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Democracy and Power in Greenland – the Appearance of a New Class?

Gorm Winther¹

Still, twenty-three years after the inception of Home Rule the Greenland society has remnants from Danish colonialism, at the same time however, a new society is on its way. In a power perspective this lead to the presence of a new ruling class as seen in other post-colonial social formations since the end of the Second World War. As pointed out by Jens Dahl such comparisons raise another question. Could it be that the radicalised Greenland elite constitutes a new class despite the fact that it was the elite that originally was the backbone of the Home Rule movement (Dahl, 1986)? Fifteen years after Dahl presented his analysis of the post-colonial society, this question cannot be answered unambiguously, because the post-colonial heritage and with this the continued organizational dependency on Danish experts, administrators and executive managers is of equal importance. In this sense the new class in Greenland represents several layers of both the early radical elite and a techno-structure of both Danes and highly educated Greenlanders on their way up the ladder in the hierarchy. Within the framework of this new class, there are rivalling factions representing ideological contradictions extending from arguing for the prolongation of a 'Statist' or 'Etatist' society to a neo-liberal market society.²

The intention with this paper is to analyse fundamental power relations in an attempt to make a contribution to analysis of power and democracy in

¹ Ph.D., professor at the Dept. of History, International and social Studies at Aalborg University, former professor at the Dept. of Administration, Greenland University, and project manager for the democracy and power project (DEMA) affiliated to the research project on Democracy and Power in Denmark, which was launched after an initiative by the Danish Parliament in 1994. The purpose was to analyse the state of the Danish democracy at the entrance to the 21st century. Research projects has been launched in the following areas: Citizenship; Parliament and parties; The public sector in transition; Organizations, businesses and elites; Political decision processes; Opinion formation and the media in the political process; Globalisation and internationalisation; Long-term perspectives in the study of power and democracy; and Concepts of power and democracy. In 2000 the project on democracy and power in Greenland was underway with several researchers involved in writing an anthology of articles published in Danish in the fall of 2002. The articles cover the concept of power in a Greenland context, political democracy, participation in elections and politics, the new class in Greenland, the composition of the Greenland Elite, power relations in Greenland fisheries and in the IT sector, the authority concept in Greenland, Language and power in Greenland and euro-centric research practices in Greenland. This paper is a translation of my article in the anthology 'Demokrati og Magt i Grønland, Århus Universitetsforlag, 2002, and it was presented at the Inuit Studies conference in Anchorage, Alaska, 2002 with financial support from the Commission for Scientific research in Greenland.

² Etatism refers to a social formation where society is subordinated to the State, and where the State regulates all basic social relations (Property relations, distribution of resources, and incomes, control over the supply of labor, control with cultural life, mass media and the educational system etc). The French expression Etatism (etat=State) is used instead of 'Statism'. The concept has earlier been applied in research on the former USSR and Eastern Europe. Critique of the Soviet model characterized as an 'Etatist' mode of Production originates from the 'Polish School' (Oscar Lange, Wlodzimierz Brus and Edward Lipinski) and from proponents of the self-management model in former Yugoslavia (Edward Kardelj, The Praxis group, Branko Horvat and Eugen Pusic).

Greenland. Essentially, the social structures are understood as *a modified Etatism*, because the social formation of Greenland is highly depending upon and regulated by the Home Rule State. Nonetheless, we should not forget that Etatism in Greenland is of another character than seen in the USSR and Eastern Europe before 1989. In general, there are not many similar socio-economic systems dominated by State initiative on the global scene. Before 1989, we saw an abundant of cases representing authoritarian 'Etatist' social coordination mechanisms rooted in a new class and the unification of Party and the State.

Taking the original approach to analysis of authoritarian etatism as a point of departure in analysis of the Home Rule State dominated economy is erroneous, because the political system of Greenland is of a different kind than seen in Party States like North Korea, Vietnam, China or Cuba. In accordance with European political traditions, the political system is a multiparty system based on shifting parliamentary constellations. Whether this makes a significant difference is determined by the relative autonomy of the Home Rule State in relation to different strata within the dominating class in Greenland. In the former USSR, the Party was not the only power factor. Different lobbying groups representing sector interests and the military and administrative apparatus could subsume or influence the leading cadres of the Party in the interest of the lobbying group. Attempting to draw a parallel to Greenland social settings, it is an open question, whether the central decision makers in the postcolonial society (the Home Rule parliament, the 'Landstinget' and the government, the 'Landsstyret') can overcome, coordinate or control different societal interests interacting with the ruling political layer both outside and within the realms of the Home Rule State

In this context, I will raise the argument whether economic power is represented by different economic paradigms. The last is relevant, because the neo-classical economic theory also is a theory that serves to legitimise economic power. This is true in market systems with percentages of collectivism far below the same percentages seen in 'Etatist' social settings. And it is also true in the case of Greenland, because the political and administrative decision makers since the early nineties have sought to incorporate different notions on the market society in the decision processes.

To rely on a Keynesian expression, we could state that popular whims and the every day consciousness regarding what should be considered good or bad economics all emanate from some 'defunct economist'. The public debate in Greenland on privatisations and markets is in this context quite interesting, because it points to an instrumental use of economic notions. In this sense, economic theory does not serve as a tool to describe *praxis as is*, it serves to legitimise and disguise real power structures. These could, if comprehended

correctly raise the question, whether the social formation really is democratic or not? In perpetuation to this, we will work with the concept of facilitated power and with this we present a concept of power radically different than the Samuelson concept of consumer sovereignty. The consumer is not the king in the so-called market society, and unequal distributions of income, wealth and power are par exellence not the most efficient of all conceivable worlds! Facilitated power stands as something subtlety different than other types of subordination based on threats, force or compensation. Facilitated subordination or accept in relation to the exercise of power is not perceived, since it is practiced as a manipulation or an influential mechanism in the fabric of a still more complex society. The theory was presented by John Kenneth Galbraith in his analysis of the large corporation, which he did not only analyse in relation to North American social settings. The large enterprise in the 'Etatist' society (the 'combinat' or the conglomerate) was in terms of acting on the social scene not different from its North American counterpart. The top executives or the corporate executive officers substituted Schumpeters entrepreneur - these experts trained at universities and in business schools establish the 'techno structure' an often hidden power factor, which is influential, when it comes to decision making in society at large.

To sum up, this paper aims at defining the basic structures of the Greenland Etatist system. In extension to this, the privatisation debate is used to exemplify economic notions of a consolidated economic and political power represented by a new class. Of course, the power dimension elicits yet a further important approach to analysis, and that is the question of the democratisation process in Greenland. Another neo-liberal and popular whim in this connection is the idea of a complementary relation between democracy and the market society. As a conclusion to the paper, I argue that a self-managed society is an alternative to Greenland 'Etatism' as well as it is to the forward rushing neo-liberal trend of the nineties.

'Percentages of collectivism' in Greenland.

The percentage of collectivism may be based on different estimation methods. The percentage shows how much of the gross domestic product (GDP) that is under Government control.

In table 1, we have the public expenditures share of both the Greenland GDP and the disposable gross national product (GNP) at disposal for investments and consumption. In the GDP figures, the Danish State expenditures on Greenland are not included and furthermore compensation of employees, property and entrepreneurial income moving out of Greenland are not included. Accordingly Greenland's disposable gross national product is much higher than the GDP. In

recent years the Danish State transfers approximately 3.5 billion Danish kroner (some 700 million US \$) to the Home Rule Government. Additionally, Danish ministries have expenditures on Greenland amounting to half a billion more. The disposable GNP is occasionally labelled the 'absorption', or what is available for consumption and investments in the economy. If Greenland is considered a macro economy instead of a regional remote Arctic region, one can of course always engage in advanced story telling about a grant or a unilateral transfer income amounting to almost half of the GDP. Part of the GDP is generated due to the multiplier effect of the unilateral transfer income and part is the value added from Greenland's own production. Globally speaking this is a seldom occurrence, but seen on the background of other northern regional economies the picture does not look seldom. Mostly, Northern communities like the Barentsregion in northern Russia, Northern Alaska, Nunavut and Nunavik, the new Nordvest territories in arctic Canada, Greenland or northern Scandinavia are forced to rely on transfer incomes, and Government initiative often plays a more dominant role than seen in the so-called typical OECD economy. Moreover, it should not be forgotten that there are linkages back to the economies 'in the south'. In the case of Greenland some 80% of all imported goods and services depart from a Danish harbour. Furthermore, some incomes go back as rents, profits and wages to Danish bank accounts. Moreover, capital is exported to financial markets in Northern Europe and some is investments in real estate in Denmark or other European countries. Hence, the net flow of transfer incomes into the Greenland is much smaller than it looks at the 'bottom' line'.

Crude comparisons with OECD countries without the same technical, economical and geographical conditions as Greenland will suggest that Greenland's percentage of collectivism is very high. It amounts to more than 80% of the GDP, while a typical OECD country lies in between 45% and 70%. As implicitly suggested such comparisons are disputable, because we erroneously 'are comparing apples to grapes'. The last column in table 1 is interesting in the sense that it actually indicates the specific characteristics of the Greenland regional economy still depending on the unilateral transfers from the Danish State. If we assume that the private sectors propensity to invest could create so much value added that the block grant could be equalized through Home Rule revenues from taxation, the disposable GNP would look 'normal'. The 'OECD norm' for the public expenditures share of the disposable GNP is in between 45% and 70%, and it is now obvious that Greenland is within this interval. Taking the opposite point of view, we could of course say that the Greenland economy never will be able to equalize the transfer incomes and that the transfer incomes should be withdrawn gradually over a certain period of time. In that sense Greenland will end up with a lower living standard.

Whatever is the case, the table can at best be taken as an indication of an above normal Government initiative in the economy, and one cannot take this premise without first assuming that Greenland is an economy comparable to most OECD economies, and second assuming that it is impossible to create a value added sufficient enough to equalize state expenditures. Both assumptions are of course debatable, nevertheless they are vivid in the debate on the economic relations between Denmark and Greenland.

Table 1: 'Percentages of Collectivism' in Greenland: Government Expenditures share of the Gross Domestic Product (GDP) and the Gross National Product (GNP) 1994 – 98

	GDP share	Dispos able GNP share
1994	87.5	62.2
1995	83.8	60.0
1996	84.1	59.1
1997	84.5	60.0
1998	81.8	58.9

Source: 'Grønland 2000, statistisk Årbog', Grønlands Statistik page 189 and page 201.

Home Rule Government initiative can also be conceived by looking into ownership of enterprises. In Greenland there are relative more State owned enterprises than seen in Denmark. There are so-called 'quasi-enterprises', i.e. enterprises on the Home Rule budget that operates with a soft budget constraint. Additionally, there are stock holding companies with the Home Rule investor as the sole owner, and there are mixed ownership companies involving both Home Rule investments and private investments (Grønlands Statistik, 2002: 134). Finally, there is a small private sector mainly established as a result of the variations in aggregate demand caused by the Government initiative.

A number of economic activities normally considered reserved for private initiative have, due to historical circumstances and a low private propensity to invest in Greenland, become Government owned and controlled. Before the Industrialization Program of 1959 the planners and administrators in the Danish Ministry for Greenland affairs realized that the private initiative only established firms in the sector for non-tradable goods and services. This happened despite many efforts to encourage private initiative to settle in other branches like fisheries and fish processing plants. For pragmatic reasons only, the State then in contradiction with its own long term traditional privatisation strategy established State owned fishing vessels and processing plants as a part of the 'Royal Greenland Trades' operations. After the inception of Home Rule in 1979, the Home Rule Government took over the Royal Greenland Trades' activities that comprised fishing and fishing industries, wholesale and retail distribution of

goods and services, telecommunication, postal services and the airports of Kangerlussuaq and Narsarsuaq.

Obviously, this contributes to increase Home Rule Government expenditures in regard to several accounts between the Home Rule and the Government stock holding companies. Overall, the ratio of Government expenses on commercial activities and the total public expenditures amounts to 17 - 18% for the period in question in table 1 (Grønlands Statistik, 2001: 199 - 201). The other expenditures covers common Government activities like social welfare and labour market, education, transportation, housing, infrastructure and transfer incomes to the municipalities. The total Home Rule Public Expenditures in 1998 added up to some 6 billion crowns.

Etatism

With the discussion regarding percentages of collectivism and Government ownership and control, we can establish, that the economy is more 'statist' than decision makers originally in the fifties intended it to be. Whether that is something irreversible or something that can be reformed remains to be seen, and it lies outside the subject matter of this paper (Winther 2000). It can with the assumptions discussed above be established that even simple statistics suggest the presence of an 'Etatist' system.

This way of contemplating the characteristics of the socio-economic system in Greenland seems much more useful than arguments impregnated with 'buzz words' like the following:

'The tremendous problem regarding Greenland is that we here have created an extreme State dominated economic system. The Greenland State owns as far as one can account for some 90% of the means of production – and with this Greenland fulfil to an unusual high degree the classic definition of socialism. It deviate more and more from all other economic systems in the world – except from some very few (Cuba and North Korea) at the verge of bankruptcy – and in Greenland, it can only live due to the enormous subventions (Paldam, 1998: 32)'

The controversy on Socialism among economists in some instances emphasized that nationalized means of production or Government ownership *per se* was not a sufficient precondition for a definition of socialism (Brus, 1978, Horvat, 1982). A classical definition does not exist, because Marx and Engels refrained from defining the future society of associated producers. Not surprisingly, the few available approaches from these days seem to represent Marx and Engels at odds between Scylla and Charybdis. The dilemma of Marxism consists of at one hand a society with nationalized means of production and central planning and at the other hand of a society based on decentralized decision making processes

and associated self-managed basic organisations of associated labour. A society founded on 'command planning', hierarchy and centralized powers is a new class society that eliminates the decentralized decision-makers ability to influence economic decisions. In essence, the central command economy represents parallel power relations to Capitalism. It is the mirror of Capitalism – this social formation is conceptualised as Etatism in order to establish the dominance of a new class, and as in the Capitalist society an unequal distribution of income, wealth and power is the result.

As mentioned, it is quite conspicuous that the social stratification belonging to the 'Soviet model' and what is left of it in the Caribbean and South East Asia do not immediately transfer to the social formation of Greenland. The authoritarian 'Etatist' model was a total hierarchy contrary to Capitalism consisting of several hierarchies within the large corporation. The total hierarchy's top comprised an elite attached to the Communist party and below this party, members in the State bureaucracy and the techno-structure of the large State enterprises were supposed to execute planning directives descending from the central planning bureau and the central planning organs of numerous branch ministries. Further down in the hierarchy one found the working people creating the value added carrying this type of 'social machinery'. Although this system 'on paper' could create a more equal distribution of income and wealth than seen in Capitalist economies, hidden extraordinary distributions (the nomenklatura) created a new class. The Soviet model made up an authoritarian form of Etatism founded on violations of basic human rights, prohibitions and sanctions.

Greenland separates from this model of Etatism in at least three ways:

First, the political system is a multi party system with an election to the Danish parliament (the 'folketinget') the Home Rule parliament (the 'landstinget'), the municipal councils and the vestries every fourth year.

Second, a similar planning system like the Danish State five-year investment plans in the sixties and seventies was never set up again. These plans were a tremendous success and in less than twenty years Greenland became a modern economy due to a very accurate fulfilment of the plans. After the inception of Home Rule and the take over of physical and economic planning from Denmark, the home rule administration failed to re-establish the system, because almost all efforts were put into the built up of the home rule administration. Moreover, the Danish planning system by many Greenlanders was seen as a symbol of Danish oppression and colonialism. The cultural repercussions of the rapid development were severe. In some cases local settlement populations were forced to move almost overnight in to larger towns to become factory workers instead of hunters.

In the mid eighties a five year investment plan was launched, yet it was a failure and the cause to the build up of Government debt for the first time in the history of the young Home Rule system. A later attempt in 1994 to establish a comprehensive national physical and economic planning never proved itself viable, and what is left today is short term budgetary planning and accounting in relation to the Home Rule finances a long with limited Physical planning. Mostly decisions are characterized as 'muddling through' procedures. Decisions are delayed, never carried out or simply revoked. More often than not planning has a short time horizon and takes the form of rolling and sliding planning.

Third, the authoritarian systems enforced nationalizations on privately owned means of production without compensations. In Greenland, State ownership was introduced due to a low private propensity to invest in the fifties and nationalizations of the same kind were never seen.

Yet, the Home Rule State still plays a dominant role, and this and the social class division can despite the presence of a multiparty system best be identified as Etatism. This type of Etatism facilitates its exercising of power through other instruments than those belonging to authoritarian Etatism. The basic pyramidal stratification still exist, partly due to a post-colonial heritage from the days with Danish State planning and large state owned enterprises, and partly because of the over-developed Post-colonial Home Rule State, that rose to power as a part of the movement for independence (Dahl, 1986). Regarding the Home Rule State, it was from the beginning never the idea that a self-governed Greenland should carry an enormous State apparatus. When that anyway became the case, it was caused by the lack of local preconditions to take over and carry on administrative functions hitherto taken care of by the colonial power in Copenhagen. Hence, the power-holders in the top of the pyramid are a product of organizational dependency on Danish practices. This dependency manifests itself as a 'mimetic practice' or continued dependency on special Danish institutions and customs in relation to political, administrative and technicaleconomic decision making processes (Johnsson, 1995; Petersen & Janussen; 1998; Kahlig 2001).

From this originates a new dominant social class, which by virtue of these professional practices, by virtue of the Danish language, which still is the dominating professional language and by virtue of higher educations primarily obtained in Denmark occupies leading positions in the Greenland Society. Leading positions do not just constitute a social stratification or an unequal distribution of power. It also represents an uneven economic distribution principally carried by the value added in the lower echelons in the pyramid and by the unilateral transfer from the Danish State create!

This social class divides into the following strata:

The Greenland techno-structural elite: This may be referred to as a layer on its way upward as Greenland is on its way to continue the process towards independence. A crucial problem for this layer is that it, confronted with the Danish practices, continuously is forced to justify its existence through accommodation. It is a question whether this enforced behaviour always leads to an adaptation to euro-centric practices. That depends entirely on the personality of the persons in question and on how ethnicity distributes within departments and top management offices. In the phase of transition, it is, however, still Danish dominance that guides the processes. Besides their positions, the Greenland layer of the techno-structure takes several leading positions as members of boards, councils, commissions and committees.

The Danish techno-structural elite: This consists of 'imported' corporate executive officers in the Home Rule owned enterprises and of Danish civil servants occupying leading positions in the Home Rule administration and the municipalities. This layer often has a pre-understanding of life in Greenland impregnated by Danish ways of living and by Danish ways of operating and doing things. Of the same reason the patterns of international trade to and from Greenland is still dominated by a continued economic co-existence with Denmark, although the Canadian and US markets are closer to Greenland. Additionally, there is a tendency to hire consultancy in Denmark and to rely on administrative practices in for instance the central administration of the Danish State (the ministries). If this layer of the techno-structural elite is divided in two groups - those with short-term expectations regarding the time, they expect to stay in Greenland, and those with long-term expectations - two career types can be distinguished (Kahlig, 2001). The first mentioned believes, whether correct or not that the attachment is an inferior step stone to a life long career in Denmark. Consequently, a stay in Greenland is of interest solely, because it seems competence promoting in Denmark. This type of expert employment amounts to a lot of expenses for the Greenland Society. The last mentioned group with a long-term time horizon are less costly, nonetheless they take dominant positions as members of boards, councils, commissions and committees. Danish experts taking positions as top management often run 'small empires' seeking to consolidate their power by controlling and influencing other layers the post-colonial dominant class.

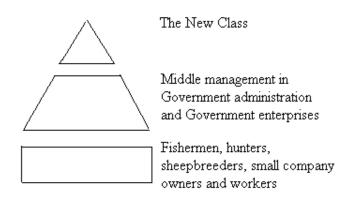
The political elite: This comprises members of the Home Rule Government (The 'Landstyret') members of the Home Rule parliament (the 'Landstinget'), mayors and members of municipal councils. The political decision makers articulate goals and directives in order to manage the socio-economic development and short-term planning. This takes place in an interaction with

experts at the administrative levels, in an interaction with their supporters in their respective parties and it takes place in an interaction with yet another elitist layer – the organizational elite. Politicians and their supporters in 'hinterlands' of their parties also take dominant positions as members of boards, councils, commissions and committees.

The organizational elite: This consists of top management and chairmen in interest articulating associations. The organizational elite is a part of the political and administrative decision-making processes, and they are 'lobbying' in the interest of their members. In the case of trade unions and employer associations they can influence socio-economic development through processes of collective bargaining and labour market disputes (Strikes, lock outs, blockade of harbours, boycotts). The Organizational elite may be 'heard' through preparation of legislation and again they may take dominant positions in several types of decision-making organs.

The Private Capitalist elite: This stratum exists within the framework of and in an interaction with Greenland Etatism. With privatisation concepts articulated by different political and administrative decision-makers, this layer is on its way forward. If the privatisation notions can be enforced, this layer may become dominant within the new class in Greenland. Members of the other strata of the new class may belong to this and the other strata presented above, e.g. top management and civil servants in top positions may be stockholders in private companies. Stockholders and managers of companies in the private sector represent 'Trawler Capitalism'. Moreover, the newly privatised retail chain 'KNI Corporation', which used to be entirely owned by the Home Rule Government represents private ownership. The private fishing industry and larger closely held private companies in the sector for non-tradables also represent this segment of the new class. Additionally, this layer recruits its members in semi-government corporations organized as joint ventures with private owners.

Figure 1: The pyramidal hierarchy of Greenland Etatism.



In conclusion, we see that the different layers within the new dominant class comprise politicians, 'imported' experts and managers with a higher education from Denmark and local experts and managers that has embarked on a social climb based on Danish practices. On the other hand this means that the organizational network of Danish managers and civil servants still plays a significant part within the dominant new class. The Greenland society is still dependent of this network. The Danes however have brought along a preunderstanding of industrial development, the operation of an enterprise, administrative routines and procedures that has been developed under Danish institutional conditions. A central part of this paradigm is notions on traditional privatisations and free markets.

On the other hand, there are forces within the ruling class that take a conservative position and see an interest in maintaining status quo. These would typically be of a Danish origin with many years of experience in Greenland, or it may even be forces rooted in the time before the Home Rule took over State activities in the eighties. Or, it would typically be some members of Greenland origin belonging to the political or organizational elite. Among some members of the new class one can trace an element of realism in relation to the neo-liberal paradigm. One knows, what has worked hitherto, and in general one is cautious, when it comes to hazardous 'social experiments'. One recognizes that the Greenland economy is a strange mix of socio-economic systems with a dominance of Etatist power relations, and that is simply the case, because no other solutions were available in the build up of a modern society in the Arctic.

In this respect the privatisation controversy shows, how rivalling layers within the new class compete in obtaining power, privileges, income and wealth. The Privatisation process spreads out possibilities to transform public wealth or socially owned assets to private wealth and assets. Some members of the different strata presented above may see a personal economic advantage in controlling the privatisation processes, because they can position themselves as future stockholders in the privatised enterprises. Moreover, these forces may already realize above normal incomes as politicians, as top managers and top civil servants, as chairmen of boards and as receivers of different types of compensations in relation to castling between positions. The new class is *a rent seeking* class finding incomes and profits through the privatisation process and through the chase of above normal incomes mainly skimmed off from Home Rule finances.

The public debate often emphasizes concepts like 'political appointments and careering' and it is implicitly expressed that some of the Post-colonial dominating class is recruited within the ranks of the political elite, among friends, family and supporters and loyal members of the other elites presented above. A counter argument often stresses that appointments to boards, commissions and committees solely are explained by considerations on qualifications. If one look into the compositions of boards in 1999, it is clearly perceptible, that party members of the ruling Home Rule government coalition's 'hinterland' or a group of reliable civil servants and enterprise managers dominate the picture. The political affiliation of the last mentioned groups is of course unknown, but it seems at least plausible that the appointments are rooted in the ruling political elites' expectations regarding reliability.

The Anatomy of power in Greenland?

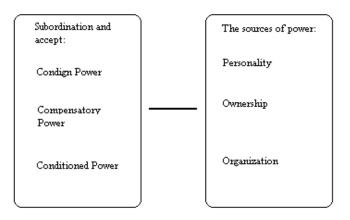
A central question in an analysis of power is, which of the different layers within the ruling class that dominate and control the decision-making processes. Is it the political elite, that dominates or control. Is it one or several of the other layers, or is it an interaction between layers?

In figure 2, the power concepts' dimensions are resumed (Galbraith, 1985). The figure is of course not an exhaustive description. It is partly a sum up of the instrumental dimension of power and the means that secure that individuals, groups and classes can enforce upon others 'a will' or an interest. It is also partly an interpretation of the source of power. Acceptance of power-holders' decisions can be established thru three different types of instruments. The first 'condign power' secures power by sanction or punishment that creates fear in the subordinated or oppressed. This type of power relation is known from early less developed societies, where few resources were available to compensate economically for a supplied work effort. Metaphorically, this deals with enforcing another individual or group of individuals a decision alternative to preferred preferences. The sanction is so unpleasant or painful that the subordinate will abstain from the preferred preference. A slave in the Roman

galleys would of course prefer the hammock for the oar bench. Yet, the enforced alternative the whip entailed so much pain that the slave refrained from resting. The pain represented a larger disutility than hard toiling with the oar.

Ultimately the punishment could imply the loss of life as seen in extremely repressive Fascist and Stalinist social formations. In repressive societies the personality of the dictator or leading cadres often was paramount for maintaining power. Hence, one met personal cults and the emphasis on 'the great leader' as unclouded symbols of power along with the will to impose severe sanctions upon those who resisted the powers.

Figure 2: The anatomy of power.



John K. Galbraith (1985) pp 5 - 46

The authoritarian society does not necessarily imply the repressive dictator state. Hierarchical models without physical oppression or the exercise of power can alone through the leading personality's will and ability to impose his point of views on others secure, that others desist from speaking up or protest. This type of organization is still found even in developed economies, where corporative business empires practice an old-fashioned management philosophy based on hierarchy, subordination, control, sanctions and punishment.

The second type of subordination *compensatory power* uses economic incentives. In earlier social formation and in the Soviet society the peasants received remunerations in kind or they were entitled to farm smaller plots of land for own consumption. In developed Capitalist and Etatist societies one receives a compensation for the supply of labour, which in fact also involves subordination – one is paid to submit to the economic and personal ends of another person, group or social class. The compensation may not be wage income alone, as there may be other types of remunerations that can ensure the loyalty of the agents.

One crucial problem also relevant in relation to the Greenland discourse points to principal-agent problems and with this the question, whether the principal the political elite can ensure the agent, the techno-structural elites' allegiance to the goal of the principal? The amount of the compensation is of course an all-important factor here. The source to this type of power is by other words property rights to central factors of production like land and capital. In the Greenland model of Etatism it is not ownership *per se* that is essential, it is also the right of control to especially the socially owned means of production.³

Subsequently, we have now reached the most important dimension of power - 'facilitated power'. Contrary to condign and compensatory power, where the subordinated consciously submit to the power of others, this does not inevitably need to be the case with this dimension. The instruments securing this type of accept have nothing to do with force or pecuniary remuneration. Instead it is the ability to persuade the agent to change his opinion or to follow the ends of the power holder. Persuasiveness, high education or in a negative connotation of this concept the ability to manipulate are central skills in the hands of the power holder. The inferior (the agent) identifies himself with what he experiences as right, natural or proper in a social context. The person in question does not at all discover, that he is moved or manipulated to submit to others interest.

Facilitated power is essential for the understanding of the modern real existing economy.⁴ The source of power is organization or the techno-structure in the large corporation with highly educated experts in the top of the hierarchy in leading and influential positions. The large corporation does not just ensure the subordination of its employees through subtle management philosophies, it also reach out beyond the framework of the organization and seeks control with its surroundings. This is done in order to consolidate the organization and secure a continued growth and development that ultimately cement obtained positions of power, privileges, of above normal incomes and of accumulated wealth. Advertising, lobbying, the establishment of formal and informal networks (old boys network), legitimating social sciences and influencing the mass media are cardinal instruments in ensuring corporate power. With this, power can be the opposite of the popular dogma on the political elite and political decisionmaking. The large corporation whether state owned or privately owned may possess a subtle power not acknowledged by the public at large. Especially, Professional top management holds this power influencing the electorate, politicians and the stockholders. The last mentioned subordination is due to corporate executive officers and managers most close to the decision-making processes of economic life. The stockholder only shows up at the annual general assembly, if he is not included in management stock option plans or saving

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³ Private ownership to land does not exist in Greenland

⁴ Understood as something quite different than the abstract universe of the 'economic model'.

plans. The large corporation has of course also an option of practicing the two other dimensions of powers involving the condign and the compensatory instruments. Economic incentives, the fear for relegation, expulsion and the strong personality of the principal may in combination with facilitated power ensure the agent's loyalty to the ends of the large corporation.

If we include the Greenland dimension to what we above labelled organizational dependency, we get a picture of a facilitated exercising of power dictated by Danish customs and practices. Moreover, there is at one hand a schism between proponents for the hybrid ownership structures based on an interaction between Home Rule ownership and private ownership, and at the other hand those who want to move society in the direction of neo-liberalism. A new notion carrying a source for the exercise of power is on its way. Of preponderant importance to this exercise of power is the ability to impose privatizations and free markets. The intention is to relax the Home Rule owned assets from Government control in order to consolidate new powers in the hand of the private capitalist elite and its allied within other layers of the new class. This type of power exercising is not just internal in the organization, it is also a case of power exercising external to the organization. The surrounding society to enterprises and the political elite are shaped and in some cases it leads to acceptance of the behaviour and requests of the large corporation. Recent developments in Greenland support that.

Economic theory as a legitimation of power

The neo-classical theory on pure competition and private enterprising is by the businessmen interpreted – in Greenland those sympathetic to privatizations and markets – as the establishment of unhampered private business empires picketing deep into their customers pockets.

It is from this business empire the facilitated exercise of power emanates The circles in possession of a material interest in the myth on an economic system, where 'the consumer is the king' are private capitalist members of an elite in the top of the large corporations. These circles best interest are served, if it is possible to convey to the public a picture that the most efficient of all conceivable worlds is based on the notion of 'laissez faire' – the theoretical 'coining' of which is consumer sovereignty and efficiency. In reality it is quite different! These whims serve to secure the large corporation's position in the market place, and the corporation' possibility to influence other decision-makers of society.

The large corporation is not the adaptor to market forces. Instead it is a conglomerate which, through its facilitated exerting of power can manage the

customer consumption possibilities and determine the living conditions of the households. That the powerful corporation has its octopus arms way in to the Government administration is not just an American phenomenon. The same goes for the influence, the corporation can exercise on politicians, administrators and planners with the help of networking, gifts, fringe benefits and seats at the boards of directors. This is also seen in a Scandinavian context although corruption is a seldom occurrence.

Supply side economic theory or the 'trickle down' notion has connotations to the Danish saying of 'when it rains on the vicar, it will drip on the parish clerk too'. An important aspect in facilitated power exertion is unequal distributions of income and wealth that is legitimated as necessary prerequisites for an optimal functioning Capitalist society. In economic theory this is presented as an equity-efficiency trade off. If elites are not remunerated with power, above normal incomes and wealth, there will be no incentives for efficient management, and there will not be considerable private initiative acting in the best interest of society. Hence, the unequal distributions – Etatism as the mirror of Capitalism makes use of similar mechanisms. The many apologetic books and articles that pay lip service to the free market or efficient central planning attempt to explain away the distributional consequences of free markets and internal planning hierarchies. In reality such whims serve to legitimate power exertion and economic privileges. The Greenland society is no exception.

The Post-colonial elites at boards

Table 1 represents a first step in the direction of empirical analysis. In the table we have the data available from the Home Rule administration regarding the representation at boards in Home Rule Owned enterprises - either entirely owned by the Home Rule or partly owned in a venture with private investors. The table illustrates which layers of the new class that is represented. The representation is acknowledged by the majority coalition of the two political parties in 1999 'Siumut' and 'Inuit Ataqatigiit', and with one exception all the political appointed representatives are members of these parties. They can be members of the Home rule parliament the 'landstinget', municipal councils or in the political 'hinterland' to the top politicians. It is not possible determine the political belongingness of top civil servants and enterprise managers in the Home Rule Owned enterprises, but it would hardly come as a surprise, if we state that appointments at least are a result of expectations of loyalty.

The representatives of the capitalist layer emphasize what was indicated with figure 1 and the presented theory. At the level of the board there is a coalition of Home Rule administration interests, political interests, the large corporations' interests and the capitalist layers' interests. The board representations exemplify

this phenomenon. On the other hand, we have already stressed that board representation in itself may not yield the same power as the techno-structural elite possesses.

Table 2: Board members in 17 larger companies with Government appointed representation: Professional and political background in 1999*

	Board in:				
Recruited from:	Home Rule Companies	Joint Venture	Private Companies**		
recruitea from:					
Home Rule administrative top civil servants and key personnel	7	3			
Political appointed members of the ruling coalition parties	13	4			
Management of Home Rule owned companies	10	5			
Management privately owned companies	10	1	2		
Interest articulating associations and organizations	3	1			
Denmark/abro ad (Private)	5	6	2		
Unknown***	13	4	1		
* The list is not covering at f	ull length all the compa	nies with public boa	rd representations.		
#* five companies data were r Many private companies in would not involve public re	five companies data were missing. Many private companies in Greenland are closely held. If they publicly traded, the board would not involve public representation. That is why there are so few private companies of the list.				

^{***} Some of the unknown are employee representatives.

The board may not be present in the day to day operations on the company, instead it is top management that can exert a dominance or facilitated power exercising, when it comes to the internal operations of the company.

Two cases in 2001 – 'Greenland Air' and 'KNI Pisiffik'

Two examples of facilitated power exertion surfaced in the privatisation and market discourse in 2001. As a part of the efforts to implement a free market economy in Greenland, neo-liberal forces in the Home Rule administration managed to launch different initiatives and report writings. This suggests that

circles within the new class have concentrated on point of views especially popular within the capitalist layer of the dominating class. The creeds of publications like 'the report from the unitarian price committee', the OECD report, the annual economic-political reports from the Home Rule Government, the Structural political plan for action in 2000 and later reports are dominated by neo-classical and supply side notions (arbejdsgruppe, 1998, Thomasen et.al. 1999). For instance these reports advocated the abolishment of the unitarian price system⁵ with the justification that free competition and free pricing will lead to a decrease in the general price level and an improved purchase power at the consumers. The assumption for this is the same as among classical liberal economists believing in flex-prices.

The first case, the liberalization of air traffic in 2001 is an example of a success for the neo-liberal trendsetters and management in a dominant large corporation. They succeeded in selling this idea to the political elite that adopted these ideas as the economic policy of the Home Rule government. In practice it became a case of a pure monopoly and above normal profits paid by the customers. It also became the example of large corporations' ability to control its surroundings and on its ability to sell an idea to the public based on the promise that in the future competition would decrease airfares. The system applied hitherto was based on passengers on profitable routes paying higher fares in order to subsidize lossmaking routes in outskirt regions. In the future loss making routes should be paid through service contracts between the Home Rule and either 'Greenlandair' or some small helicopter companies that justified the term 'competition'. By the new year of 2001 'Greenlandair' announced that there was free competition for domestic flights in Greenland and the Home Rule announced that everybody could bid prices on the domestic destinations. Furthermore, cross subsidizing was abolished.

Nonetheless, praxis was of course quite different, because Greenland Air maintained a *de facto* monopoly on the profitable flights, while the service contracts were divided with 'Alpha Air' and 'Air Pavuna'. The finance of the contracts was raised from the Home Rule through airport taxes. This amount is of course an additional cost for 'Greenlandair' that hitherto has covered its costs on loss making routes by the removed cross subsidizes. Of the same reason one could at least expect that the effect was neutral – whether costs were paid by subsidizing or airport taxes substituting them do not matter for the airfares. The tickets should be the same.

The price hikes represented by table 2 draws a completely different picture. What we see here is an increase in prices and a consolidation of the pure

⁵ This price system rests on the philosophy that all goods and services should cost the same, wherever you are in Greenland. The system is financed thru cross subsidies.

monopoly of 'Greenland Air', despite the fact that politicians, civil servants and consumers were promised the opposite. The price increases were explained away with references to necessary appropriations for future aircraft carriers, increased fuel prices and disadvantageous exchange rates.

According to the employers association in Greenland the price hikes meant net income increase after taxes of at least 70 million kroner. Faced with protests, the Home Rule minister for housing, traffic and infrastructure later publicly had to declare that there was nothing to do, because price increases already were acknowledged by the Home Rule Government in the expectation that the neoliberal notion of prices flexible downward could be redeemed. For the same reason, the chairman of the Home Rule parliament traffic committee later declared himself misinformed. In the public debate the Home Rule minister emphasized that an insufficiently financed organ for monopoly control the 'konkurrencenævnet' should be the proper instrument to secure price stability. In the meantime one could only wait for 'competitors' to show up. This has of course not happened yet and the 'konkurrencenævnet' still in 2002 worked on a price analysis that ended up in the Greenland national court. The file of a lawsuit against the Home Rule government has according to the competition act a postponing effect.

Table 3: Comparative prices for a one way ticket at the economy class in 2001 (in D. Kr.)

	Old Prices	New Prices	Nominel Increase	Percent increase
Route:				
Nuuk – Kangerlussuaq	1.723	2.120	397	23,0
Ilulissat — Kangerlussuaq	1.513	1.885	372	24,6
Nuuk – Narsarsuaq	2.648	3.110	462	17,4
Sisimiut – Kangerlussuaq	878	860	-18	-2,1
Nuuk — Ilulissat	3.283	4.000	717	21,8
Nuuk – Sisimiut	1.723	2.080	357	20,7
Nuuk – Kulusuk	3.053	6.350	3.297	108,0
Kangerlussuaq — Kulusuk	2.611	4.235	1.624	62,2

Source: Grønlands arbejdsgiverforening, 2001

The other case of exertion of facilitated power is the privatization of the Home Rule owned retail shop chain 'KNI Pissifik'. The Home Rule government requested a privatization plan from the KNI board and management (appointed by the Home Rule), while it was stressed that the best model should be presented, and that a public debate should be launched on how the Government owned assets should be sold. Hence, a capitalist and 'lemon socialist' model was adopted. The corporation was divided in divisions in such a way, that the oranges or the profitable shops should be in one group, while 'the lemons' or the

loss making shops should be in another group. In practice, one did not see a comprehensive public debate. It ended up with a selected gathering of mostly representatives from different layers of the new dominant class that were presented for the boards model in the large hall of the culture house 'Katuaq' in Spring 2001. Exactly the situation of the presentation of the board's model and not the constraints and options of all feasible models analyzed by experts led to the Home Rule government's adoption of the plan presented from the board. The so-called 'best model' allowed most of the stock portfolio to go to Danish private investors, while leading executives of the KNI could take over the second largest block 17% of stock at a discount price to 80% of the face value of the stock. In general the stock was sold at face value and not the market value. The results at the 'bottom line' of the KNI in the late nineties before the privatization was quite impressing - this suggested that the company in the nineties had gained a still higher value due to expectations on performance alone, and that a real market situation may had yielded a higher price to the main stock holder, The Home Rule.

We still have not seen a professional appraisal of the value of the stock in the KNI profitable companies. If the KNI had been a publicly traded company a suspicion of illegal 'insider trading' favouring the corporate executive officers buying cheap shares for later sale with considerable profits would probably have risen immediately! The Danish company that bought a majority chunk of the shares stood as the main buyer of inexpensive shares too, because future earnings did not influence the appraisal of stock. The retail market in Greenland is a duopoly (with the co-operative stores as the other chain of stores), and in the future one could still expect above normal profits and the misuse of a dominating position at the market. As in the 'Greenlandair' case, the impotent 'konkurrencenævnet' became a buzzword, when the concept of monopolization was aired in the public debate.

The democratic alternative – the stake holding society

The Greenland society launched with the establishment of the 'Self-government Commission' in 2000 considerations on a development towards a larger political, administrative and economic self-government than what is built-in in the Home Rule law. As emphasized in the public debate there are still several stages from a Home Ruled Greenland to an even larger degree of independence. Subsequently, the Home Rule law and its abolishment is now at the agenda containing different self-government models within the framework of the Danish kingdom as transitional phases in the process towards independence.

In the following, I will as a point of departure present the self-government concept and its democratic implications as an alternative to both 'Etatist' and

'neo-liberal' notions. My basic argument is that a real self-government society spans from self-determination or participation at the level of the individual to decentralization and self-management in several spheres of social life. This approach to analysis presumes the 'stake holding society' gaining so much impetus these years as a 'third way' between neo-liberal extremes and traditional social-democratic concepts of the welfare state. 'New Labours' orientation towards another market society than the neo-liberal project and the British sociologist Anthony Gidden's theory of so-called 'Communitarianism' could lead one to believe that something new has 'popped up' (Giddens 1998; Hutton, 1999; Giddens 2000).

However, this is debatable, because one historically speaking could find the same thoughts or at least thoughts quite analogous to the thoughts of Giddens and Hutton among social reformers and social scientific thinkers.

In a Scandinavian context it is some 100 years ago that the Danish agricultural cooperative movement 'saw daylight', and likewise it is some twenty years ago that the so-called 'center rebellions' published a book on the 'humane equilibrium society' based on decentralization and local enterprises owned in common by people of local communities (Meyer et.al., 1978). On the other hand this led left socialists independent from Moscow to point to the selfmanagement concept and the original organization of the 'Commune of Paris' as a similar project that in reality was not a new type of society, but a decentralized socialist society of the type already present in former Yugoslavia (Petersen, 1980). In an international context one cannot through reading of utopian socialist works exclude that the 'partnership ideology' or the 'stake holding' concept has analogies to the co-operative idea of employees, consumers or suppliers owning companies as cooperatives. The cooperative idea stems from the Christian socialist Robert Owen, later sociologists and economists like Oscar Lange, Wlodzimierz Brus, Branko Horvat and Jaroslav Vanek also pointed to the participatory or self-managed society as another third way between 'Etatism' and 'Capitalism'. It seems that there are other 'third ways' than the one described by Blair, Huttons and Giddens (Brus, 1978; Vanek; 1971; Vanek, 1974; Horvat, 1982).

At the American right industrialists and presidents all talked positively about the American employee stock ownership plan (ESOP). The father to later legislation on ESOPs, Louis Kelso made this type of partnership a part of his so-called 'Capitalist Manifesto' in the late fifties (Kelso and Hetter, 1967; Kelso, 1988; Lindkvist, 1989). Conceptualizations like 'the stake holder society', associative coordination mechanisms or self-management indicate several approaches to a theoretical analysis of a market society of a new kind. Nevertheless, the fact that this approach have influenced the political wings and the political centers ways

of thinking actually may be of less importance than seeing this new society as a part of actual developments globally, in the EU (social partnerships/Social Europe) and at the micro level of the knowledge based organization.

This moves my presentation from the level of macro organization to the micro level. In American and international contexts, we are working on a new theory O as something qualitatively different than theory Y and Z. This new type of management philosophy approach within the ingenuously elaborated letter combinations is not yet a full fledged theory. It was first presented by Karen Young and Corey Rosen stressing that the theory Y and Z management concepts not to a sufficient degree will release the employees motivation and commitment. It is a synergy of both vital employee ownership and participative decision-making that will bring forth innovativeness and creative potentials. Rosen and Young emphasized that

"..it is not enough to enrich jobs and treat people more respectfully (as in theory Y management), nor is it enough to set up a consultative, participative management style (as in theory Z). Valuable as these theories may be, they still envision a distinction between employees and employers. In theory O (O for ownership) companies there are only 'partners' or 'associates' or 'fellow owners'. People – managers and non-managers – are expected to act and treat each other like the owners they all are. It is assumed that everyone has ideas and talents that should be used fully, that the people who know the most about something should be the ones making decisions about it, and that every employee has a responsibility to make a contribution (Rosen & Young, 1991, p 36)".

It should be noticed that the 'third way' approach in the debate on self-government in Greenland should not be considered the only tool ensuring an increased political and economic self-government. Some proponents of this unambiguously take their point of departure at the macro level of society and advocate a model that as hitherto leaves the Etatist and Capitalist power structures untouched. This represents a paradox if self-government is understood totally as a phenomenon bridged over from the level of the self-determination of the individual to the sovereignty of a new nation. In other words an enhanced self-government at the macro level may not according to the proponents of the macro approach involve an increased self-management or participation at the micro level of firms and local communities. The type of 'self-government' advocated by the 'macro-proponents' will adopt and underpin the power of the post-colonial dominant class as discussed above.

It should also be noted that the economic paradigm preached by the capitalist layer and their allies within other layers of the new class is rooted in privatization notions of a similar appearance as seen in transitional and

developing economies, in the UK and in New Zealand. One may of course ask whether there is a contradiction between the stakeholder society and the individual right to self-determination and those doctrines? The answer to this question must necessarily be confirming – there is a difference! If one conceives employees as a factor of production, that can be disposed of in the short run, and that solely is motivated by utility maximization, there is a big difference in creeds. The alternative creed stressing the individual as a partner, a member or a participant with equal rights is something qualitatively dissimilar to the neoliberal philosophy of 'homo oeconomicus'. Furthermore, there is a difference in opinions, when citizens are confined to consumers and voters either 'voting with their dollars' or casting their votes on a politician in a ballot box. In the stakeholder society, participation in political and administrative decision-making processes involves that each citizen can influence as a user and a stakeholder. It involves that decision-making processes are decentralized to the local communities - in all walks of life it involves that those influenced by the decisions of a center have the right to participation.

The rational decision model rooted in ideal concepts of the functioning of markets and in concepts of political and administrative decision processes serves to atomize decisions to one homogenous type of decision taken by rational maximizing individuals. This behaviour based on material and political self-interest assists in achieving the optimal social equilibrium. A society that stretches this as far as possible will attenuate in terms of 'social capital'. The stakeholder society instead puts its emphasis on the inclusion of the individual, and with this radically different relations are created between its citizens than seen in the market society fostering 'principal-agent problems', that creates alienated individuals and social expulsion.

If there are different types of market societies, the stakeholder society is another market society than that founded on 'laissez faire' mechanisms in a blind faith in 'the invisible hand of the market', in the rational maximizing individual, in the traditional private initiative that often leads to monopolization instead of pure competition and in consumer sovereignty that carries the allocation of resources.

Thus, it is important to understand that the concept of self-government cannot be based on a supply side, a neo-classical or a neo-liberal development paradigm. This would just be like substituting one type of dependence based on the unilateral transfer incomes from the Danish State with another type of dependence founded on the dominance of Danish and foreign trans-national corporations. It is exactly these notions that lie beneath the privatisation debate of the nineties and the initiatives taken to sell off the profitable KNI assets at a low price that changes the appearance of dependency. The individual would all the same be precluded from the exertion of a real self-determination or at least

some participation unless the trans-national corporation sees it in its best interest to incorporate social values, goals and processes of the stakeholder society. Exports of income and capital from Greenland will continue to narrow the economic scope and the Greenland economy's ability to create a value added that suffices in lifting a self-reliant economy.

The stakeholder society set local ownership in contrast to trans-national ownership and initiative. A real economic and political self-government reinforce local ownership, initiative, participation or self-determination. Network of one-man firms, family firms, profit sharing firms, participatory firms, employee owned firms, firms owned by fishermen and hunters, cooperative societies, social enterprises, companies with ESOPs and Home Rule companies leased to local communities could be the back bone of a Greenland stakeholder society.

It is in other words obvious that the management philosophy compatible with the stakeholder society's organization is based on participation in decision-making, profit sharing and ownership. It is a philosophy founded on intra-organizational network, the flat hierarchy or the participatory organization. At the meso-level and the macro-level the inter-organizational network or associative mechanisms contains the participative micro-organizations. The neo-classical markets is substituted by enterprise networks, producer-user interaction or customer-producer relations, and accordingly an organization is not just a profit maximizing and price adapting agent on the market. Such mechanisms are qualitatively different than seen in the market society? Alternatively, the contours to a co-operative society or an associative society delineate. Nonetheless, it is probably still most safe to realize that certain market mechanisms like for instance prices will remain intact.

In this society the comprehensive concept is participation and co-operation (as opposed to competition). The individual is a citizen, a member, or a 'partner', who participate and who is a part of the social development and decision-making processes. One first condition for the realization of this is, that marginalized and excluded labour is included in work life through inclusion and education initiatives. A further precondition for participation at all social walks of life is a levelling of the unequal distribution of incomes and wealth created by either 'laissez faire' markets or Etatist allocation practices.

In a Greenland context the process towards self-government presupposes that several barriers both in relation to the individual and the societal level are torn down. These barriers come to the fore from the dominant new class's grip on power, and they are in other words still twenty years after the inception of Home Rule causal factors to a restrained process towards self-government that still has

not been eradicated. That the nucleus of the democratic alternative, the stakeholder society may have more in common with the original Inuit hunters society is quite another, but not less interesting story. The archetype hunters and sealers societies were based on community, the great hunter would lead the other hunters to the hunting grounds, and although each man had his own task to perform, co-operation and everybody's participation was an important prerequisite for success. In those societies the chief hood models imported by Indians or the Norsemen were not socially acceptable – power was at the highest exerted through setting an example.

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