

# Introduction: The Social Economy and Economic Development in Northern Canada

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## **Introduction**

Few regions have experienced that degree of rapid economic change that northern Canada has over the past 100 years. Communities have moved from an economy based almost entirely on subsistence hunting and fishing, to an economy dominated by the industrial exploitation of natural resources, to an uncertain future in a world increasingly dominated by a knowledge-based post-industrial culture. These changes have resulted in a tremendous amount of social and economic stress. Recent events have increased the likelihood of new challenges but some have also offered promise for these communities to become increasingly involved in finding solutions to these challenges. New forms of self-government offer the potential for political empowerment. Unfortunately, the movement towards economic empowerment in these communities has been less evident. The dominance of a dependent economy controlled by large resource corporations is likely to continue into the future as diamond mining and oil and gas development increase in their importance.

Despite the dominance of large-scale industrial resource exploitation, recent political trends have had an influence on some aspects of the northern Canadian economy. Demands for local input into new environmental and development decisions and the rise of new resource co-management arrangements have opened up a renewed interest in looking at economic alternatives that serve to increase the involvement of these communities in their economies. A new approach that has emerged is linked to the "social economy." The social economy perspective is an extension of what in the past has been termed community economic development. It seeks to offer, and legitimate, a third option to economic development that in the past has been pushed aside in favor of large-scale private sector resource

development and state-based initiatives. It refers to a strategy to develop and enhance both the vitality and social and educational capital of Northern communities through organizations that are more directly controlled by the communities themselves. The social economy refers to those institutions in the community that are neither primarily profit-oriented nor state-driven. It refers to organizations whose primary purpose is to serve social goals in the community and whose structures are based on participatory democratic principles.

Articles presented in this special collection are linked to the establishment of a new network of researchers looking into the potential of social economy development in Canada's North. Research done by this network is concentrating on the ability of social economy organizations to deal with several key political and economic characteristics that dominate the economies of northern communities.

### **The Social Economy**

The term social economy is not widely used in northern Canada. At the same time, the ideas and relationships that are the foundation of what others are now referring to as the social economy are prevalent throughout the North. There has been much work lately on developing a suitable definition of the social economy (Lévesque and Mendell, 2004). Chouinard and Fairbain (2002) have noted that, outside Quebec, the social economy is often referred to as community economic development. The central notion of both these terms is that they include economic activities that are not state driven and not profit driven. They include a large "third sector" that is often ignored (Quarter, 1992).

Although no strict, agreed upon definition of the social economy exists, one of the common characteristics of social economy organizations is that their primary purpose is not about obtaining a return on capital. They are, by nature, part of a stakeholder economy, whose enterprises are created by and for those with common needs, and accountable to those they are meant to serve. They are generally managed in accordance with the principle of "one member, one vote." They are flexible and innovative and most are based on voluntary participation, membership, and commitment. In the North we intend the definition to include traditional land-based activities, co-operatives, voluntary organizations, unions, and other activities whose primary purpose is not for profit or for the state. (Bouchard et al., 2006)

The social economy is made up of organizations in the not-for-profit sector that seek to enhance the social, economic, and environmental conditions of communities. They use the tools and some of the methods of business, on a

not-for-profit basis, to provide social, cultural, economic, health, and other services to communities. Types of social economy organizations in Canada's North are retail and artistic co-operatives, Indigenous rights organizations, recreational and cultural organizations, non-profit organizations, the voluntary sector, charities, foundations, credit unions, and other social enterprises. They operate in areas ranging from housing to communications, and in areas such as recycling, home care, forestry, restaurants, catering, Aboriginal economic development, and manufacturing. These enterprises are flexible and sustainable tools that allow communities to address objectives related to social and economic concerns while furthering goals of community participation and control.

### **The Social Economy and the Canadian North**

The role and use of social economy organizations is unique in the North given the region's particular conditions. As has been shown above, historically the North has been characterized by two types of communities: resource dependent communities dominated by settler societies and Indigenous communities characterized by a mixed economy (Southcott, 2003). Recently a third type of community has gained in importance—the service sector community (Bone, 2003). Research on the impact of resource development in northern communities has shown that a fundamental contradiction exists between the organizational principles of large-scale resource exploitation enterprises and “the local social economy” of these communities (House, 1981). The impact of mega-projects on Northern Indigenous communities has been an important issue in recent research (Bone, 2003). These projects are typically industrial in nature and affect the communities in varying ways. Research has indicated that the rapid introduction of industrialism and consumption patterns has conflicted with the traditional hunting and gathering economy and traditions. This conflict has led to serious situations of social instability and the myriad of social problems that this instability brings (Chabot, 2004; Niezen, 1993; Stabler, 1990).

While these are all issues that underlie recent social research on communities in Canada's North, there are three characteristics that can be highlighted as having an important impact on the social economy sector in these communities. The first is the existence of a mixed economy in the region's Indigenous communities. Communities rely not only on wages from labour but on the continued existence of subsistence hunting and fishing activities. The next characteristic is the continued importance of the state in Canada's North. A colonial culture, combined with an economy dominated by industrial logic and the recent implementation of paternalistic

welfare state policies, has meant a strong role of the state in the northern economy. Finally, the dependence on large-scale resource exploitation found in northern resource dependent communities can also be seen to have an important impact on the formation of a social economy in the region.

### **Researching the Potential of the Social Economy in Northern Canada**

A recent grant from the Social Sciences and Humanities Research Council of Canada has provided funding for a northern social sciences research network to study the potential for the development of the social economy in northern Canada. The main objective is to create a network of university and college-based researchers and representatives of community-based organizations, operating as partners, to conduct research relevant to the social economy in Canada's North. In addition to the above, the overarching objectives of the program are to:

- support research, and help mobilize new knowledge, that will help develop social economy capacity in northern communities;
- contribute to defining policies by evaluating government policies and programs applicable to the social economy;
- improve the performance of organizations and enterprises in areas that are important to the social economy in Canada's North;
- demonstrate through, for example, inventories, statistics, and comparative analyses the actual and potential contribution of the social economy to the various sectors of the economy of Canada's North;
- contribute to a northern perspective on debates relating to sustainable development;
- develop northern Canada's international contribution to, and visibility in, areas relevant to the social economy; and
- ensure the development of research capacity and the training of northern students in the area of the social economy through their participation in research projects and through the development of curricula.

The network conducts research in the three territories, Nunavik, and Labrador and is organized around four research themes. The first theme is the conceptualizing, cataloguing, and evaluating of the northern social economy. The other three themes are related to the specific characteristics underlying the social economy of the North as discussed above.

In regards to the first theme, an important initial task of the network will be to establish the social economy as a research priority with policy makers and governments of all levels and to solidify linkages between social economy organizations, the territorial colleges, and university-based researchers. This will be partially achieved through establishing a categorization and inventory

of existing social economy organizations. A “census” has been undertaken of existing social economy organizations in the three territories, Nunavik, and Labrador. This census attempts to determine the number, location, and importance of social economy organizations to the various communities in northern Canada. In addition to the “mapping” of the social economy in the North, the survey used in the census also attempts to delineate both the issues obstructing social economy development in the North and the best available assets to enhance this development. The article by Southcott and Walker in this issue is the first attempt to use this information to describe a portrait of the social economy in northern Canada.

The next theme tries to examine the impact of resource dependence on social economy organizations in Canada’s North. It builds on previous research that has examined the importance and effect of varying resource regimes on northern communities. (Lucas, 1971; Bernard, 1977; Berger, 1978; Cox, 1975, House, 1981, Simard, 1982; Osherenko and Young, 1989; Duhaime; 1991; Elias, 1991, 1995). Recent research has added to this (Southcott, 2000; Myers, 2001; Caulfield, 2000, 2004; McPherson, 2003; Duhaime, 2004). Projects associated with this theme are looking at the past, present, and potential impact of varying resource extraction regimes on the development of the social economy and the evolution of government programs. They are examining differing resource regimes based on the type of resource, the conditions of the resource development, and co-management conditions. Using a variety of indicators, research would attempt to determine which conditions best promote social economy development.

The third theme examines the impact of state policies on social economy organizations in northern communities. Given the historical importance of the state in the development of northern communities and the importance of public sector employment in the region (Rea, 1968; Irwin, 1988; Salter and Salter, 1997) a series of research projects are attempting to look at the past, present, and potential impact of the state and public policy on the social economy development in the North. The article by Abele contained in this volume summarizes many of the policy issues that research in this theme area must encounter.

One project is examining the state promotion of co-operatives in the North (MacPherson, 2000; Hammond Ketilson and MacPherson, 2001). These co-operatives have become the dominant business structures in many northern communities. The article by MacPherson in this issue examines the historical and present conditions of these co-operatives.

The fourth and final theme will examine the impact of traditional subsistence activities in social economy formation. As mentioned above,

traditional economic and social activities of northern Indigenous communities are in themselves a model of social economy (Wenzel, 1995, Wenzel et al., 2000; Nuttall, 1991; Proulx and Gauthier, 2005). A key objective for research in this theme area is a better understanding of the relationship between sharing, a subsistence economy, traditional indigenous cultures and values, and social cohesion in Northern communities. The article by Natcher in this issue discusses the continued importance of the subsistence economy in northern Canada's Aboriginal communities and the relationship that exists between this sector of the local economy and the wage sector.

Other research linked to the social economy transcends the theme divisions discussed above. One area where the social economy can have a positive influence in northern communities is in improving health and well-being. Here research can stress the importance of local civic involvement as an important determinant of ones' well-being (Hild and Stordahl, 2004). Active participation in ones community has been shown to be potentially one of the most effective ways of combating the social pathologies that exist in many of these communities (Bjerregaard and Young, 1998). Case study analysis of situations where volunteering and other aspects of the social economy have been used to enhance social capital, community engagement, and well-being can help us find ways of better utilizing the social economy to promote community health (Gibson and Gibson, 1999). The article by Johnston and Twynam contained in this volume helps us to understand this process by examining the impact of volunteering on community engagement during the recent hosting of the 2007 Canada Winter Games by the city of Whitehorse.

Research on the importance and role of the social economy in northern Canada is limited by access to reliable data. It is crucial for social economy researchers to know the benefits and limitations of available data sources. The article by Delic in this volume summarizes the major quantitative data sources available to researchers examining the social economy in northern Canada and points out many of the limitations of these sources.

### **Conclusions**

Recent economic transformations in Canada's North have created many challenges for communities in the region. The social economy is a possible instrument to deal with these challenges by enhancing both the vitality and social and educational capital of northern communities through organizations that are more directly controlled by the communities themselves. Attempts to expand the social economy in the region's communities must first properly understand several unique characteristics of the region's economy as the

characteristics offer both constraints and opportunities. The above discussion of the region's economic development has shown that the traditional economy of Indigenous communities, the role of the state in economic development, and the impact of resource development in the North are all important characteristics that impact social economy development in the region. How they impact social economy organizations must be properly understood in order for the development of appropriate policies that stimulate the growth of the region's social economy.

The Social Economy Research Network for Northern Canada has been developed for such a purpose. It is a network of university and college-based researchers operating as partners with representatives of community-based organizations, which is conducting research relevant to the social economy in Canada's North. The network seeks to mobilize new knowledge that will help develop social economy capacity in northern communities. We have developed a series of key research areas that we hope will build on the existing research findings. We have outlined a research plan that will assist attempts to further develop social economy organizations in the region.

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