that available elsewhere in the economy, a co-operative may be willing to provide the service. The owner/members realize that while the co-operative itself may not be hugely successful, the ability to retain the service and the associated spin-offs yields substantial economic benefits.³

This ability to consider the needs of those who have a stake in the outcome—the stakeholders—is a trademark of co-operatives. It is also a key to community economic development. Planning processes that incorporate the stakeholders in a community, whether they are businesses, workers, or the unemployed, is a fundamental feature of all types of community economic development—group or collective action, where the group decides to the best of its ability how it is going to organize its affairs.

CANADIAN CO-OPERATIVE MOVEMENT

Aboriginal co-operatives are part of a larger Canadian movement, and their history and development has, to a significant extent, emanated from the larger movement. All told there are more than 15 million memberships of co-operatives in Canada, with over 12 million of them being in credit unions and caisses populaires. The membership of some other co-operatives is also significant: the consumer movement has nearly 3.7 million members; housing co-operatives house some 250,000 in more than 2,100 co-operatives with nearly 90,000 units. The insurance companies owned by the co-operatives, notably the Co-operators, CUMIS, and the Mouvement Desjardins, are important companies in their industry. In total the Canadian movement has more than \$169 billion in assets, mak-

ing it an important force in the Canadian economy, particularly when considered from a regional perspective.

Aboriginal co-operatives are members of other co-operative organizations that form the membership of the national co-operative organizations, Conseil Canadien de la Coopération and the Canadian Co-operative Association. In the case of the latter, Arctic Co-operatives, the wholesale and marketing agencies owned by northern (and mostly Aboriginal) co-operatives, is one of 27 regional members of that organization. Through the two national organizations, Aboriginal co-operatives are members of the International Co-operative Alliance, whose basic statement of co-operative identity they affirm.

THE EXTENT AND NATURE OF THE ABORIGINAL CO-OPERATIVE MOVEMENT TODAY

There are an estimated 133⁴ co-operatives in Canada today in which a substantial proportion of the membership is Aboriginal. Most of these co-operatives are located in smaller, more remote communities, although there has been increasing evidence of growing interest in large communities located closer to the larger cities and among Aboriginal people located in the cities.

More than half the co-operatives are in the Northwest Territories, Nunavut, and Nunavik. They had their beginnings during the late 1950s and expanded rapidly during the 1960s and 1970s. The co-operative approach has proved to be very popular in the Arctic and increasingly in the North generally; by the mid-1990s there were hardly any communities in the Far North that did not have a co-operative.

According to Arctic Co-operatives Limited (ACC), over 95 percent of the memberships of the northern co-operatives are Aboriginal, the remaining 5 percent being made up of southerners residing in the North. Inuit are by far the largest single group within the membership, particularly in Nunavut and Nunavik. In the western Arctic, substantial numbers of Inuvialuit and Dene are also members, and in recent years the Dene have been joining existing co-operatives in increasing numbers and starting new co-operatives. Subsequently, in this paper, co-operatives in this region will be referred to as "the Arctic co-operatives."

The Arctic co-operatives have developed two distinct federations of co-operatives: one, Arctic Co-operatives, serving co-operatives in Nunavut and NWT, and the other, la Fédération des coopératives du Nouveau Québec, serving the co-operatives of Nunavik. These federations have been instrumental in stabilizing the northern co-operatives, in developing system-wide accounting, marketing, and employment standards, and in presenting a united voice to governments. In addition, ACL is a member/owner of Federated Co-operatives, a Saskatoon-based co-operative wholesale owned by co-operatives in western Canada (and through ACL, northern Canada).

In Québec, a second membership network exists associated with the Mouvement Desjardins. In addition to six caisses populaires owned and operated exclusively by Aboriginal people, there are approximately 20 caisses populaires providing Aboriginal people with services specific to their communities.

The only other major concentration of Aboriginal co-operatives is to be found in northern Saskatchewan—the co-operatives that survive from an extensive programme undertaken by the Saskatchewan government during the 1940s and the 1950s. The remaining co-operatives are scattered across southern Canada, their origins being highly individualistic and their purposes quite diverse.

The Aboriginal co-operative movement is larger than most people might expect. The 77 reporting co-operatives⁵ have more than 24,000 members. This number is somewhat misleading in that the number of northerners using the stores is higher than that number would indicate. First, the store also serves nonmembers—a person does not have to be a member to shop in them. Second, most members are really families, and since most Aboriginal families in the North are larger than the Canadian average (and often include extended families), the numbers of Aboriginal people actually affiliated with co-operatives is substantially higher than 24,000.

In total, the data indicates that Aboriginal people are more likely to be members of co-operatives than other people in Canadian society, although this rather surprising fact is largely accounted for by the high penetration of co-operatives in the northern economy. In fact, northern Aboriginal people are four times more likely than southern Aboriginal people to be members of a co-operative.

The Aboriginal co-operatives reporting to the Co-operatives Secretariat⁶ annually sell nearly \$250 million in services and products, and the amount has been increasing steadily in each of the last 10 years. They have nearly \$190 million in assets and member equity stands at almost \$90 million; the co-operatives are managing their liquidity levels in an appropriate way and are generally maintaining their buildings in a satisfactory manner. Net savings have fluctuated somewhat around \$7 million each year, depending largely upon the extent to which the co-operatives have been improving their physical plant.

It is easy to pass over the importance of the \$7 million in annual net savings. This money is generated entirely by business in the community, making co-operatives one of the most effective forms of economic development in the communities where they exist. Virtually all of the savings are distributed within the community; most of it is spent in the community, stimulating further business and economic activities. The "multiplier" effect is of some significance, although no studies have been done to measure that impact.

The co-operatives employ more than 1,400 people, the average co-operative employing about 18 individuals. The vast majority of the employees are Aboriginal, the most common exception being managers, most of whom are non-Aboriginal, although this pattern is slowly changing. On average, co-operatives tend to employ slightly more people than comparable firms owned and operated by non-Aboriginal people. They also appear to be more likely to keep employees in times of adversity.

The co-operatives pay their employees at about the same rate as other similar local businesses; in fact, they pay at a somewhat higher rate. The pay level, though, is lower than the national average and may be a matter of long-term concern. It may also help explain why some co-operatives have difficulty retaining Aboriginal employees once they have become trained.

An important dimension of the role played by co-operatives is that they provide considerable education and training for the people associated with them. In any given year, about 1,000 people, virtually all of them Aboriginal, are involved as elected officials in the co-operatives. In that role they learn how to analyze business statements, work with managers, and report effectively to their communities. They take training programmes, travel to seminars, and learn about the activities of the federations. They learn about

formal democratic procedures; in fact, more than half the members of the Nunavut Legislature have had significant leadership training and experience within their local co-operative.

Similarly, co-operatives serve as an incubator for employment opportunities within Aboriginal communities. Employees move among the co-operatives associated with the Arctic federations. Many have moved on to jobs in the public service and with private companies after having been trained in the co-operatives. Others have opened private businesses, sometimes competing with the co-operatives, after they have learned necessary business skills.

A distinguishing feature of the Aboriginal co-operatives is that they are involved in a wide range of businesses, the most common being in the retail trades. The co-op is the only store in some Arctic communities; in others, it is an important competitor of other stores, most of which are owned by two northern chain-store systems. Given the accountability inherent in the co-operative structure, the stores, when managed effectively, are important guarantors of the sale of goods at the most reasonable price.

Most Arctic co-operatives, for instance, are engaged in a variety of activities, including the marketing of crafts, the repair of snowmobiles, the operation of hotels, and the organization of tourist activities. Many are involved in fishing, a few in the provision of electricity and the operation of cable television systems.

ABORIGINAL CO-OPERATIVES AND COMMUNITIES

Many different development strategies have been initiated in Aboriginal communities over the years. In some communities they have been linked to publicly owned businesses, while others have embraced entrepreneurship through small privately owned businesses. Some have involved working closely with natural resource companies; others have chosen to pursue more traditional forms of harvesting activities. Yet others, more than has generally been realized, have used co-operatives as an effective way to develop their communities economically and socially.

The following section identifies lessons learned from 11 case studies of Aboriginal co-operatives. Table 1 identifies the criteria utilized in the selection of these case studies.

TABLE 1
Case Selection Criteria

<i>Case Study</i>	<i>Region</i>	<i>Location</i>			<i>Sector</i>	<i>Date Incorporated</i>	<i>Size</i>			<i>Status</i>	
		<i>Rural</i>	<i>Urban</i>	<i>Remote</i>			<i>Members</i>	<i>Sales</i>	<i>Employees</i>	<i>On-Reserve</i>	<i>Off-Reserve</i>
Arctic Co-operatives Ltd.	Far North			X	Wholesale	1982	41 retails	\$69 M	740		X
Ikaluktutiak Co-operative	Far North			X	Multipurpose/Retail	1961	460	\$3 M	50		X
Caisse Populaire Kahnawake	Southern Québec		X		Financial	1987	7,000	\$58.9 M Deposits	N/A	X	
Puvirnituk Co-operative	Northern Québec			X	Multipurpose/Retail	1958	1,500	\$6 M	21		X
Apaqtukewaq Fisheries Co-operative	Atlantic	X			Fishing/Processing	1995	4	\$40,000	N/A	X	
Anishinabek Nation Credit Union	Ontario	X	X		Financial	2000	N/A	Target \$10 M Deposits	3	X	
Native Inter-Tribal Housing and First Nations Housing Co-operatives	Ontario		X		Housing	1980 1983	N/A	62 homes 42 homes	N/A		X
Akochikan Co-operative	Prairie			X	Multipurpose/Retail	1996	1,800	\$1.2 M	N/A	X	
Neechi Foods Co-operative	Prairie		X		Worker Co-op/ Retail	1989	7	N/A	7		X
Amachewespimawin Co-operative	Prairie			X	Multipurpose/Retail	1972	1,000	\$4.5 M	50	X	
Wilp Sa Maa'y Harvesting Co-op	Pacific	X			Processing/ Production	1998	106	N/A	1		X

Origins

Consistent with the formation of co-operatives in all parts of the world, the Aboriginal co-operatives included as case studies in this study grew out of needs not currently satisfied or provided in an unsatisfactory manner by existing organizations.

The need for a decent standard of housing and a sense of community, for example, led to the formation of the Native Inter-Tribal and First Nations Housing co-operatives in London, Ontario. The desire for more affordable and traditional food sources, along with a strengthened community, resulted in the creation of Neechi Foods Co-operative Limited in an inner-city neighbourhood in Winnipeg.

The primary objective for establishing Caisse Populaire Kahnawake was to keep large influxes of seasonal wages in the community, and to enable Kahnawake First Nation to access credit and loans using their own lending criteria and rules.

The Anishinabek Nation Credit Union was established as a solution for Anishinabek Nation communities that had for many years experienced difficulty borrowing funds for economic development and other projects. Anishinabek Nation communities had not been well served by government programmes or conventional financial institutions.

In Nova Scotia and British Columbia, a scarcity of employment opportunities led to the formation of the Apaqtukewaq Fisheries Co-operative and Wilp Sa Maa'y Harvesting Co-operative respectively. In the more remote regions, where service delivery is provided by few if any businesses, the Akochikan, Ikaluktutiak, and Amachewesipimawin co-operatives were formed by community members to increase competition and assert control over local economies.

Co-operatives in the Far North were started generally within Inuit, Inuvialuit, and Dene communities to provide competition for existing food merchants and to ensure that pricing of consumer goods fairly reflected costs. They also were established to provide for the controlled marketing of Aboriginal art. Subsequently, the co-operatives have expanded to meet numerous vital needs of Arctic communities, including snowmobile sales and repair, hotel accommodations, and post offices.

Sectors

The sectors represented in the 11 case studies are reflective of where we find the greatest number of Aboriginal co-operatives today — predominantly in the retail sector, with increasing strength in housing and the fishery. As demonstrated in the case studies, potential also exists in the financial services and natural resources sectors. Social co-operatives (health/medical care, child care) are not represented in the studies (because none has yet been started); the authors believe they are of potential value, however.

Location

The chosen co-operatives are located in all regions of Canada — Arctic Co-operatives Limited is headquartered in Winnipeg but owned by the northern co-operatives it serves; Ikaluktutiak and Puvirnituk co-operatives are in the Arctic; Akochikan Co-operative and Amachewesipimawin Co-operative are in remote communities in northern Manitoba and Saskatchewan respectively; the two housing co-operatives are located in a medium sized Ontario city; and one of the retail co-operatives is located in an inner-city neighbourhood in a large city in Manitoba. Caisse Populaire Kahnawake is located on the Kahnawake First Nation on the outskirts of Montreal, and the Anishinabek Nation Credit Union serves 43 member First Nations situated in mid- and southern Ontario, from Thunder Bay to Pembroke, and Peterborough to London. Apaqtukewaq Fisheries Co-operative is located in the Atlantic region, and Wilp Sa Maa'y in central, northern British Columbia.

It has been suggested that the location of an Aboriginal organization in either an enclave or interwoven⁷ economy has implications for the nature of the programmes and policies that can be effectively implemented. Enclave economies have clearly defined and bounded geographic locations with a central Aboriginal government authority. One defining characteristic of these economies is the federal legislative and regulatory framework, defined mostly by the *Indian Act*, which makes the rules regarding land and resource use as well as making access to credit more difficult without government (federal, provincial, Aboriginal) involvement. Those co-operatives identified as being located in enclave economies include Akochikan, the Apaqtukewaq Fisheries, Amachewesipimawin, the Anishinabek

Nation Credit Union, and Caisse Populaire Kahnawake.

Interwoven economies may have a defined geographic location but do not have a central Aboriginal government. These economies are usually urban, but may be rural or remote, or Inuit economies in the North, where reserves do not exist and public governments do. The balance of the 11 case study co-operatives are identified as operating within an interwoven economy.

Initial Founding

While it is true that co-operatives can prosper only if they are embraced by significant segments of a community, they usually develop because of the efforts of a few people, sometimes only one person. The importance of effective leadership is demonstrated in all the case studies prepared for this report.

In the case of the Ikaluktutiak Co-operative, it was Andrew Goussaert, an Oblate missionary who had travelled much of the North and had come to believe that co-operatives could provide essential goods at fair prices and assist in the marketing of art in the South. He was soon successful in attracting the support of Inuit leaders, an absolutely vital condition for success, and they played crucial roles in making the co-operative successful. A similar origin is to be found for Puvirnituk Co-operative, one of the first co-operatives organized in northern Québec. It started as an association of sculptors, organized with the support of André Steinman, a Catholic Oblate missionary, and Peter Murdoch, a marketer for the Hudson's Bay Company.

Wilp Sa Maa'y Co-operative grew out of a research initiative, and was led by a group from outside the community who had identified the community employment potential resident in the nonforest timber products they were studying.

Native Inter-Tribal Housing Co-operative was established by a group of individuals familiar with the co-operative housing concept. They worked closely with a housing resource group in London. First Nations Housing Co-operative grew out of collaboration with the N'Amerind Native Friendship Centre.

Caisse Populaire Kahnawake was the last founded of six existing *caisse populaires* owned and managed by Aboriginal people in Québec. The founders were familiar with the *caisse* model, which they felt was consistent with their

own cultural values. "As a co-operative movement, the philosophy and spirit of Desjardins is no less than our own, the people of Kahnawake, of the Mohawk Nation and of the Iroquois Confederacy." (*Caisse populaire Kahnawake*, 1997, p. 2)

Anishinabek Nation Credit Union grew from the vision of Chief Joseph Hare of the M'Chigeeng First Nation, who in the late 1970s identified the need to establish a financial institution controlled by the First Nation. Chief Hare promoted his idea initially to adjacent First Nation communities, and ultimately at the grand councils held by the Anishinabek Nation, where the idea for a credit union was proposed and supported. In the final stages of development, the Union of Ontario Indians, an administrative corporation of the Anishinabek Nation, acted as a secretariat in the development of the credit union and provided the network information to member communities.

The worker co-operative, Neechi Foods, grew out of a community economic development initiative, with strong leadership provided by both Aboriginal and non-Aboriginal CED workers supportive of co-operative models for development. Apaqtukewaq Fisheries Co-operative was incorporated at the urging of the chief, who had a long-standing appreciation for the co-operative model generally and the Antigonish Movement, the community development programme from St. Francis Xavier University known throughout the world for its encouragement of co-operative enterprise.

In some of the case examples, however, it is clear that the vision of the early champion(s) was not always embraced enthusiastically or by large segments of the community's population. In some instances it was difficult to encourage prominent leaders of the community to run for the board or to accept positions on the various committees. Respect for the founders did not always translate easily into respect and support for the co-operative. This pattern is typical of most new co-operatives, not just those started in Aboriginal communities, but it is important to keep in mind in understanding the difficulties Aboriginal peoples will likely face in creating co-operatives in the future.

Impact on Community

Previous studies⁸ examining the impact of co-operatives on communities have identified partic-

ular benefits associated with the formation of co-operatives in the following three areas: building/strengthening physical infrastructure, building/strengthening personal infrastructure, and building/strengthening social infrastructure (social capital). An analysis of the eleven case studies found similar benefits.

Building/Strengthening Physical Infrastructure

Co-operatives contribute to the development of the physical infrastructure — roads, telecommunications, services — of a community through the construction of facilities and provision of services inadequately or not currently provided by government or the private sector. While it is more often in remote and rural communities that co-operatives play a major role in adding to and improving the physical infrastructure available to community residents, examples can also be found in large urban settings where market forces are not currently serving the needs of marginalized communities.

Within the remote North, co-operatives such as Ikaluktutiak offer retail services to provide food and housing essentials to the community, as well as other services — cable hook-up, for example. Through operating hotels and a craft-marketing co-operative, they provide employment as well, while facilitating the development of the tourism industry. In response to the lack of infrastructure in Nunavik, Puvirnituk Co-operative offers a group of services to the community, including cable, banking, consumer loans, and insurance, in addition to a hotel, courthouse, and a general store.

Apaqtukewaq Fisheries Co-operative manages the Chapel Island Band oyster-processing facility in Arichat, Nova Scotia, and is exploring the feasibility of opening an oyster-processing facility on reserve, further strengthening the reserve community's ability to provide employment.

Anishinabek Nation Credit Union will be facilitating the accumulation of savings and creating a source of credit for its members, as well as providing a full range of financial services otherwise not available through conventional financial institutions.

The Kahnawake First Nation had not been well served by the traditional banks, which often had little or no awareness of Aboriginal laws and culture, and had been reluctant to do business in the community. The criteria for granting loans

— stable and permanent employment — was not consistent with the seasonal workforce living on the reserve in winter, and working construction sites during the summer. The lending rules established by Caisse Populaire Kahnawake recognized the cultural realities of the First Nation, thereby providing a mechanism to support personal and business loans, assisting with economic development in the community.

Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative in London, Ontario, vigorously addressed the need for the Aboriginal community to have input into and improved control over the quality of housing available to it within the city. Native Inter-Tribal Housing Co-operative has grown from 20 homes in 1983 to 62 in 2000. First Nations Housing Co-operative has added 42 homes to the co-operative since its incorporation in 1987. Demand continues to far exceed the number of houses available in the co-operatives.

Building/Strengthening Personal Infrastructure

The development of individual leadership (personal infrastructure) within a community has been demonstrated to be one of three aspects critical for the development and maintenance of vibrant and entrepreneurial communities. Education, training, and leadership development are central to the principles of every co-operative, and examples within the Aboriginal co-operatives support the critical role leadership development plays in the success of the organizations.

In addition to receiving training on the role and responsibility of a board member, members of the Native Inter-Tribal Housing and First Nations Housing co-operatives have gained life skills from their involvement with the co-op's various committees.

Researchers also identified enhanced self-esteem as a result of small and large accomplishments through involvement with the co-operative. This very positive aspect was echoed in comments by the members of Neechi Food Co-op. It has the specific goal of ensuring that workplace stress does not disrupt co-operative relationships and adversely affect the healing process upon which members have embarked.

The Caisse Populaire Kahnawake has invested considerable effort in training its employees, with the assistance of the Fédération des caisses populaires Desjardins de Montreal

et de l'Ouest-du-Québec. Most of the employees had never worked in a financial institution before, so the caisse offered them complete on-the-job training.

Young people seem to be attracted to the jobs provided by Puvirnitq Co-operative, and regard the training programmes offered by the Fédération des coopératives du Nouveau-Québec, via the local co-operative, as a source of personal development.

Participation in management training programmes available through Arctic Co-operatives Limited, as well as the opportunity to take part in leadership training and the democratic processes involved in running a co-operative, have contributed to the fundamental skills required to move on to positions of leadership in the newly formed Nunavut government. A large percentage of members participating in a human resource development initiative offered by Arctic Co-operatives Limited in the early 1980s went on to become hamlet managers, housing association managers, and Members of Parliament. Ten members of the Nunavut Legislature have had significant experience and training within the co-operatives.

Building/Strengthening Social Infrastructure

A third necessary component that enables communities to exhibit entrepreneurial characteristics—social infrastructure (also referred to as social capital)—is the key ingredient that ties together the physical and human, allowing the community to develop. Unlike other forms of capital, social capital is not a single entity but a variety with elements in common. It is brought about through networks, social norms, and social trust. Community members develop social capital only through co-operation and mutual aid.

Co-operatives enhance the opportunities for the development of social capital within Aboriginal communities. For example, by working through Arctic Co-operatives Limited, remote communities have accessed not only a broad network of suppliers for products and services, but have also absorbed new ideas, training programmes, and managerial expertise not easily available in the North. Membership in Arctic Co-operatives means membership in the Canadian Co-operative Association, and representation within the International Co-operative Alliance—and thereby access to ideas from across the

world. On a local level, Arctic Co-operatives, in addition to the employment they have provided, have markedly increased the capacity of people to understand effective business practice, to assess economic activities, to reach consensus on complex issues, and to contribute to community economic and social development.

Inuit co-operatives in Québec not only met the Inuit's needs for consumer goods, but also, above all, they created a sense of belonging. From as early as 1971, the co-operative movement even supported the idea of an autonomous regional government in Nunavik.

Caisse Populaire Kahnawake was the first banking institution to introduce a system of guarantees adapted specifically to the Aboriginal community. Under this model, known as a "trust agreement," trustees are used as third parties when loans are guaranteed. Because the trustees are members of the Aboriginal community, they may receive land as security and sell it to reimburse the caisse in the event the borrower is unable to repay. The trustees are all volunteers and are politically independent—not appointed by a federal or provincial agency, or the band council. At the time of the writing of this case, however, the legitimacy of this trustee system is being challenged in the courts. The judgement of the court will have a decisive effect on the Caisse Populaire Kahnawake's lending activities, and all other caisses wishing to use the same model.

The Caisse Populaire Kahnawake has contributed to the development of social infrastructure by providing a mechanism to contain and recirculate financial resources within the community. With the support of the Desjardins federation, management training and technical support are made available, enhancing the ability of the community to access additional resources to further economic and social development.

The founders of the Anishinabek Nation Credit Union believe that having their own financial institution is essential to achieving the goals of more self-reliance, more independence, and more self-government. In support of that goal, the slogan for the credit union is "Put your money where your Nation is." In their words, "We have to use our own money to invest and start it up. We need to deposit our own savings in the credit union so it can continue operating. We need to borrow money from our own credit union so it can make a profit." In typically co-operative fashion, 43 Anishinabek First Nation

communities pooled their community and individual resources to build an institution that each of them on their own was incapable of establishing.

Co-operatives enhance social capital by the ways in which they contribute to their communities. Members of the Native Inter-Tribal Housing Co-operative developed an Urban Native Parents' Association, which was instrumental in having the Native language taught in the neighbourhood school. The co-op also provides space for community activities and administrative assistance to other community groups. Akochikan Co-operative has held many successful socials within the community, thereby strengthening social ties among its members. Neechi offers a "Meals to Schools" programme and provides social support to its members.

In every co-operative studied, there were examples of how they provided a means for advancing Aboriginal traditions, whether it was offering a chance for employment in traditional pursuits, or emphasizing traditional foods, language, or cultural practices. All have strengthened social relationships, thereby contributing to the development of social capital.

MAKING THE LINK BETWEEN ABORIGINAL ECONOMIC DEVELOPMENT AND CO-OPERATIVES

The co-operative movement extends ownership and control to the people who are involved in it as members; it is a movement with a long history and a demonstrated capacity to meet all kinds of needs.

Registered, formally organized co-operatives were first established in Europe during the nineteenth century by people concerned about protecting their interests and improving their economic and social well-being. Based on the fundamental principles of one member, one vote, the practice of rewarding people in proportion to their participation, and the use of education as a means of empowering people, the multifaceted "organized" movement had spread throughout most of the European continent by the beginning of the twentieth century. In the wake of European migrations, co-operative organizations were established in most of the rest of the world as well. Today, the co-operatives affiliated with the International Co-operative Alliance are involved in hundreds of different kinds of businesses; all

told, today they have more than 800 million members in over 100 countries.

This institutionalized version of co-operative behaviour, however, must be placed in the context of informal forms of co-operation. In fact, the progress made by co-operative movements around the world corresponds well with the degree to which societies and communities traditionally embraced spontaneous co-operative activities, be it the seal hunt, the harvesting of grains, the collective marketing of produce, the joint purchasing of food and supplies, mutual aid in times of adversity, the sale of art, the sharing of workplace skills, the collective provision of shelter, and community access to health services. Well-rooted co-operative organizations are not just the impositions of an institutional form; they often are the outward manifestations of a deep understanding of the benefits of collaborative behaviour — the kind of understanding that emanates most persuasively from the communal cultures of people, including Aboriginal peoples in many parts of the world. For that reason, the future for co-operative development among Aboriginal people is promising.

There are several dimensions of the co-operative tradition that are particularly amenable to the ways in which Aboriginal peoples have envisioned how they could develop their communities.⁹

First, co-operatives are — or should be — driven by the needs of their membership. They stress the importance of meeting member needs and of responding to local pressures. They are inclusive and they are respectful of the rights of individuals and the values of communities. Thus, when managed properly, they can become strong manifestations of community needs and community pride. They can be the kinds of responsive, entrepreneurial institutions many Aboriginal people say they want and demonstrably need.

Second, co-operatives are based on democratic principles of one person, one vote, the accountability of elected leaders, and the need for members to be informed about their co-operatives. They can be, as they have been in the Arctic, easily directed by Aboriginal traditions of community participation through which issues of concern are "thrown into the well from which everyone will drink" — the process whereby groups reach a consensus through a process of thinking and talking together. Such traditions can normally be transferred easily into the group

decision making that is characteristic of sound co-operative development.

An example of successful integration of participatory decision making into an Aboriginal-owned co-operative is Neechi Foods, a worker co-operative in Winnipeg's inner city. It has been able to thrive and continue to provide employment when other grocery outlets have discontinued services. While operating in a highly competitive and difficult industry, the enterprise has high social goals of providing harmony, environmental consciousness, and social justice, and it incorporates decision-making practices that hear the voices of its workers.

Third, if managed effectively, co-operatives deepen relationships with members over time by encouraging them systematically to expand their investments in equity and by involving them in a range of activities in the co-operative. They can also, as the experience of the Arctic co-operatives dramatically demonstrates, expand in many creative ways the range of economic and social services they provide their members. In many Arctic communities, for example, co-operatives not only operate stores and sell Inuit art, they operate hotels, tourist businesses, machinery repair, and post offices—in fact, any kind of business that is needed in the community and can be operated effectively.

Fourth, the basis in member and community needs, the democratic structures, and the deepening of member participation mean that co-operatives could become one powerful response to the challenge posed by the Wahrung statement of the Manitoba Indian Brotherhood in the late 1960s:

A century of government administration and government and church control and the effects of living in an atmosphere of state dependency, where virtually all decisions relating to your life and your future are made by others will require developing new methods of response and community involvement.¹⁰

Fifth, co-operatives stress the importance of autonomy from politics and private enterprise, and that autonomy is often a key to their success. For example, one of the reasons the Arctic co-operatives became so successful was that they distanced themselves from politics and worked out effective relationships with governments.

Sixth, the co-operative tradition emphasizes the importance of co-operation among co-

operatives. Once more, the experience of Arctic Co-operatives Limited amply demonstrates the importance of this principle. It emerged in large part because of the work of leaders of the Co-operative Union of Canada (the forerunner of the Canadian Co-operative Association). The Co-operative College of Canada provided important training for the Arctic co-operatives' elected leaders and managers during the formative period. Federated Co-operatives has shown flexibility and steadfastness in providing support for the northern co-operatives over the years, and The Co-operators insurance company has been a supportive investor and good business partner. Several credit union leaders from the South have made efforts to develop northern credit unions, and someday that will happen—probably when the northern co-operatives are more fully able to support them.

The most remarkable demonstration of how co-operation among co-operatives has worked, however, is the Arctic Co-operative Development Fund, a financial services organization owned by the northern co-operatives. The fund began operation in 1986 with a little over \$10 million in assets; by 1999 its asset base had increased to over \$28 million, including more than \$18 million in investments by local co-operatives, most of it built up through dividends returned to the co-operatives each year from the fund's revenues. In addition, it has recently returned over \$1.5 million in dividends to its member co-operatives. It has operated on a tight budget, and distributed loans at low cost because of the already existing infrastructure within Arctic Co-operatives.

The Benefits of Membership

Members of co-operatives can

- own the co-operative;
- share in its surplus or profits in proportion to their use of it;
- influence the policies that govern the co-operative;
- invest in their co-operative;
- benefit from what the co-operative does for their community;
- learn from the training and education programmes the co-op provides; and
- be proud of their own organization.

In addition, the member co-operatives have learned that the fund is a kind of insurance mechanism through which they help each other in times of need, meaning only one loan has not been paid — by a co-operative that had closed its doors — and most loans are repaid before they are due. Co-operatives maintain good standing with the fund partly because it is good business to do so, but also because they are working with their peers in a common enterprise. The fund is a striking example of how co-operatives working together can create collective capital and share resources in the common good.

Seventh, co-operatives have a deep attachment to their communities. They cannot be bought and sold without member agreement. It is a form of enterprise that cannot be sold regardless of the interests of key stakeholders. That means co-operatives, when operated properly, will contribute permanently to a community's economic and social health.

Around the world, too, particularly among Aboriginal peoples, co-operatives have shown a particular concern for cultural issues. They sponsor special events for elders, perpetuate language study, celebrate traditional dance, and encourage communal pride among the young. They also typically support community activities, such as sports teams, and they commonly provide assistance for young people pursuing their educational goals. Co-operatives, however, are not charities, and they undertake such activities prudently through conscious decisions made after their economic viability is assured.

Eighth, co-operatives develop gradually, recognizing the complexities of personal and community development, relying upon the cumulative impact of education and training programmes, and accumulating capital resources slowly. They are not "quick fixes," but when successful they are certain providers of economic security, personal empowerment, and community stability.

All told, then, the co-operative approach responds well to the priorities of the *Royal Commission on Aboriginal Peoples*. It meets the criteria for economic development presented by other reports — for example, the 1989 *Scone Report* in which Northwest Territory councils stipulated that economic self-sufficiency should be based on economic growth that retained and reinvested resources in the community and that built sustainable enterprises.

Dimensions of Co-operatives That Matter

- they are driven by member needs;
- they are based on democratic principles;
- they build member commitment over time;
- they encourage self-responsibility;
- they are autonomous from politics, governments;
- they build through co-operation among co-operatives;
- they are concerned about communities; and
- they promote gradual, secure development.

A CONCLUDING STATEMENT

This paper has demonstrated the extent and stability of the Aboriginal co-operatives in Canada. The authors believe deeply that the development of co-operatives is ultimately a question for Aboriginal peoples to decide. It is not a solution to be forced upon them. It is not the only option Aboriginal people have, but it is an option that some Aboriginal people have used effectively and others could employ for their economic and social benefit.

NOTES

1. Major research contributions to the full report include the work of Bachir Belhadji, socio-economic analyst with the Co-operatives Secretariat, Agriculture Canada, and that of Rebecca McPhail, senior research analyst with Indian and Northern Affairs Canada. Their research appears in its entirety in Appendices A and B respectively.
2. *Survival Rates of Co-operatives in Québec*, English version printed in 2000, Gouvernement du Québec, Industrie et Commerce and Government of Canada, Co-operatives Secretariat, 52 pages.
3. Murray Fulton and Lou Hammond Ketilson, "The Role of Co-operatives in Communities: Examples from Saskatchewan," *Journal of Agricultural Cooperation* (1993).
4. The authors are confident that this number is significantly understated, partially due to difficulties associated with identifying co-operatives as Aboriginal. They have classified a co-operative as Aboriginal if it is located in a predominantly Aboriginal community, if the membership or customer base is predominantly Aboriginal, or if the co-op is owned and/or controlled by Aboriginal peoples. They have included in their data only co-operatives that are formally incorporated as such, although they are aware that there are some

- Aboriginal businesses that are not formally incorporated as co-operatives but, in essence, follow co-operative practices.
5. "Socio-Economic Profile of Aboriginal Co-operatives in Canada," in *Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth*, 2001. Centre for the Study of Co-operatives, University of Saskatchewan. Co-operatives provide a report on a variety of measures on a voluntary basis to the Co-operatives Secretariat, Agriculture Canada. Those reports (77 of 133 identified Aboriginal Co-operatives) have been utilized to compile the Socio-Economic Profile.
 6. The Co-operatives Secretariat was created in 1987 from the Co-operatives Section of Agriculture Canada to improve the relationship between Canadian co-operatives and the numerous federal departments and agencies known to have legislation or policies affecting co-operatives. The Co-operatives Secretariat is dedicated to economic growth and social development of Canadian society through co-operative enterprise. (See <<http://www.agr.gc.ca/policy/coop/contents.html>>.)
 7. "The Development of the Aboriginal Economy over the Next 20 Years," *Journal of Aboriginal Economic Development*, 1, 1 (Spring 1999): 68, 69.
 8. Lou Hammond Ketilson et al., *The Social and Economic Importance of Co-operative Sector in Saskatchewan* (Saskatoon: Centre for Study of Co-operatives, 1998).
 9. "Economic Development," in *Report of the Royal Commission on Aboriginal Peoples* (Ottawa: The Commission, 1996).
 10. Frank Cassidy and Robert Bish, *Indian Government: Its Meaning in Practice* (Lantzville, BC: Oolichan Books and The Institute for Research on Public Policy, 1995), p. 94.