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"Globalisation, Embeddedness and Local Coping Strategies"

a comparative and qualitative study of local dynamics in contemporary social change

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Globalisation, Embeddedness and Local Coping Strategies

- a comparative and qualitative study of local dynamics in contemporary social change

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Preface

Over the last years, my scientific study has been centred around three objectives. First, the historical development and transformation of the Nordic Atlantic marginal areas, and in particular their fishery dependent communities, has interested me. Second, the concrete and multifaceted ways in which people cope with basic conditions of change has been a central concern. Finally, I have tried to reach an understanding of the ways in which economic action is socially and institutionally embedded. The result of these different sets of interests is this thesis on globalisation, embeddedness and local coping strategies.

Thesis work is a personal assignment, but it also evolves in a social context that is of greatest importance for the fulfilment and final shaping of the project. Despite the danger of forgetting someone I should not, I think it is important to express my gratitude to those who have helped me along.

Professor Jon Sundbo has been my supervisor over the years, and he has been a continuous source of inspiration. Thanks to Jon for his serious and helpful engagement in the process. Also thanks to the people at the Department of Social Sciences with whom I have shared good discussions and friendship.

Some years ago, I had the pleasure to be affiliated with the MOST Circumpolar Coping Processes Project. This has proved to be a very stimulating company. Many thanks to the coordinators, Jørgen Ole Bærenholdt, Nils Aarsæther and all the other people in the team, from Canada in the west to Russia in east, for ongoing meetings, discussions and joint work.

I wish to record a special thanks to Herman Schmid. No one has influenced my academic work and career more than he has. Thanks to Herman for his support and engagement, for always being there when needed, and not the least for his personal wisdom, which he so often has shared with me.

I would also like to thank those who have helped me gather data and facilitated entry to the local environments. I would like to mention Leif Arne Viken and Bartal Dulavík in Båtsfjord, Jógvan við Keldu and Rani Nolsøe in Klaksvík, and Hans Andrias Joensen in Copenhagen. Thanks to Jørgen Ole Bærenholdt (Roskilde University), Peter Arbo (Tromsø University), Martin Thibault (University of Winnipeg), Knud Bjørn Lindkvist (Bergen University) and John Andersen (Roskilde University) for comments on parts of the manuscript. Working with John on large scale urban strategies helped in understanding the small (or micro) communities that I have been studying in this thesis.

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Thanks to Andrew Crabtree and Richard Apostle for their help in improving linguistics, and to Abraham Mikladal for helping with work processing technicalities

Finally, a heartfelt thanks to my wife Anna Katrin and our children Teitur and Durita. You have all helped me greatly throughout the whole process, and also being more patient than one can ever expect. For this I am deeply grateful.

Remaining errors or mistakes in the thesis are my own responsibility.

Klaksvík, December 2000.

Gestur Hovgaard

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Prologue

The point of departure for this Ph.D. thesis is that we are now experiencing a period of radical social transformation. It is a true transformation as it touches upon all of the most vital parts of social life, its economic, political and cultural basis. The popular expression of this transformation is globalisation, which manifests itself through profound technological changes and a thorough, path breaking institutionalisation of the neo-liberal logic of marketization. These transformative powers have resulted in an enormous structural pressure being placed on all spatial and institutional levels towards restructuration and renewal. Its shady side all over the globe is the immense processes of recession and marginalisation, and for huge areas of the world the problems in coping with these problems seems to be overwhelming. It is precisely the coping of the structural pressure of globalisation that is at the centre of this thesis. More concretely, my analysis is undertaken as a form of optic cross-section of the global transformation.

By an optic cross-section I mean that the ambition is to analyse the impact of globalisation in just two fisheries dependent localities in the Nordic Atlantic periphery. The aim of this manoeuvre is to contribute to our understanding of the character of the global transformation from the perspective of the practical problems and concrete initiatives at the level of the locality as the point of departure. My focus, then, will be on the multi-facetted and complex ways in which human beings are using their personal and collective capabilities to adopt strategies in coping with radical social change. In my view, it is on the basis of concrete experiences of everyday life activities that the renewal of local life is to be understood.

The fisheries dependent localities in general can be viewed as a part of the loosing team in global restructuring. A superficial view over the Nordic Atlantic confirms their critical condition and the threat of full marginalisation. Over the last decades these localities have witnessed declining populations, lower levels of income, industrial phasing out plus cutbacks in public services as some of the important examples on this negative spiral of development. Among thousands, the typical fisheries dependent locality has based its exis-

tence upon one-sided industrial production and a pro-active state, in which the idea that rights and benefits was a privilege irrespective of social and geographical position was the dominant principle. This principle of social and territorial integration reached its summit in the 1960's and 1970's, but by the crossing of a new century its character has changed fundamentally. The dynamism of stable production of a few standardised goods is replaced by the innovative, learning and flexible firm. The pro-active public sector is withdrawing in favour of more market like conditions in which the slogans of equal distribution, work for all and national objectives have been replaced by the slogans of personal development, heightening of competencies and incentives.

Given these socio-economic and socio-political changes a simultaneous and challenging socio-cultural tendency has arisen. The important impact on local life from this socio-cultural tendency is that the years of growth are no longer tied to place of birth or place of work. A few years ago the majority of people were either tied to their place of birth, or forced to leave it, but today, for better or for worse, places have turned into personal choices. Also this is a part of global restructuring. This is so, simply because consciousness about the possibilities outside one's domicile is created by the transformative powers of globalisation (media-systems, transport-systems and the like). This new condition in the process of modernisation (called reflexive modernisation) is, in particular, reflected in the search by youths for education and more individualised moods of life, and the still more manifest rejection by women to choose a course of life tied to nature (as e.g. worker at the industrial plant and/or to become a fisherman's wife). The linear course of life tied to nature, in which one generation is replaced by the other, has been definitely broken.

Taken together, the general processes mentioned mean that fisheries dependent localities not only in economic and political terms, but also in cultural terms have to legitimise themselves as places worth living in. These general processes therefore put a great deal of pressure on localities to adapt to a situation in which labour, goods, investment and human resources to a great extent have become a question of competition. These processes have, over the last few decades, turned the picture of the modernised and prospering industrial fisheries community towards one of stagnation and crisis. These facts can clearly be read

from the objectivity of societal conditions as they are presented in statistical material, functional models of explanation and, not the least, in political cut-and-dried solutions as the neo-classic synthesis of the frictionless market.

My argument here is that there is a too strong tendency towards the objectivity of societal conditions, and that this objectivity contains some essential short-circuits. For example, such objectivity has the problem that it excludes the historical continuity of fisheries dependent societies, which is decisive to understand their present condition of development. It also excludes or ignores the motivations, values and concrete social mechanisms behind social action, or these social relations are seen as impediments on formalised and rational decision making. In particular there is the problem that objectivity does not catch the inter subjective processes that may be the decisive basis for collective and individual action, inter subjective processes that are renewed via materialised institutions and structures previous to the social action itself. In short, the objectivity of societal conditions does not catch the experiences and possibilities that are embedded in the social context itself for the creation of specific local strategies.

My point here is not to argue for a pure social constructivism, but my propositions concerns one of the basic challenges in studying local contexts, and that is how to catch the particular in the general and the general in the particular. Whether or not, or to which degree I succeed in this endeavour will be up to others to decide. What I want to maintain as my basic point of departure is the need to improve analytical thinking by investigating the complexities of everyday life.

If one takes the step down to the concrete local level, a very different picture of the fisheries dependent locality comes to the front. One is soon hit by the fact that they are heavily modernised communities, which people consciously have chosen to live in, places which are full of dreams, richness of ideas, action and innovation. My motivation for making this study is precisely based on the idea that social science misses the tenets that can be learned from places that show vitality and dynamism despite the fact that they undergo immense structural pressure. How do we, for instance, explain that there actually are very different

forms of development in localities with, objectively speaking, equal possibilities, and often in short distance from each other? While the objectivisation of social science is attempting to make fisheries dependent localities into a homogenous mass, the central issue in my view is to analyse difference and catch those local factors that make a difference.

So far my discussion has emphasised two main arguments. The first is that there actually is a response towards the general tendencies of decline and recession, a response that has a background in concrete local initiatives and strategies. The second argument is that these responses actually are very different from place to place, simply because places are different. To further this argumentation it is obvious to go into the most objective scientific field of them all, i.e. the ways that local economies work. My central argument will be that successful economic restructuring needs multi-causal explanatory factors in which the local context itself may constitute a positive difference.

The mix of factors that may make a difference is what I will call coping strategies. As we, as a principle, do not know the answer on the content of these strategies, the concrete scientific question to be answered during the analysis is "what strategies people in fisheries dependent localities adopt to cope with the structural pressure of globalisation, how these strategies are developed and why?"

The analytical development of the concept of coping strategies has its background in the experiences of my study of two Nordic Atlantic fisheries dependent localities. One of these localities is the biggest fisheries community on the Faeroe Islands and its second largest village with 4,500 inhabitants, Klaksvík. The other locality is the northern Norwegian locality Båtsfjord, which is one of the larger fisheries dependent localities in Norway with around 2,500 inhabitants. My choice of these two localities has to do with the successful economic restructuring of their local economies over the past decade. Under very different national conditions, both these localities have managed to build up distinct local economies, based on local ownership and genuine local initiative. As such, they may be seen as paradigmatic cases (cf. chapter 2), in which there is something very fundamental to learn about economic change.

The notion of local coping strategies stresses the interaction between economy and community, and – as I interpret it – the positive economic changes derive from a capability to innovate the social organisation of the local economies. Through the course of my thesis I will argue for three internally consistent sets of explanations to their successful economic restructuring: 1) that these innovations derive from a dynamic capability to mobilise local resources in specific ways; 2) that the mobilisation of local resources is based on, of course, conventional capital, but in particular derives from social principles of reciprocity and trust, and 3) that these principles of reciprocity and trust are grounded in locally specific traditions and identity, i.e. based on continuity in time and space. These hypotheses focus on processes of both continuity and change, and their inner logic is precisely that those localities who manage restructuring are those localities which maintain continuity within change.

The problematic as well as the hypothesis outlined strike into a plethora of central social scientific controversies. Many of these controversies are touched upon during the course of the thesis, but here I will only concentrate upon those issues and questions that directly have a consequence for the ways in which my thesis is getting along.

The first issue concerns the social context in which my analysis is undertaken. I have stated that the overall frame concerns global pressure and local development! But what is the consequence of this for the practical completion of my work? What do we understand about the concept of globalisation? And how is it possible to analytically link globalisation and the practical everyday problems and actions within a local context? The second, and of course closely related issue, concerns the analytical content of coping strategies. How is it possible to catch the multiplicity of social processes within one analytical framework? My immediate answer is that this analytical framework has to be based on the analysis of social interaction, institutionalisation and other mechanisms and processes that promote integration, i.e. a theory of embeddedness. The classical inspiration to such an analytical framework is based on the work by Karl Polanyi, and draws upon the insight in recent developments within economic sociology, socio-economics and theories of modernisation. These

fundamental analytical challenges mentioned are the concern of chapter one, which thereby works as the theoretical-analytical take-off of the thesis.

Another set of questions concerns methodology. The problematic addressed here clearly sets the stage for a scientific methodology based on the qualitative method. The real challenge here is to explain how it is possible to reach reliability, validity and generalisation, based on studies in just two localities. Hereunder, the question of how the study has concretely been undertaken, the data analysed etc. I have chosen to use some space on the issue, and one reason for this is that qualitative studies, and in particular studies of local contexts, still seem to have the lowest status in the scientific hierarchy. Thorough discussions on the qualitative method itself, its advantages and disadvantages, is an important brick in creating greater legitimacy and accept for doing these kind of studies. But another reason is that a Ph.D. thesis is not only a product in itself, but a part of a course within an entire education. To make probable how the scientific qualification has been achieved is therefore an important piece of evidence to outline. Chapter two and three deal with the crucial social science question of how? In chapter two I will deal with the science theoretical issues around qualitative case studies, which in chapter three will be concretised in the form of a presentation on how my particular study has taken its shape.

Chapter 4 provides the historical dimension of the thesis. History matters as they say, and historical events have greatly influenced the shaping of the social innovations that make present coping strategies possible. Chapter four is an analytical interpretation of the historical evolution of Northern localities from the perspective of coping strategies. It views development as the balance between different ideal-type institutional forms of integration (market, stat and community). By this interpretation it is possible to outline some general historical threads that have shaped local communities in the north. In the latter part of the chapter I will present the two Nordic Atlantic contexts in which the study has been undertaken.

To outline the general threads is a way to reach particularities, and this is what from a historical perspective will be done in the following two chapters, i.e. chapter five and six. The

chapters outline the general and particular historically specific factors that have constituted the evolution of the two case-localities respectively.

Chapters 7 and 8 analyse the present coping-strategy in Båtsfjord and Klaksvík respectively, based upon the analytical and historical interpretation in foregoing chapters. The two chapters follow the same kind of presentation structure. They begin by presenting what concrete initiatives were taken to restructure the local economies. Thereafter the chapters present how the initiatives turned by, which again is followed by a presentation of why these initiatives did work, or more concretely, of what the content of the local coping strategy is.

The two analysis of present coping-strategies in chapter 7 and 8 are followed by a comparative analysis in chapter 9. By comparing I will first of all be able to extract analytical generalisation on what kind of factors make a difference in local development. Second, this will help to extend the theory and evidence of local coping-strategies. As a third element, I will then be able to touch on the substantial question of remoteness and community in reflexive modernity!

Chapter 10 is the concluding chapter, in which the threads of the thesis will be summarised. Furthermore, the challenges of further examination, based on the experiences of this thesis, will be discussed.

Chapter 1
Globalisation, embeddedness and coping strategies – An analytical framework for the analysis of local reembedding practices

1.1. Introduction

How can we understand the ways in which fishery-dependent localities adapt to global processes and pressure? How do we get to grips with the fact that they, despite their asymmetric position, are actually able to improve their economic and social basis in an innovative fashion? And how do we understand the multifaceted ways in which locals mobilise resources and capabilities to improve individual and collective well being? These were the fundamental questions raised in the prologue. *This chapter intends to construct an analytical framework for the empirical analysis of these practical sociological questions with special reference to local economic development.*

Local economic development is here understood as a complicated social and cultural process, which can be effectively researched by adopting the composition of coping-strategies. But to get at the analytical advantage in utilizing coping-strategies, the point of departure will be based on three basic demands that reflect the ontological status in my work. These three basic demands are natural propositions that follow from the questions outlined at the top. First and foremost, the approach have to reflect the fact that fisheries dependent localities are not isolated homogeneous entities, but highly *differentiated and integrated to the outside world.* Second, the approach has to be based on *a dynamic perspective on social change*, but also one that does not inhibit the fact that *there is always continuity within change*. Third, the analytical approach has to *catch multiple social and cultural processes at the local level*, which despite structural constraints, make a positive difference.

The construction of such an analytical framework will be themetised around the concepts of globalisation, embeddedness and coping-strategies. The chapter will argue for the validity of this analytical approach by outlining the meaning of each of the concepts, their interconnection and consistency. The first part of the chapter argues that globalisation has two dimensions, a structural one and a strategic one, which have important consequences for

the ways in which local action takes place. The first dimension has as the consequence that global and local levels are directly linked in interdependent processes. The consequence of the second dimension is about globalisation as a way in which local actors themselves adopt global horizons. These issues naturally raise two questions that will require thorough discussions. The first of these questions is about *how* the global and the local are linked, and here it will be argued that the concept of *embeddedness* is a concept for understanding forms of local integration. The second question concerns the way in which localities respond to various processes of globalisation In order to understand this complicated response the concept of coping-strategies will be presented in the last part of the chapter.

1.2. A global context

Globalisation is a vague concept that has resulted in a great deal of confusion in the scientific debate. It has been known in the academic debate for quite a long time, but it first entered the public debate in the 1990's. Now it is widely referred to by journalists, management people, politicians and other opinion-makers. It has turned into a catch-phrase for the fact that the `world´, in some way or other, has turned into a flow of money, firms, institutions and people, which have changed our traditional ways of looking at economic, political and cultural life for ever. Though, the dominating view on globalisation is the economic one, promoted by the proponents of the free market paradigm who, after the fall of the wall, proclaimed the final victory of libertarian economics and "the end of history". The people claimed that the "borderless world" was an invariable fact and in practice governed by the invisible market forces, which give room for individual liberation while leaving the nation-state powerless and vanishing (Ohmae 1995). Robert Reich adopted a similar perspective on globalisation, but came to an opposite and rather worrying conclusion. Globalisation, in Reich's view, was liberation for the few, the ones he calls the "Symbol Analysts", but it also contains a serious threat to national and local integrity (Reich 1990). These two perspectives share the view that globalisation is an unrestrained process towards a borderless world, one highly optimistic the other (highly) pessimistic.

In recent years the thesis of a "unrestrained" or "borderless" globalisation has been seriously questioned (Hirst and Thompson 1996, Weiss 1998). Hirst and Thompson (1996) see globalisation as being promoted by people in management, like Ohmae. They are not only fundamentally wrong, but dangerously so, since it is promoted by people who greatly influence key political and economic decision making processes, hence globalisation may wrongly become an unquestioned ideal (Hirst and Thompson 1996:3f). To oppose this radical view on globalisation, Hirst and Thompson contrast the idea of a free-floating globalised economy with that of an international economy. They see the international economy as an economy in which the principle entities are still national in origin, while the global economy is one in which national economies are subsumed and re-articulated into the system by international processes and transactions (Hirst and Thompson 1996:8,10). Their conclusion is clear, we still are very far from having reached the state of a global economy (Hirst and Thompson 1996:195f). They conclude that coherent concepts of the world economy in which supra-national forces and agents are decisive are missing. The enhanced internationalisation since the 1970's are not in itself a proof of a distinct global structure, since major structural changes of trade, capital flows and monetary systems of greater "global" reach than the present one have existed before (i.e. the period 1870-1914). They also point out that only a few truly global TNC's exist, since generally speaking companies continue to operate from distinct national bases and that regulation in form of international co-operation, trading blocs and renewed national strategies by no means are exhausted. They do not see globalisation as either liberation or a threat, but as opportunity. The (probably) globalising (not globalised) world is an opportunity for national (and local) renewal through international governance and the reinvention of associative democracy under these new highly internationalised conditions (Hirst and Thompson 1996:170ff; Hirst 1997).

Hirst and Thompson's rebut of a global economy is, on the premises made, not an inadequate one. By adopting the "borderless ideal world" of globalisation as their frame of reference, they add an "opportunity-version" in the ongoing debate between global optimists and global pessimists. Together they therefore seem to share a view of globalisation as a

distinctive and casual process in its own right, and by this, some crucial points concerning globalisation are missing.

Typically of these interpretations is the view that globalisation becomes a homogenous and general process, in which "the local" becomes its polar opposite. In these polar opposites, the global becomes the general and the homogeneous while the local turns into the particular and the differentiated, a space of flows versus the space of place, threat versus opportunity or the strong versus the weak. Such an interpretation of opposites is to miss the point I want to stress.

I agree with Hirst and Thompson and others that we do not live in a globalised world. But globalisation is more than quantitative changes in the economic structures of the world, but as well, and actually more profoundly, it has to do with qualitative changes in capitalism as such (markets, technologies, infrastructure, telecommunication systems etc.), changes which are as much cultural as they are economic (Friedman1994; Robertson 1993; Hall 1991)[1]. In other words, *globalisation has to do with the contemporary changes in the temporal and spatial boundaries of "the social"*, i.e. in the process of modernisation itself. Economic and socio-cultural changes may be of equally strong importance, and I have chosen to follow the more complicated interpretation of globalisation in recent thinking in such different fields as economic sociology, socio-economics and human geography, also referred to as the spatialisation of social theory and modernity (Therborn 1997). The spatialisation of social theory turned by after the crisis of the meta narratives, most powerfully adduced by post-modernists, who usually privilege the spatial over the temporal mode of analysis. Unfortunately, post-modernists themselves typically go so far that they turn in to represent a new master logic of historical transition from tradition to modernity to post-modernity (Featherstone and Lash 1995:1f). The post-modern stand seriously questions any territorial rooting, and even tough I see their position problematic, they seriously questions our usual conceptualisation of life and society on the periphery (Apostle 1998).

Frankly speaking, globalisation in my view represents a supplement and/or a replacement of the national as the decisive frame for analysing social life. Therefore, globalisation is an analytical frame of reference, which has to do with the recognition that the global context has become the most relevant one that a proper analysis of modern social life should be understood (e.g. Bilton et. al. 1996:53, Albrow et. al. 1997). Globalisation is not about "states of affairs", but *first of all globalisation is a way of interpreting the world.* This principle statement will be extended in the following.

1.2.1. Globalisation, as a way of interpreting the social world.

So far, I have stated that globalisation should be seen as a specific way of interpreting the social world. This interpretation suggests that *globalisation should be understood in terms of global inter-relatedness or global inter-dependence.* Globalisation is a product of social practices or social forces somewhere in the world, forces which are multiple in character, originate from different levels of scale, spatial or temporal. These forces may represent new geographies of uneven development based around inclusion and exclusion (Amin and Thrift 1994). As we deal with systems of power, the outcome between classes and spatial levels can be extremely differentiated. This is partly because global processes do not hit places evenly, partly because the power and ability to counteract, adapt and strike back are unevenly distributed.

The relation between the homogeneous/general and the heterogeneous/particular gets another meaning in this way of thinking about globalisation. In this perspective globalisation may contain many homogenising processes as it does in the "McWorld" culture (MTV; Macintosh; McDonald) (Barber 1992), but the other side of the coin is also, for instance, the resurgence of local, regional and national cultures and economies (Scott and Storper 1992; Robertson 1992, Friedmann 1994; Amin and Thrift 1995, 1994). This way of thinking globalisation goes beyond opposites, but is seen as a single combined process with two inherently, albeit contradictory movements (Swyngdouw 1992:40f). *The local becomes the*

[1] Hirst & Thompson manage to quantitatively show that only a few true TNC's exist. But as shown by Sklair (1994), the TNC's also have some qualitative characteristics which produces a transnational capitalist class

product of both endogenous and exogenous forces, an issue which is accentuated by the concept of *glocalisation* (Robertson 1995; Swyngedouw 1992).

My interpretation suggests, as does for example Jessop (1998), distinguishing between the structural and the strategic dimensions of globalisation. It is the structural dimension that I have been referring to in the above, while *the strategic dimension of globalisation refers to the ways in which actors themselves adopt global horizons.*

The strategic dimension of globalisation refers to the fact Polanyi reminded us, which is that a social transformation is not only about fundamental structural changes, but additionally also changes the individuals, organisations and institutions that participate in it (Sternberg 1993a; 1993b). In other words, globalisation is about the "awareness" of the world as a whole and how this global awareness is manifested in social action. In the strategic perspective globalisation becomes what Friedmann (1995:73) defines as *the attribution of meaning in the global arena.*

Friedman's interpretation of globalisation, inspired by world system theory and cultural theory, views globalisation as primarily cultural processes, but also as "determined" by the commercialisation of the world, i.e. by economic processes. Friedman's work on globalisation is an intriguing one, and his view on cultural globalisation is of specific relevance. Friedman analyses culture as a process, i.e. as social practice instead of a "state" or a "substance". He argues against the reduction of culture to cognitive categories as is done in the work of e.g. Robertson and Giddens, but instead argues for an interpretation in which the periphery has an explicit route of its own towards modernisation[2]. In his analysis Friedman turns to Pierre Bourdieu, by whom *culture is understood as practiced and constituted out of practice*; i.e. a transmitted social code or paradigm abstracted from the context of its

and a culture-ideology of consumerism.

[2] See my chapters 2 and 4 for more thorough discussion on precisely this issue.

production[3]. By this it is also possible to transcend the rigid division between economic and cultural views on globalisation. As I will discuss later, it is very important to mix economic and cultural (and political) explanations in local coping strategies.

In this section I have outlined globalisation on two different but interrelated dimensions, the structural and the strategic. But this is still done on a general level of abstraction that does not give room for concrete analytical linkages. The relevant question therefore is, how it is possible to find an analytical way out to analyse globalisation and local development (or rather "glocalisation") in a multidimensional perspective. The road to reach this ambition is to discuss the concept of embeddedness. This issue will be returned to later on, because first there is a need to clarify further the structural dimension of globalisation, because why do global processes put pressure on fisheries dependent societies to restructure?

I think that a proper analytical beginning of an answer can be reached from two rather different, but equally important intellectual sources. The first of these sources is what can be termed as the debate on Post-Fordism, and the other one is the more general debate on what constitutes "modern lives", i.e. Reflexive Modernisation. I will use the theories of Post-Fordism to gain *basic changes in the economic sphere*, while the theorizing on Reflexive Modernisation will be utilized to *understand the more basic constitution of "the attributes of modern life"*. In practice the economic and the socio-cultural spheres will be intermingled, but to gain some clarity, distinction is needed.

1.2.2. Global pressure (I) – Fordism and Post-Fordism

Among scholars of social and economic change there seems to be agreement that something fundamental happened in the world structures in the first years of the 1970's. These years ended what Lipietz (1989:14ff) and others have termed "The Golden Ages", i.e. the

[3] Friedman (1995:76) distinguishes for instance between the tourist industry's construction of fantasy worlds away from home as an example of globalisaton (attribution of meaning) and the changes in income distribution and transportation in the same industry as an example of "global systemic processes". Friedman clearly distinguishes between the 'visible' institutions of the global system and the cultural processes that are generated in the global systems, i.e. processes of identity formation and fragmentation. This corresponds to my distinction between structural and cultural dimensions of globalisation.

exceptional economic expansion and stability of western capitalism in the post-war period. The expansion and stability of western capitalism is here understood as *Fordism*, and the fundamental contemporary changes in the world-structures are understood as *Post-Fordism*. In the following I will give a brief introduction to my particular usage of the concepts Fordism and Post-Fordism, which basically has two purposes. The first one is to provide an understanding of what is happening in the macro-structures of contemporary capitalism as distinct from an earlier period of capitalism. Second, this outline will be helpful to point at those factors at the local level that are important to investigate thoroughly.

Fordism was first conceptualised in the 1920's and 1930's to characterise the mass production model established by Henry Ford, and made scientific by the management literature of those days. It was also used by Antonio Gramsci in the 1930's to characterise the specific and dynamic form of American capitalism, which compared to Europe, was freed from the old traditions of agricultural communities and aristocracy. These intellectual heritages have influenced the present usage of the term, but there is no agreement on what precisely constitutes its contemporary usage, and the concept is still generating much confusion and controversy (Jessop 1992:46). The French Regulation School, and in particular Michael Aglietta, made in the 1970's the seminal work for what is considered as the characteristic of Fordism, and to day adopted by a range of scholars on economic transition.

The regulation school understands Fordism not just as a specific technological system of production, but as a combination between a technological system and a whole set of organizational and institutional arrangements. Deborgne and Lipietz (1992:334f) argue that Fordism has three main dimensions: 1) a *technological paradigm*, which was the mass production system made workable by mechanisation and Taylorist management principles. 2) The technology was a precondition for rise in productivity to mass production, but mass production leads to underconsumption (as the crisis of the 1920's), unless, and this is crucial, there is also a market for mass consumption. Fordism therefore was also based on a *regime of accumulation*, in which production increase was balanced by increase in investments financed by profits and an increase in the purchasing power of the customers. The rules of co-ordination between the economic agents were determined by the macro-

economic mechanisms of Keynesianism. Furthermore, there was 3) a *mode of regulation* which ensured the balance in wage/profit relations by collective organisations with the state as an intermediary. Moreover, the mode of regulation also included a system of redistribution by welfare state arrangements that ensured basic incomes and social security for the labourer. For this, the unions accepted the privileges of the managers.

With the state as a crucial agent, Fordism was basically national in orientation. But it is wrong to consider the post-war period as only a state-centred one. At the level of international systems, the stability in the post-war period was early institutionalised by international organisations such as the GATT, IMF and the World Bank under the lead of American hegemony. *Fordism was both the promotion of states and markets* (Mjøset 1986), though one in which markets were regulated or embedded by national means. The Fordist system of western capitalism was based on a socialisation mix in which associative intervention was deeply involved in regulating the imbalances of the market, for instance by welfare arrangements (Mingione 1991; see later). This balance was maintained until something happened in the 1970's. The stability of Fordist modernisation was replaced by instability, crisis and basic changes in all the structures of the world. Many explanations have been put forward to answer why this transition took pace.

One usual explanation is that the Fordist mass production system had reached its limit of intensification in both the technical and social meaning of the word. Furthermore, western Fordism was heavily challenged by production systems which were able to compete also on the basic terrains of Taylorist management, as in the case of Japanese car production. Another clear tendency was the rise in energy prices and the mobilisation of energy producers that reached its peak with the 1973 oil crisis. A third element that should be mentioned are the radical changes in technology, i.e. in infrastructure, in communication and information systems and the rise of a new service economy (Malecki 1991).

In the wake of the 1973 crisis, there were far-reaching changes in the spatial structures of the world. Former strong industrial regions declined (as the German Ruhr and English West-Midlands), while new highly dynamic ones manifested their position (as East-Asia).

American hegemony and the dual world structure have by now been replaced by a multi-polar world structure with strong centres (US, Japan and Europe) and weak peripheries, but also strong regional cleavages and dualised metropoles within the centres (Amoroso 1993; Castells 1987). In western capitalism the reaction towards the crisis in the 1970's has been deregulation, austerity programmes and decentralisation of the state. There has been a "hollowing out" of the state as Jessop (1996) argues, which means that national competencies have been moved to international institutions, towards regional and local levels of decision making, and there is now also a clear tendency towards inter-regional and inter-local co-operation. This is by no means the same to argue that the state is disappearing, as many seem to believe. Rather, as Hirsch (1995) argues, the separation of banking/moneymaking and industrial production and a new international flow of finance has moved the state towards a strategy of being a national competitive state.

The manifold processes just mentioned are all more or less involved in the intellectual debate on the break from Fordism and a move towards Post-Fordism. But, if there is little agreement and clarity about the concept of Fordism, it seems less evident what the characteristics and contours of Post-Fordism are. What is clear is that some fundamental changes have occurred in the foundation of capitalism itself and it is entering into a new phase. Some see the new world as one of flexible specialisation, in which craft production has or is replacing mass production (Sabel and Piore 1984). In this perspective there is "a new world of production" at the centre of the present transformation. Freeman and Perez (1988) and other "Neo-Schumpetarians" see the upcoming of a new fifth "Information and communication Kondratieff", of which the key-factor industry is microelectronics. In this perspective there is a tendency to see "technology" as the prime mover of contemporary transition. And despite its differentiated approaches, there is a tendency by regulationists to put the politico-economic world of macro-regulation at the centre of the transition.

I do not give any justification to the theories of "flexible specialisation", "Neo-Schumpetarians" or "Regulationists" by referring them so briefly as is done here, but they constitute the most comprehensive contributions to the debate on Post-Fordism, and they have very different things to say about Post-Fordism. As Amin (1997:5) argues, *Post-*

Fordism is a debate; it is a debate concerning a "heterogeneity of positions which draw on different concepts to say different things about past, present and future". Though, I do not think it is unimportant for the definition of these approaches that they also have their background in Marxism, and they all attempt to build in contextual (i.e. structural and institutional) variables in their models.

So what do these models of transition tell us about present restructuring? They first of all tell us that the processes and factors that generate the pressure to restructure are numerous, that they operate on different levels of scale, and they are very often interrelated. As argued, I will develop a multiple perspective on social and economic change, and three general processes at the system level can be outlined as having particular relevance, and they are: 1) the changes from industrial production (classical Fordism as in the fisheries plant) towards more knowledge, information, service and/or technology based forms of production and 2) the changes in policy orientation towards international and local levels of decision-making and 3) the heavy promotion of marked-based and/or market-like solutions at all levels of society. These three general but interrelated processes will very strongly influence what I will choose as the important factors in coping-strategies, a topic I will return to.

How to catch these multi-facetted processes within one analysis is a matter of analytical stringency, and this question will be discussed in greater depth in section 1.3. As a beginning, a few critical remarks concerning the Fordist/Post-Fordist debate will suffice. These are objections that leading proponents within the Fordist/Post-Fordist debate are considering, though not yet satisfactory invalidated (e.g. Storper and Scott 1992; Amin 1997)[4].

An important criticism of much Fordist/Post-Fordist theorising is the binary opposition between these two concepts, and the question is whether we are too concerned with the search for a "new institutional fix". Along with Sternberg (1992) I will rather argue that we have to discuss the possibility of "possible futures" in which multiple alternatives are oc-

[4] I will certainly not claim to have the answers to these questions, but only use these critical arguments to make another direction than the dominating ones.

curring simultaneously (Sternberg 1993:1020)[5]. Fordism/Post-Fordism in my usage is not the succession of one form of accumulation to another. It is clear that every transformation bears with it the contours of something new, and Fordism was neither the succession of pre-Fordist forms of organisation, as I will clearly outline in later chapters. There always are both changes and continuities in every transformation, and, as argued earlier, I think it is particularly import to search for both continuity and change.

Another critique concerns the fact that the dominating Fordist/Post-Fordist debate is mainly concerned with macro-systemic changes, while I will argue that there is a need to search action at the local levels to delineate concrete economic activities and directions (Syrett 1995). The Post-Fordist debate is helpful in this because it analyses tendencies inherent in the institutions of capitalism itself, and *the core institution in capitalist society is the market*. Market processes are enforced by technological changes, deregulation, privatising policies etc., which all exert new (or renewed) forms of power and pressure on human agents. The important task is to figure out how the market is regulated, tamed or balanced by its contextual surroundings, as human agents respond to this pressure by industrial, technological *and cultural strategies* (Sternberg 1993:1034, Sayer and Walker 1992:191ff).

To be put briefly, Post-Fordism is about changes in the balance between the basic institutions of society, i.e. state, market and community. This balance I will return to, but as already argued, globalisation is not only about basic structural change, but also changes peoples minds. This is another weakness in the Fordist/Post-Fordist debate, which I will try to reduce by discussing the Reflexive Modernisation approach.

1.2.3. Global pressure (II) – Reflexive Modernisation

Like the Fordist/Post-Fordist debate, the Reflexive Modernisation approach is a significant perspective in recent social thinking. Reflexive modernisation is, in particular, known from the work of Ulrich Beck, Anthony Giddens and Scott Lash, and the different approaches have their similarities and differences as well. As with the previous section, I will use the

[5] Sternberg (1993) outlines no less than eight different directions in which present capitalism is heading.

debate on reflexive modernisation to outline a specific perspective on those global pressures that are put on fisheries dependent localities. The discussion here is not concerned with economic, but rather the cultural or socio-cultural pressures.

The general argument in the reflexive modernisation approach has great consequences for the fisheries dependent locality, as Ulrich Beck and Anthony Giddens argue that modernisation (or simple modernisation) is undercut by changes in class, occupation, family-lives, technologies and business sectors characteristic to industrialism. The modernity of industrial (Fordist) society is disembedding and is now becoming replaced by another form of modernity, the re-embedding of a reflexive (global) modernity. To understand more precisely the radical consequences of this, I think a starting point is to ask what a fisheries dependent locality is?

The fisheries-dependent locality is a small settlement (typically from a few 100 to a few 1,000 inhabitants). They are still deeply dependent on the exploitation of natural resources (fish), and they are typically settled in remote areas with the difficulties that remoteness has on strategic factors such as infrastructure and communication. Their industry is still typically centred on a Fordist fish processing plant, but they are also integrated within a national welfare system (The Scandinavian Model). Due to heavy rationalisation and a large public sector, only a few localities in the North Atlantic may be considered fisheries-dependent in a strict and quantitative sense of the word. As their work activities have broadened over recent decades, many people in these localities do not work in the fisheries at all, but as administrators, school teachers, nurses, social servants and other jobs in the public/private service sector. People working in the fisheries may actually be a minority in the fisheries-dependent locality. But fisheries-dependency goes beyond quantity, since the fisheries-dependent locality is a locality that would not exist in its present form of social organisation without the fisheries (Bærenholdt 1991:101). This means that their social organisation is still bounded to their practical and cultural heritage as fisheries-communities, but also the reality that they still are heavily dependent on the renewal of the fisheries-sector. This definition makes the fisheries-dependent locality a dominant form of social organisation within the Nordic Atlantic and the Northern Circumpolar region. They are

historical products of the activities of a group of people in a certain place, and for the same reason every one of them is special, but of course there are traits that characterize them all (Bærenholdt 1991:100).

The general argument in the analysis of both Beck and Giddens is that reflexive modernity means the disembedding of industrial forms of modernisation and the re-embedding of a new modernity. This new modernity is a risk-society, as one of its fundamental characteristics is the creation of risk that goes beyond societies' control. Reflexivity in not primarily about reflection, but is about self-confrontation in the risk-society. Reflexivity is of course not new, but its diffusion into all groups and strata of the population is (Beck 1986). The connectedness between everyday decisions and global outcomes, as well as the global orders over individual life, is the key to the new agenda (Giddens 1994:58).

To state the argument briefly, modern reflexivity according to Beck and Giddens is about two things, institutional reflexivity and self-reflexivity. There are some differences in the interpretation of these, but there is no need to further discussion here, and in the following I will mainly refer to Giddens.

Giddens (1991:20) defines institutional reflexivity as "the regularised use of knowledge about circumstances of social life as a constitutive element in its organisation and transformation". The reflexive use of knowledge is not only the organiser, but also the transformative element of modern society. Reflexivity in institutions involves constant innovation and rebuilding of the social institutions of modernity, and this dynamic character of reflexivity and its formation as a constitutive element in social change is what distinguishes the present form of high modernity from simple modernity.

The other consequence, as mentioned, is that modern reflexivity enters into the core of the self, and the self becomes a reflexive project (e.g. Giddens 1991:32). The self is a being that is to be explored and constructed as part of a reflexive process, whereas reflexivity becomes a connection between the personal self and social change. The protective framework of small communities and tradition is broken down and taken over by the large impersonal

organisation or the therapist. The self is forced to create its own ontological security, and the creation of identity in high modernity, then, becomes a process of self-identity. It is something that has to be routinely created and sustained in the reflexive activities of the individual (Giddens 1991:52).

The disembedders and the mediators of the reembedding process in high modernity are what Giddens terms "abstract systems", and the most important of these are the expert systems. The expert systems do not only form the institutional order of modernity, but are also the mediators in the constitution of the personal self. The expert systems are fundamental for what Giddens terms the sequestration of experience, i.e. the orientation towards the control of social reproduction and to self-identity (Giddens 1991:149). It is not 'instrumental' reason, but is sharply tied up with the emergence of an 'internally referential system of knowledge and power' (Giddens 1991:144). Social relations and aspects of the natural world become organized reflexively in terms of internal criteria (Giddens 1991:243) (institutional and self referential). It is in this sense Giddens speaks of 'the end of nature', because "social system only become internally referential, on a thoroughgoing bases at any rate, in so far as they become institutionally reflexive and thereby tied to the colonisation of the future" (Giddens 1991:145). For Giddens this intriguing dynamic means the evaporation of morality in the sense of especially day-to-day practices embedded in social practices because these moral principles run counter to the control system of the risk society. The creation of identity in hypermodernity, then, becomes a process of self-identity. It is something that has to be routinely created and sustained in the reflexive activities of the individual (Giddens 1991:52). We are actually entering the *post-traditional society* (Giddens 1994).

Tradition, Giddens says, is collective memory oriented to the past and connected with a formulaic notion of truth with a moral and emotional content as its binding force (Giddens 1994:62). It is a normative structure of moral content continually reconstructed through the active process of memory, which again confers continuity upon experience. The dismantling of tradition is closely related to the present stage of globalisation. As long as the traditional modes of living and the 'situated local community' persisted globalisation could be

seen as an 'out there' phenomenon. Today globalisation has become an 'in here' matter caused by the disembedding mechanisms of the expert systems. The dismantling of the local community, then, has come so far that it would be quite inaccurate not to analyse the strong interconnectedness between the global and the most intimate aspect of social relations and the personal self (Giddens 1994:95f).

The consequences for the fisheries dependent locality according to Giddens are radical. Using the analytical language mentioned at the beginning of this section, these localities have not yet thrown of the contours of traditional society, they still heavily rely on industrial (Fordist) production, so what are the consequences, now they are enforced to enter the reflexive society? The radical consequence seems to be that these communities are doomed to extinction. We already know that children who grow up in a fishery-dependent locality will never become a part of the "fisheries-community" as their parents did. From childhood they intend to become doctors, computer-engineers, football players or other professions that are hard or impossible to practice in the periphery. In practice the institutionalised system forced them to educate themselves out of their communities (Hovgaard 1998b). And the tendency seems to be clear, as youngsters actually do leave many of the northern localities in great numbers, especially the remote ones, and it is clear that they do not see themselves as fishermen, as wives of fishermen or factory-workers (Paulgaard 1996a, 1996b, 1993; Hovgaard 1998b).

The problem here, I think, is that it seems that Giddens is adopting the old Gemeinschaft – Geschellscaft dichotomy in his interpretation of the local[6]. He argues that places are becoming increasingly shaped by distant (global) influences drawn upon on the local arena, and I do not doubt that Giddens is right. But, when he adds that local customs that continue to exists only tend to develop with altered meanings and either become relics or habits (see for instance Giddens 1994:101), he is wrong. He, and many other "modernisation" theorists neglect the role of local institutions and local tradition in social change and individual action. He greatly undervalues those social mechanisms that promote continuity within

[6] Further arguments on this will be made in chapter 2 and 4.

change and particularly those forms of trust and day-to-day practices based on reciprocity (see later).

Lash (1994), in contrast, stresses another dimension of reflexivity than "individualisation". For Lash there is structural reflexivity in which agency that is set free of the restrictions of social structures reflects on the 'rules' and 'resources' of the same structures, i.e. "reflects on agency's social conditions of existence". Then there is also self-reflexivity in which "agency reflects on itself", one in which "heteronomous monitoring of agents is displaced by self-monitoring" (see Lash 1994:115). The transformed and globalised culture-economy enters into the construction of the self and is pervading social processes, but the flow of information and communication shape new structures, which work as constraints as well as opportunities (Lash 1994:111; see also Lash and Urry 1994). Lash uses Bourdieu's notion of habitus to argue that unconscious categories are preconditions of our more self-conscious practises. The point here is that predispositions and habits are themselves background practices and routine activities, i.e. exist only as situated in the world and assumes a certain 'throwness' into e.g. a web of already existing practices and meanings (Lash 1994:152). Lash criticises also the most distinguished communitarians like Taylor in failing to derive this 'We' from the 'I' (Lash 1994:153). We should not only ask for the creation of meaning, but also look for the meaning that is already there (Lash 1994:163). This is a (radical) hermeneutic reflexivity, not of retrieval but of suspicion, in which the background assumptions of a collective habitus (a form of life) are the grounds for action.

Reflexivity, from my perspective then, is based on the notion that only a few years ago, people in the fisheries dependent locality either had to stay, or had to go elsewhere to make a living. The life-course was linear in the sense that youngsters typically became fishermen or fishermen's wives. *Reflexivity simply is an acceptance of the fact that most people now decide whether they will stay, leave and/or return to a specific place.* Reflexivity contains a strategic element, in which there is a search for meaningfulness in social action. The considering of social actions is not based solely on delocalised experiences and structures. Actually, I will argue that local *tradition may be a strong resource in managing reflexive modernisation.* I do not doubt that there is more 'individualisation' in the world, but why

does individualisation necessarily mean less collectivity? Can individual freedom of choice also mean more community? Or other forms of community? The answer to such questions a least requires a more subtle understanding of how tradition applies to social change, which I will outline in section 1.4. But it also requires an analytical conceptualisation of the local – global interconnectedness and how local integration is shaped by local *and* delocalised processes. The concept that can help to solve that problem is the concept of embeddedness, which I will now turn to.

1.3. Embeddedness

Embeddedness is a concept that has gained popularity in various fields of the social sciences, not least in the theoretical inspirations related to this study (economic sociology, socio-economics and theories of modernisation). In my view, the concept and its present validity is indebted to the work of Karl Polanyi, and not to Anthony Giddens as many seem to believe. Giddens has contributed to the present popularity of the concept by linking it explicitly to the notion of reflexive modernity, and uses it as a catch phrase to understand the general shifts in social change. But there is also more to the concept, as it was initially used in Polanyi's work. In an earlier article I have argued for the validity of Polanyi's work and discussed his basic arguments (Hovgaard 1998a), so I will only touch this superficially here.

Polanyi's position is important, because it provides us with a conceptual framework for understanding the dynamic interrelation between economy and society, and how this interrelation works on different scales (macro-micro link). In other words, *embeddedness is a concept that can help us to understand how the global and the local are linked, but also to understand the dynamics of social change as also containing elements of continuity.* In other words, it helps analytically as a tool with which to understand both the structural and the strategic dimensions of globalisation.

As a social theorist Karl Polanyi became one of the forgotten personalities in the post-war fight between "Keynesianism" and "Marxism". But like Schumpeter, his contemporary,

Karl Polanyi's conception of society has had a great deal of influence on social theory during the 1980's and 1990's (e.g. Mendell and Salée, 1991; Stanfield 1986). Also like Schumpeter, Polanyi wrote his important piece of work "The Great Transformation" in the light of the great depression and world war two (Polanyi 1944). Though, despite the fact that "The Great Transformation" must be considered as a sociological work, Polanyi turned to economic anthropology and established a new paradigm in this tradition (Dalton 1968). With reinterpretations of Polanyi's work, first by Kindleberger (1974) and Block and Somers (1984), his work began to reach renewed attention in social theory, the Great Transformation in particular[7].

Polanyi's original position on the concept of embeddedness is utilised rather differently within different traditions of research as economic sociology (Smelser and Swedberg 1994); political economy (Block (1991); Esping-Andersen (1994), socio-economics (Lundvall 1992; Johnson 1992, Streeck 1992) and modernisation theory (Beck, Giddens and Lash 1994, Giddens 1990; 1991). I find particularly inspiring those analysis in which the concept receives a dynamic and generic content, as this is a precondition for the analytical interpretation of continuity and change in time and space. The Swedish sociologist Gunnar Olofsson (1987; 1995) has argued for the validity of this interpretation of the concept of embeddedness. Another major source of inspiration has been the Italian sociologist Enzo Mingione (Mingione 1991), who has made a remarkable study on the present social transformation and the fundamental characteristics of economic life (Aarsæther and Hovgaard 1998).

In order to clarify my usage of the concept of embeddedness, I will begin to discuss other authors' understanding of the notion.

[7] Besides The Great Transformation, an article from 1957 on the economy as an instituted process must be considered as Polanyi's main theoretical contribution (Polanyi 1957).

1.3.1. Embeddedness in mainstream sociology

The dominant usage of the concept of embeddedness is found in American economic sociology, and has in particular brought about the popularity of the concept (Smelser and Swedberg 1994). This can be traced back to the work of Granovetter (1985), who made it core of what is now referred to as the "new economic sociology". In his seminal work, Granovetter attempted to transcend the "the oversocialised" and "the undersocialised" views of social action. He achieved this by utilising "embeddedness" as a network-concept of inter-personal relations. Interpersonal relation take place either in direct immediate forms or in institutional settings. Human behaviour is, in this interpretation, seen as closely embedded in networks of interpersonal relations in which trust, malfeasance and transactions are dependent upon the mechanisms of coupling and decoupling in and out of social networks. Stable economic institutions therefore evolve as the result of activities centred around personal networks, and these personal networks become reflected in the institutions. But institutions survive personal networks and adopt their own form of logic of action, and this logic of action restricts the forms institutions in the future may have. For the same reason, it is the social structure in question and not market demands or changes within technology that form the actual shaping of institutions (Granovetter 1985; 1992).

Since Granovetters re-interpretation of the embeddedness-concept several further attempts have been made to expand its notion, but it is still seems to be in need for better specification (Smelser and Swedberg 1994:18). The critique against Granovetters position has mainly been his restricted usage of embeddedness to social structures in personal networks. One of the interesting contributions is made by Viviana Zelizer, who has developed a cultural theory of economic embeddedness. She criticises for instance Granovetter for his fear of cultural determinism (the legacy from Parsons), and argues for a view on cultural embeddedness that is integrated with economic (self-interested) and structural explanations in what she calls a multiple market model (Zelizer 1988)[8]. Culture, in Zelizer's perspective has a double-sided influence on economic institution, as they both constitute those structures in which economic action (by self-interested individuals) take place, and at the same

[8] Besides Zelizer, it is first of all Paul DiMaggio who has worked on an cultural theory of the new economic sociology (DiMaggio 1994).For an interpretation of Zelizers work, see Schmid (1998).

time culture limits the free display of market forces. This double-side influence expresses cultural embeddedness.

Zukin and DiMaggio (1990) summarise the usage of the embeddedness concept in new economic sociology. They criticise the absence of dialog between the socio-organisational (or mesotradition) and the political-economy tradition (or macrotradition) within economic sociology. Against this background they attempt to integrate different perspectives of embeddedness into an analytical whole by distinguishing between its four dimensions, i.e. the structural (Granovetter), the cultural (Zelizer/DiMaggio), the political (Block 1994, 1991; Esping-Andersen 1994) and the cognitive dimension of embeddedness (as in Colemans rational-choice sociology (e.g. Coleman 1994)).

The new economic sociology has undoubtedly been an intellectual improvement, and it has greatly influenced the development of economic sociology in other parts of the world, Europe for instance. On the other hand, I will attempt to use the concept of embeddedness in a somewhat different direction.

The "new economic sociology" is part of a long tradition in American sociology that goes back to the Harvard tradition and the work of Talcott Parsons and Neil Smelser (Smelser 1966). The development of a "new economic sociology" can clearly be seen as a response from American sociologists towards the economic imperialism started by people like Gary Becker back in the 1960's. Becker and other broke the "peace-resolution" between economics and sociology (cf. chapter 2) and began to analyse "sociological phenomena" on the basis of the neoclassic synthesis. The concept of embeddedness in the American tradition of economic sociology is a way of analysing economic phenomena by using sociological reasoning. This combat has to do with some fundamental differences between the disciplines (Smelser and Swedberg 1994:4; Swedberg, Himmelstrand and Brulin (1990). In my view they also share some similarities.

First of all, the new economic sociology is not, basically, an alternative way of analysing firms and markets, but is rather one attempt among others to improve the dominant eco-

nomic paradigm. Its ambition is to explain market changes and market dynamics in a more refined way than the neo-classic synthesis does, based on a simultaneous dissociation and aspiration towards the neo-classic synthesis. A rewarding and complementary fellowship with the economic (neoclassic) synthesis is one of its central ambitions (Davern and Eitzen 1995; Zafirovski and Levine 1997). A greater understanding between the disciplines is argued for, not by integration neither by overtaking each others core areas, but by developing a dialectic fellowship (Hirsch, Michaels and Friedman 1990:54)[9]. Like the neoclassic synthesis, conflict is seen as an anomaly and therefore it is important to find those mechanisms that create harmony in the market, or at least, figure out how the disharmonic conditions can be avoided. Granovetter's critique of the transaction cost approach and his structural alternative is an attempt of such a supplement or modification to why markets and hierarchies arise (Granovetter1985:73). But he explicitly regrets that it is necessary to make this relativisation (Granovetter 1992).

What the New Economic Sociology and the neoclassic synthesis have in common is their epistemological starting point. They both aim at universal regularity (lawfulness) in which empirical analyses become a matter of replication and refinement of predefined theoretical reasoning and construction. Network analysis based on theoretical assertions and mathematical formula is one typical form of conduct in this tradition. Their dissociation lies in ontology. The centrality of the concept of "embeddedness" in the new economic sociology is that *it demonstrates a different ontological status* than the neo-classic synthesis. In the presumptions of the neo-classical synthesis households and firms are economic agents per se, which from the perspective of economic sociology is dissatisfactory. New Economic Sociology presumes an interaction between actors within and between firms and households, operating on different levels of the social reality. This social reality has to be an explicit part of an economic sociology. Adopting a more subtle and complex model of the embedding of the economy in social realities is praiseworthy, but in the New Economic Sociology the concept of embeddedness seems to remain a concept that reflect "state of affairs", not processes.

[9] As an important exception, Block (1990:37) explicitly distances him self from the neo-classis synthesis.

In their interpretation of the paradigm of economic sociology Swedberg, Himmelstrand and Brulin (1990) argue that despite advancements, the usage of embeddedness in economic sociology still requires improvement. They argue that especially there is a need for "more imaginative models of a middle-range type that can ground economic sociology in concrete reality" (Swedberg, Himmelstrand and Brulin 1990:63). To point to some important contributions in that direction, they refer to the 1960's and Barth's social anthropological programme (Barth 1966; 1963). The North Norwegian locality tradition is very inspiring, not the least because of its rooting in concrete reality. How to study concrete reality, is an issue I will turn back to in chapter 2, while I in the following will argue for the use the concept of embeddedness to study concrete reality in a somewhat different direction than applied in the American tradition of New Economic Sociology.

1.3.2. Embeddedness – as a way of linking system and action

In contrast to the tradition of new economic sociology, I will argue for the usage of embeddedness as a dynamic concept that captures multiple processes at different institutional levels. This, initially, requires a brief return to the classic tradition, i.e. Karl Polanyi (1944; 1957). After this, I will present a model of how it is possible to link system and action within one analytical framework, and this "static" model will be extended by presenting its dynamic counterpart of how to understand multiple processes.

The relevance of Polanyi's analysis can be justified from different perspectives, but for my purpose here two arguments are of specific relevance[10]. The first is the inherent belief in self-regulating markets as a mechanism of social regulation, and the other concerns the primacy of a rational choice individualism in social thinking. Polanyi put forward a very powerful critic of these analytical perspectives, but he did not argue against the relevance and importance of markets, neither did he overrule the need for personal freedom of choice, rather the contrary. In the following I will not go deeper into these claims, but only

[10] Polanyi's analytical scheme has also heavily inspired my understanding of the process of modernisation. This influence will be more indebt dicussed in chapter four where an analytical perspective on the historical evolution of Nordic Atlantic fisheries dependent communities will be presented.

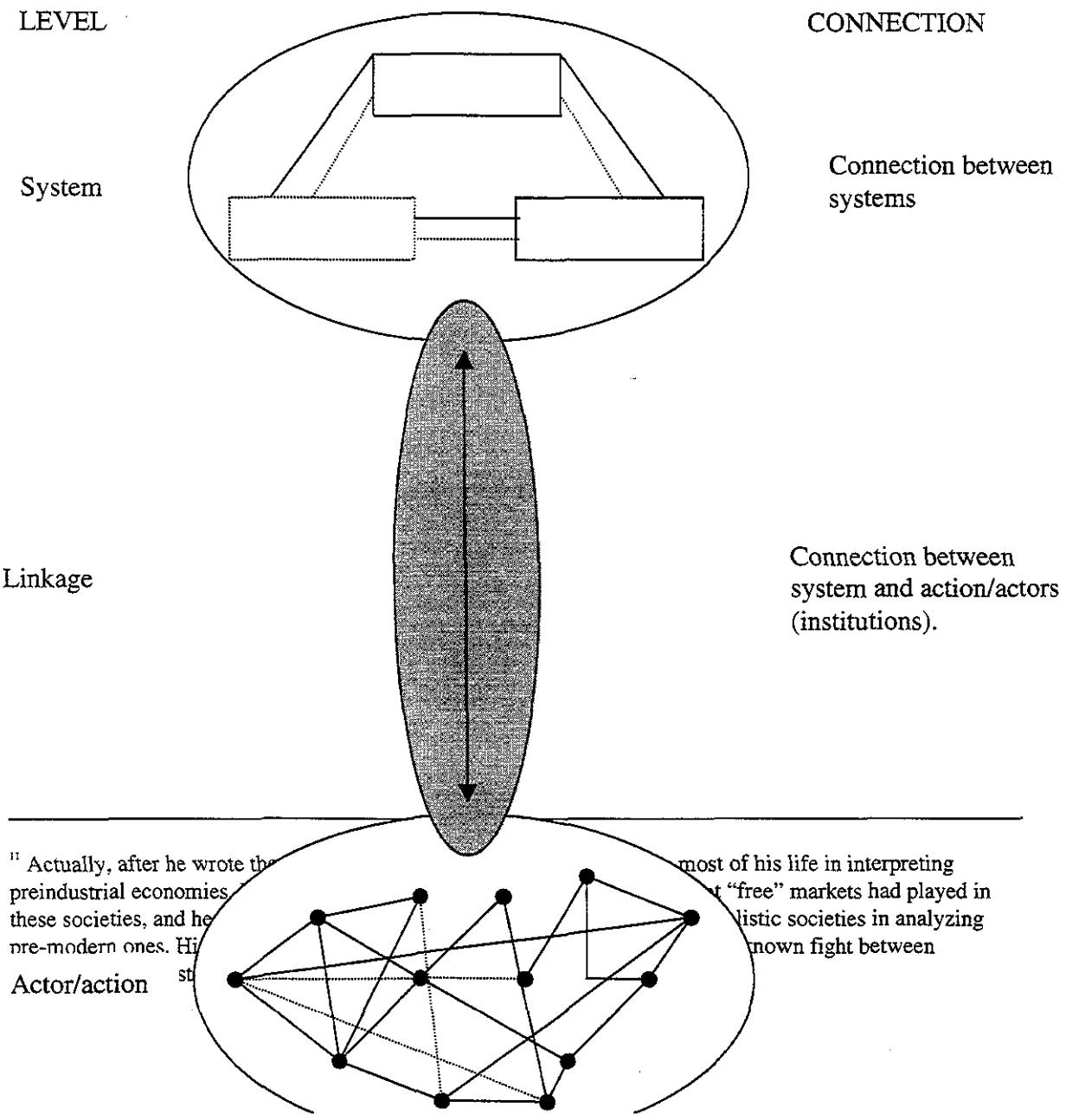
superficially present his basic arguments (but see Hovgaard 1998, Olofsson 1995; Mendell and Salée 1992; Mingione 1991; Stanfield 1986).

In contrast to the positivist interpretation of the economy, Polanyi adopted a substantive and institutional view of the role and place of the economy in society (see in particular Polanyi 1957)[11]. According to Polanyi, the distinction between the formal and the substantive meaning of the economy is vital in any interpretation of the interdependence of technology and institutions as well as their relative independence. Human life has two essential dimensions, technology and institutedness. Technology in this respect is understood as humanity's essential materiality. Institutedness refers to its other main dimension, its essential sociality (Stanfield 1986:57). Polanyi rejected the primacy of individual action because it is always limited by social institutions, and it is to understand the tension between individuality and institutedness that is one decisive validity of the embeddedness concept. It is also the attempt to solve this problem, in my view, that has made Granovetter's contribution so important. But, as Olofsson (1995:98) also argues, Granovetter's interpretation is limited, as he attempts to transcend the macro-micro dimensions by only adopting an actor-based network theory of embeddedness (in which actors may be individual or collective actors).

Instead of denoting states and conditions, the re-interpretations presented by Olofsson (1995) and Mingione (1991) give *embeddedness a relational and processual content.* It is precisely this that gives the concept's use justification, because *this makes it possible to capture the combined effects of systemic differentiation and the complex and multifaceted forms of social relations in rapidly changing capitalist societies.* It is a specific combination of social and system interaction, the interpretation of systemic/institutional aspects of system integration, and the social/moral aspects of societal integration. This interpretation is built on the idea that institutions shape the field of action and, at the same time, the normative domains of agents (Olofsson 1995:108). Through processes of social participation/interaction within a morally defined institutional domain we will find processes of in-

clusion and exclusion. In this perspective, *societies are not embedded or disembedded, but can be more or less of both, simply because there are processes and mechanism, forms and states of dis- and re-embedding at work all the time.* The multidimensional use of the concept that Olofsson provides captures both dis- and re-embedding processes on the boundaries between market processes and market institutions and social, political and cultural institutions of life (Olofsson 1995:109f). Olofsson also argues (1995:100f) that by this embeddedness can be divided into both micro-level and macro-level processes and, this is the clue, it works as a linkage concept between system (macro) and action (micro). This usage of the concept is illustrated by the following figure.

Figure 1.1. The three analytical dimensions of Embeddedness



[11] Actually, after he wrote th... most of his life in interpreting preindustrial economies, ...t "free" markets had played in these societies, and he ...listic societies in analyzing pre-modern ones. Hi... ...nown fight between st...

Source: Slightly revised from Olofsson (1995).

The figure illustrates both continuity (the strong lines) and change (the dotted lined) within an institutionally defined domain. And it is in particular the intersection between economy and society that is illustrated, as the market represents the core institution for change in the modern society. But it also illustrates that markets are tamed by a multiple mix of orders and regulations, and to get things even more complicated, they operate on different levels of scale.

The problem still is how the processes of dis- and re-embedding take place within the global-local nexus, and not the least, how we can utilise the concept of embeddedness as a way of interpreting and understanding the concrete realities of the social world.

1.3.3. Embeddedness – as a way of interpreting social realities

As I have argued several times, my theoretical framework attempts to place the multiple complexities of the social world in one analytical whole. One thing is that we can understand the complexities of the world in general terms of ongoing processes of dis- and re-embedding within and between the basic institutions of society, i.e. market, state and community. Another thing is to more precisely define how these complexities or linkages between continuity and change work. For one thing, a locality perspective is a subtle way to solve the methodological issues, as I will return to in chapter 2. But to analytically reach an understanding of re-embedding practices which is both dynamic and generic, I need to redirect the notion of embeddedness. Such an interpretation deals with *embeddedness as forms of integration*, and to do this I will now turn to the work of Enzo Mingione[12].

[12] Olofsson (1995; 1999) also makes an attempt to reach at an dynamic model of social change by linking his framework (as outlined in section 1.3.2) to Lockwoods distinction between system and social integration. But I find Mingiones scheme more systematic and clear, hence easier to adapt to concrete social research.

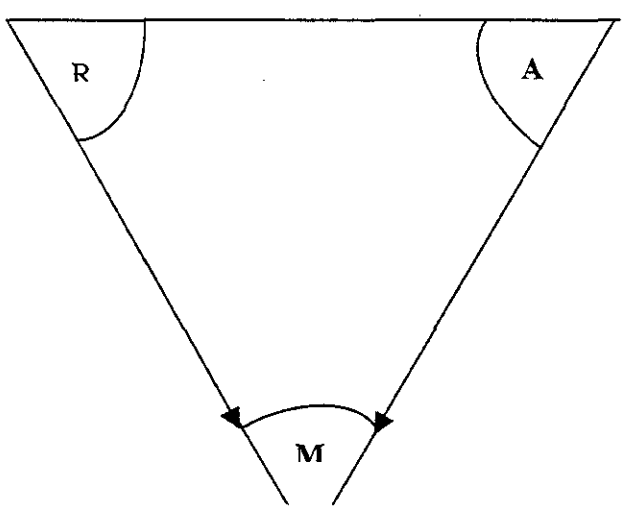
Mingione (1991) reinterprets Polanyi's model of integration, distinguishing between two pure forms of integration: reciprocity and association, which both of them contain different sub-types. In the pure form

> Reciprocity is a form of exchange based either on delayed or on eventual restitution, or on restitution to somebody different from the actual donor. For these reasons, actions of reciprocal exchange depend on a set of established socio-organizational networks which fix the rules as to who gives and who receives, what is given and at what time ... Associative factors are based on common interests deriving from similar conditions relating to employment and/or property. They are assumed to become increasingly important with the emergence of the industrial mode of production and to be crucial in fixing the rules of redistribution typical of the industrial age (Mingione 1991:3, 6)

The two basic forms of integration correspond to what we normally consider as features normally characterising community and state, respectively. Reciprocity is about affection and emotion typically taking place between friends and family. Association is about citizenship and membership taking place in organisations and institutions ranging from the local soccer club to the state. What about the market then?

Mingione's argument is that the market should not be considered as one of the prime organizers of modern societies, but is accommodated within these other systems of social organization. In other words, what we normally consider as being the main characteristic of the institution of the market, i.e. the rational, calculating behaviour of individuals or firms, is basically evidence of the intersection between reciprocal and associative integration. Mingione argues that the two *pure* forms of integration are always intertwined and regulated in what he terms "the socialization mix". This is a very comprehensive and contradictory regulation, but it is the one that defines the very terms of the question of embeddedness in industrial societies (Mingione 1991:6). The socialization mix between reciprocity, association and market (R-A-M) is illustrated by the following figure.

Figure 1.2. The



RAM-triangle

The model and the argumentation surrounding it do not at all neglect the importance of markets in modern societies, but simply suggest that *markets are always regulated by the two basic forms of integration.* Another main argument following the same vein, is Mingione's statement concerning the under-valuation of reciprocal factors in modern social life. One of the heritages from the classics in social theory, and one of the big misunderstandings in modern societies, is that they underestimate the role of reciprocity in relation to association. Mingione does not neglect the growing importance of associative settings in the process of modernisation, but he criticises the ignorance of how powerfully reciprocal factors come into play as elements *inside* associative organizational contexts (Mingione 1991; Aarsæther and Hovgaard 1998). I will also argue that reciprocity is the crucial factor that needs analysing when studying smaller communities (probably also in large settings), as reciprocity typically is constituted more manifestly in small system, but not the least because the process of "hollowing out" (see section 1.2.2.) will naturally provide more room and need for mechanisms of reciprocity. And mechanisms of reciprocity are important also in modernised setting, simply because they actually are more flexible than associative ones (Mingione 1991).

If we now turn to level of the locality, it is clear that the specific combination of association and reciprocity will be important to handle economic transformations (disembedding) and to re-embed local life. *Re-embedding simply is the new ways in which association and reciprocity intersect.* The dynamic character of the model should also be obvious, as it suggests multiple possibilities or mixes between the elements of the RAM-triangle. Aarsæther and Bærenholdt (forthcoming) argue that some specific combination between the three poles of the ram-triangle can make up a balance or a "working in concert" in which

each pole may balance the evils of the other. In other words, all three poles contain elements of "goods" and "evils", as can be illustrated by the following table.

Table 1.1. Goods and evils in the RAM-triangle.

Reciprocity		**Association**		**Market**	
Goods	Evils	Goods	Evils	Goods	Evils
Friendship, affection, supports.	*Patriarchy, clientelism, dominance.*	*Citizenship, fellowship, collectivity.*	*Hegemony, subjection, exclusion.*	*Competition innovation, progress.*	*Monopoly, stagnation, decline.*

In social reality different mechanisms of reciprocity and association work at the one and the same time, and the task is to figure out how they combine and intersect at the local level. This tells us that embeddedness may have many distinct local forms based on differences in social relations (network), in political contexts (e.g. associations) and/or cultural practices (e.g. the normative domain of agents). What makes this use of embeddedness different from the basic sociological truth that there are always relations between people are precisely these concrete, dynamic and very different ways in which association and reciprocity are mixed. What is needed now is to argue what concrete factors are important in local re-embedding and how these are linked locally and in local-global interconnectedness.

1.4. Coping-strategies

To enter into concrete social realities there is still need for further conceptual clarification. If we follow the basic analytical scheme made with the RAM-triangle, there are in principle numerous possibilities and factors that can be searched for and researched. Here the concept of coping-strategy will serve as the theoretical "blueprint" for the concrete empirical investigation that will be undertaken, which means that it has a particular meaning and purpose that makes empirical investigation possible. This meaning and purpose is derived from two sources: 1) the questions raised at the beginning of the chapter, and 2) the analytical discussions on globalisation and embeddedness outlined in previous sections. So, why then do global processes put pressure on fisheries dependent localities to adapt and restructure? What are the sources to respond to these pressures, and how do these resources get materialised to improve the economic and social basis of fisheries dependent localities?

1.4.1. A multiple perspective on local re-embedding.

One thing I have learned from my reading of theories of social and economic change is the importance of strategic action in the global transformation. What firms, localities, communities, cities, regions and states adopt to manage globalisation simply are strategies. This may also be the reason why the concept of strategy has become very popular in recent social theorising. In particular it seems to have become influential in management literature, not the least because of Michael Porters theory of competitive advantage and the organisation theory of e.g. Henry Mintzberg. The management literature is concentrated on the strategic aspects of firms and markets in technological and organisational terms. These rarely take into account the interaction between economy and community as a part of successful ventures. And even fever seem to care, whether economic success is also for the benefit of those communities surrounding these same ventures. Most management theories simply stick to the idea of "trickle-down", i.e. that there automatically will be benefits for the community at large if the strategies adopted are concentrated to the development of core economic activities. Recent analyses on restructuring strategies in large urban environments in Europe do, for example, show that such an automatic trickle-down simply does not exist (Moulaert and Swyngedouw 1999, Swyngedouw, Moulaert and Rodriques 1998).

Management provides other connotations than those I would like to emphasise. In my usage, it is the interplay between economic action and different aspects of communal life, social and cultural that makes the notion on strategy so important. To begin to understand the making of successful communities of the North paying special attention to people's inherent effort to make a difference, an alternative concept than that of management was needed. For this purpose the compound coping strategy was adopted[13]. In the following I will discuss these two concepts and outline, on the basis of the foregoing sections, what meaning I will give them.

[13] The compound of coping strategies has been a common frame of reference in the MOST-CCPP programme (see chapter 3). This section is partly based on earlier attempts within the MOST-CCPP to conceptualise coping strategies (Aarsæther 1997; Bærenholdt & Aarsæther 1998, Hovgaard 1998a; Aarsæther & Bærenholdt, forthcoming), partly it reflects my recent thinking on the issue.

Coping strategies (or "survival-strategies" and the like) is widely referred to in the social sciences, though mostly without any clear analytical usage. It seems to have a common background in studies of urban poor and the activities of marginalized people. And in most studies it refers to strategies at the house hold levels. From mine perspective it is worth noting that an important step to improve the usage of the concept was the idea that households were not only helpless puppets of structural forces, but also determinants of their own lives (Wallace 1993). Coping strategies recently used by the United Nations Research Institute for Social Development where Bangura (1994) defines coping strategies as

> "The ways ordinary individuals and households organize themselves to make a living. These are largely influenced by the ways individual and groups are structured in society; their cultural values, belief systems, and social networks, including the ability to mobilize family resources; the skill, assets and political connections at their disposal; the types of jobs they do, their gender; and personal motivations" (Bangura 1994:5).

Bangura provides an understanding of coping strategies as differentiated, simply because life conditions are differentiated. This also fits well my perspective, but I will go beyond the view of coping-strategies as strategies at the individual or household level and/or as activities in the traditional or informal economy. *Coping strategies in my usage stresses the local community level in a highly modern composition.* This does not mean that I am underestimating the role of the informal economy, but *I will insist on the importance of focussing on core economic activities*, which are not in the domain of rational action and informal activities in the domain of community, i.e. as emotion and affection and the like. As already shown with the RAM-triangle, things are much more complicated than that. Furthermore, I have also pointed at the need for stressing continuity within change. And while the concept of strategy primarily concerns the issue of intentional change, coping is different. Basically, the concept of "coping" refers to a successful handling of unusual situations or transitions, and as such it has been applied within psychology and psychoanalysis (Hovgaard 1998a). One could say that it refers to the latent powers inherent in a social being, powers that can be activated to overcome personal stress, helped along with the insight and support of the therapist. Coping, from the perspective of "the social" refers to a collective, i.e. to the inbuilt experiences of a community (or a person socially situated), hence it refers to activities that make sense to people (Bærenholdt and Aarsæther 1998:30).

The idea of coping strategies is that it provides a tool to go down on the local level and see development from the perspective of the local. Coping-strategy is a way to understand social processes from below, and how actors are shaping their circumstances, without ruling out the fact that there are structural constraints and powers. And not the least important is the rationality from which strategies are constructed, not just an economic calculative rationality, but precisely the rationality within a specific perceptions of constraints and choice (Wallace 1993:112f). This specific perception of constraints and choices is economically, socially as well as culturally shaped, and therefore I will outline which represents these three dimensions of local reality.

As coping-strategies are about core economic activities, this is the first factor to deal with. The core economic activity in a fisheries-dependent locality is industrial Fordist production of fish. But Fordist production is under pressure, and the need to diversify the economic basis in a Post-Fordist direction is evident all over the Nordic Atlantic. From the theories of technical change we know that *innovation* is the key factor in economic change. An innovation in Schumpeter's classical theory of economic growth is about how new products appear and are organised into markets. In the modern knowledge based economy that we are heading towards, the essential feature in innovative action is learning, which is an institutionally and culturally embedded process (Lundvall 1992:1, and in particular Johnson 1992). The insights of Lundvall and others stress the National System of Innovation and "user" – "producer" relation. This is of course important, but I will argue for the need to stress innovation in a broader social and cultural content. I will argue that the innovative potential in many Northern localities lies in their capability to innovate the social organisation of the economy. By this I mean a broader range of activities, from the product innovation to market relations between producers and users, but in particular the interrelation between local production and a range of local activities (economy-community interrelation). This is also more important in a period of "hollowing out", and these local activities can range according to the role of the local municipality council, the voluntary organisation or the local educational system. The important question to solve here is how this kind of innovation take place within specific local settings?

The second factor is the network of social relations. Of specific importance in social activities are entrepreneurial activities, as the entrepreneurs are those who create and organise economic ventures. While they may contain some common basic characteristic, entrepreneurs are also different, and they all are dependent upon the social systems and structures in which they live. It is the embedding of entrepreneurial activities in social contexts (as the local) that make them successful (not the entrepreneurs capability to organise the locality around their objectives as adapted by other entrepreneurial theories (e.g. Stöhr 1992)). Again it is the dynamic relation between the economic (entrepreneurial) activity and community that is vital. Here the social mechanism of reciprocity is important, and the specifically important social feature is trust. Conventional capital is only dead material, and has to be activated by social capital to be workable at all. The question here is how social capital is built. In his well-known study Putnam (1993) argues that social capital is created through the active involvement by citizens in a wealth of overlapping fields social interaction (soccer-clubs, choirs, unions, leisure clubs etc. etc.). Again there is an intersection between economy and community, as the building of social capital also mean the flow of ideas and practices that are of economic nature[14]. But social capital can both work positively and negative, and these two poles may also shift over time (Woolcock 1998). The question that is important here is why these processes of interaction start to flow, what makes them work positively and how do they change over time? The real issue is, what is the source of social capital?

From the interaction in networks, I will now turn to the level of institution, and as stated earlier, tradition can be an important background source for common action. Stating the importance of tradition in reflexive modernisation may seem like an anachronism, but as already argued, the flow of global communication and information does not mean the dissolution of local awareness and commitment. Tradition is more than normative/cognitive forms of conduct. Following Thompson (1996), tradition has four different dimensions, each of them with different content and nature.

[14] An recent and intriguing discussion on the strenght and weakness in using the concept of social capital is made by (Woolcock 1998).

Table 1.2. The nature of tradition, following the scheme of Thompson (1996).

Dimension of Tradition	Content of tradition	Nature of tradition
Hermeneutic	*Background taken for granted assumptions from the conduct of ones daily life.*	*An interpretative scheme for understanding the world, hence also a provider of tradition.*
Normative	*Unquestioned set of assumption, forms of belief, or patterns of action handed down from the past.*	*It can be normatively weak, as routinized unreflected practices. Or it can be normatively strong, because action is explicitly justified by reference to tradition.*
Legitimate	*A source of support for the exercise of power (Weber's scheme of legitimacy).*	*Rational legitimacy (belief in legal authority). Charismatic legitimacy (devotion to the sanctity or exceptional character of an individual).*
Identity	*The past as a source for the formation of identity.*	*Self-identity as the sense of oneself endowed with certain characteristics and potentialities, as an individual situated on a certain life-trajectory. Collective-identity, i.e. as a sense of one-self as a member of a collective. A sense of belonging with its own collective history and fate.*

This dimensioning of tradition makes an useful schematic in understanding the reasoning behind social action, and how this reasoning is changing between the different forms of tradition. Thompson (1996) argues that in the present era of reflexive modernity, the normative and legitimate forms of tradition are declining while the interpretative and identity forms of tradition are growing in importance. The question here is, what role does tradition play in economic action, how is tradition utilised, and what kind of tradition is used?

I have now outlined three different analytical factors that are important for the analysis of local coping-strategies, one economic (innovation perspective), one social (network perspective and one cultural (tradition). They are analytically derived factors that in practice will intersect and intermix, but together they form a way to analyse re-embedding practices under the global transition, and to figure out what local activities make a difference. Differences within and between places will of course be a matter of differences in objective

structures, e.g. access to natural resources, to financial resources, in technological assets and physical infrastructure. But places and their material capacities do not act by themselves. They must be activated by their human capacities to be productive at all, and it is these human capacities that make a difference. These human capacities are interconnected within the locality, but this does not mean that linkages to the outside are unimportant. Actually outside linkages are vital for any local community to survive, and herein lies a tension between the two poles of embeddedness and autonomy (Woolcock 1998). They are both vital for social change, and the question here is what, in the reflexive community, inhibits or promotes continuity within change.

Chapter 2
Towards a method for analysing globalisation and local coping strategies

2.1. Introduction

My normative argument for investigating local communities in the North is that I still find the local level to be a key arena for social action, the activities of daily life and social and societal integration. Global processes do of course have great and growing influence on local lives, and people are no longer embedded in their natural environment as they were just a few decades ago. From large urban centres to the minor rural community global processes and the withdrawal of the welfare state enforce economic, cultural and political administrative restructuring. But for me the question is not whether or to what extent general global flows have replaced local particularities. The important issue is how the interaction between local and global processes have become intermixed *and* how they condition new forms of local improvement and local ways of life. The theoretical arguments concerning this issue were outlined in the previous chapter. In this chapter I will argue that a qualitative case study analysis is a reasonable scientific method for such an endeavour.

The chapter is structured in two parts, off which the first one concentrates on getting some order into the conceptual confusion often related to studies at the local level. Concepts like locality, community and the like are to often given the same or confusing meanings, and this is problematic. I will distinguish between locality as a methodologically useful concept in analysing the local level as an open social system, but also one with own distinct powers. Community is a theoretical category that should not be thrown into the garbage can as many seem to believe. Instead, I will argue that the term community fits very well into the theoretical scheme of coping strategies.

The latter part of the chapter can be read as a "defence" of qualitative studies in general, and of case studies based on field-work in particular. Despite the fact that qualitative analysis, and especially case studies, rank very low on the scientific prestige scale, I will argue

that validity, reliability and generality can be reached by undertaking qualitative case studies.

2.2. Locality and community, getting at conceptual clarity

In the present era of high modernity, places may only seem to work as functional imperatives in a global flow of people, resources and information. For the same reason, many within the scientific community may consider it pointless to study local communities, since they are considered as having lost their distinctive features. Other critics of a local approach will certainly point to the problems of a precise and general scientific definition of the concept "community", since nearly a 100 different used ones can be outlined (Bell and Newby 1971:27). Paradoxically, it has become clear that also in the era of globalisation, "the local" actually has become more and not less important in social scientific discourses. This fact is reflected in the large, but very different, body of literature concerning "the local" as a frame of reference for obtaining social and societal integration.

In the sections to come I will use the paradoxical resurgence of "the local" as a frame of reference in order to reach at some clarity in the conceptual confusion that related concepts concerning the local level typically lead to. This discussion will be used to divide the often normative and inaccurate terms "the local" and "locale" from the conceptual validity of community and locality, which, as already pointed to, will be used as important concepts through the rest of the thesis.

2.2.1. The resurgence of the local level

The recognition of the local (rural) community as something separate from the national community was absent in the first decades of the post-war period. Important in political and scientific discourses were industrialisation, urbanisation and national bureaucratisation.

> Differences between places were seen as being eroded and local specificities dissolved by broad general processes, such as national systems of education, the mass media, large bureaucracies and so on. At the same time, theories were developed that implied that what happened in particular places could be 'read off' from the general

> and that studying specific 'communities' was a misguided and misleading exercise (Urry 1990:187).

It was in the spirit of the times which Urry refers to here that Stein (1964) could envisage the eclipse of community, and McLuhan (1967), who foresaw the diffusion of global mass-media, could foretell the rise of the global village where face-to-face localities would lose their meaning. The state of reasoning at that time was simply dominated by the thought that general processes made societies more alike. But at the same time that national integration was at its highest, "the (rural) local" question gradually began to attract attention (Hovgaard 1997). And probably the most important single contribution to the re-creation of interest on local development issues was the formation of the Northern Norwegian locality tradition back in the 1960's[15].

The reasons for the interest on the local question in recent times, it seems fair to argue, is a widespread acceptance of the matter of differences. This fact has received widespread attention in scientific and political discourses during the 1980's and the 1990´s, and is clearly the result of the global transformation, and, importantly, the simultaneous reorganisation (or crisis) of welfare policy, as also argued in chapter one.

In particular these issues have received attention with the rise of strong local and regional economies and the simultaneous decline of the old industrial districts. Debates on the new Industrial Districts such as Badem-Würtenberg, the Flexible Specialisation thesis concerning the Third Italy and the rise of particular urban spaces have highlighted the locally (or regionally) embedded nature of present economic strategies[16]. These studies have demonstrated that the shape of economic growth and capital accumulation is highly conditioned by socio-cultural, institutional and organisational configurations at the local level.

Another important reason for the resurgence of the local is to be found in the political-administrative changes between the national and the local levels, and here the Nordic Welfare Model is a good illustration. In the first post-war period its dynamic was centred on the

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[15] This tradition was dominated by social anthropologists and turned into a paradigm for the study of ressource communites and entrepreneurship in the Norwegian north (see Barth 1966; 1963; Brox 1966; 1963). For an recent interpretation of this paradigm, see Hersoug, Holm and Maurstad (1993).

state institution in a rather strong top-down modernisation. But its administration became troublesome as its duties grew in numbers and resistance against centralisation increased. A process of decentralisation began in the 1960's; hence the municipal reforms in the beginning of the 1970's which became the most far-reaching institutional reforms of the Nordic societies in recent times. In this process the long-standing tradition for local self-government became the chief incentive, and "decentralisation" has continued since then. Today it is normal to argue that the welfare municipality has replaced the welfare state.

Another example concerns the changes in local and regional policy. Regional policy was strongly centralised in the 1950's and 1960's, based on the ideas of acquisition and growth centre (or growth pole) theories (Amdam, Isaksen and Olsen 1995). In the 1970's a broader, cross-sector and decentralised regional policy came into being, based on strong motives concerning redistribution, industrial growth, and job-creation within the primary sectors. With the changes in global production systems and the fiscal crisis of the welfare state, the regional policy of the 1970's was declared dead (Nordrevy 1991). In the 1980's the more hard core liberalism based on Growth Pole theory (trickle down ideas) again gained prominence (Nordrevy ibid.). Though, instead of hard core liberalism, or at least simultaneously, it seems fair to argue that regional and local policies in the Nordic countries have turned out to be the more soft strategy of *Schumpetarian issues*, i.e. a widespread emphasis on technology, entrepreneurship and small scale flexible business solutions and services. Furthermore, educational opportunities, the level of public services, life-quality and culture at the local level have become important issues in promoting development strategies. These changes in local/regional policy clearly enforce more pro-active local strategies in order to take advantage of the competition between territorial interests that the Schumpetarian state enforces (Arbo and Aarsæther 1994; Hovgaard 1997).

The simultaneous processes of globalisation and localisation are followed by the wide recognition of the state as an entity which is loosing ground. This is paraphrased in the view that the state is too big for the small problems (caring, services etc.) and to small for the big problems (e.g. global environmental problems). The apparent disappearance of the state

[16] E.g. Streeck (1992); Brusco (1982); Sabel andPiore (1984), Storper and Scott (1989), just to mention a few.

can be seriously questioned and in my view it is a misleading one (Østerud 1992; Hirst and Thompson 1996, Weiss 1998). What, in my view, is fair to say is that the state is loosing ground as the centre institution for territorial integration. Precisely herein lies one main problem in the restructuring of the Nordic welfare model (Schmid 1995b; Løchen 1990, Hovgaard 1997:74ff). Furthermore, the EU-level does not seem to have gained the required legitimacy for territorial integration.

One way to build up legitimacy and efficiency on national and supranational level is to promote "the local".

As an answer to the fiscal and legitimate crisis of the welfare state, recent analysis adopt the view that the local level, via new strategies such as public–private partnerships, is at the crux of the matter in renewing the social responsibility of the Nordic Welfare Model (Prahl 1997; Prahl and Olsen 1997; Ejersbo and Klausen 1997). On the EU level several programmes for fighting social exclusion and backwardness have been implemented with a significant promotion of the local. These programs stress "bottom-up", "empowerment" and "participatory" oriented approaches to development as in the LEADER, Poverty-3 and Integrated Area Development programmes (Black and Conway 1995; Conroy 1993; Moulaert, Delladetsima and Leontidous (eds.) 1994). These examples show that reality and the spirit of the times have once again revived the local level, but the dangers are there too.

One obvious danger lies in a clear re-romanticised view on or a normative bias towards the local level. One example is the growing attention towards communitarian approaches, which typically contain a strong bias towards an idyllic view of the local. Also some participation and empowerment strategies can be criticised for adopting a too harmonious and homogenous view of local communities (Guijt and Shah 1998:7ff). A third example can be taken from concrete policy, as in the favouring of deregulation and de-bureaucratisation of the public sector in Denmark in the 1980's. This policy argued for the nearness, the networks and other inclusive mechanisms of the local milieu as important arguments for a fatal decentralising of psychiatric treatment. Inclusive mechanisms, which actually were not there. Saugestad (1995:14) points to a parallel trend in Norway. The liberal tradition of

public administration/public policy favours the positive aspects of "bottom-up" politics and decentralised decision making, while it tends to ignore negative externalities between territories and the ruling out of minority groups (Jørgensen 1997). In the worst case, a re-romanticised view of local communities only gives rise to conservative and/or "reduced spending" strategies.

While the normative emphasis on the local level does not seem to have disappeared in the global flow, it is more important to realise that it has become more difficult to define what the local level is. From being something rather specific such as the "rural-village" and a "rural development-problem", the local level has turned to something differentiated, which has both been raised in scale and widened in scope. The reason for this is what Giddens has described as the separation of time and space and the lifting out of social relation from their local environments. Local boarders have been stretched in both geographical, cultural and economic terms. The easiest way to define the local therefore seems to be the distinction between the national and the local in political and administrative terms (Gundelach, Jørgensen and Klausen 1997). Giddens' proposal is to replace the local community with the concept of "locale", which is understood as a setting for interaction and contextuality (Giddens 1984:118). Locale, then, can range from a corner to the shop floor, from the city to the nation-state. In my view there is a serious danger here, because in both instances the local level becomes a passive element of social action. In the first case it is restricted to being part of the national political-administrative structures and practices, in the second case it becomes anything in which there is social interaction. Both definitions tend to ignore socio-cultural practices and their historically produced circumstances. My point is that *local places have to be viewed as constituting elements in themselves*, and I think it is possible to go back to the classical texts and find some arguments for precisely this viewpoint.

2.2.2. Making sense of community

In his analysis on the sociological tradition, Robert Nisbet reminds us that community is actually one of the most far-reaching of sociology's unit ideas:

> The rediscovery of community is unquestionably the most distinctive development in nineteenth-century social thought, a development that extends well beyond sociological theory to such areas as philosophy, history, and theology to become indeed one of the major themes of imaginative writing in the century. It is hard to think of any other

> idea that so clearly separates the social thought of the nineteenth century from that of the preceding age, the Age of Reason (Nisbet 1996:47).

It is obvious that Nisbet here goes beyond the concept of community as being synonymous with "the local" or "local community". Community refers, basically, to all those relations which are characterised by a high degree of personal intimacy, emotional depth, moral commitment, social cohesion and continuity in time[17]. These concepts have given rural localities their character of being homogeneous, egalitarian and stable units contrasted by the non-communal relations of conflict, utility and contract. Of the classical writings, no one has given the expression community more substance than Ferdinand Tönnies. As with other classical writers such as Marx, Durkheim and Weber, Tönnies witnessed the social transformation of the rural communities caused by industrialisation, urbanisation and national formation processes[18]. He regretted this transformation, but that does not make him a romantic for a vanished past, as posterity seems to claim. Only few of the classical writers have had such a great influence on social thinking and at the same time been so misunderstood as Ferdinand Tönnies (Asplund 1991).

Tönnies *theory* of community is based on the distinction between "Gemeinschaft" and "Gesellschaft". This conceptual scheme he uses as a way to understand the basic relationship between human beings, which he saw, in opposition to for example Spencer and Comte, as constituted by volition and mental activity. Tönnies sees Gemeinschaft as a specific form of social organisation, a kind of natural fellowship united by kinship, neighbourhood, friendship, habitation and affiliation to places. Gemeinschaft has a kind of inner logic, a form of natural embeddedness that is created and recreated via the daily activities within a territorially limited area that typically make up a local community. In contrast to this, in Gesellschaft, relationships are based on the social organisation of associative fellowship, which are governed by conventions and contracts (Falk 1996:59)[19]. The basic difference between Gemeinschaft and Gesellschaft can hence be formulated as sharing versus exchange.

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[17] Community may e.g. refer to "nation", "religion", "race", "occupation" or "crusade" etc..
[18] Marx, who also witnessed the disembedding of rural areas saw it as a result of the processes of capital, and did not regret the breakdown of what he considered as opression and relic from feudalism.

Posterity has mainly interpreted Tönnies work from an evolutionary perspective. Tönnies distinction between Gemeinschaft and Gesellschaft was adopted by the Chicago school in the 1930's where the rise of big urban slums, ghettos and multiethnic societies were obvious fields of study. The members of the Chicago school who were the founders of 'community-studies' based their evolutionary interpretation on Tönnies work. Strong connections were linked to Social Darwinism and city life was seen as analogous to natural life governed by reciprocal but natural powers (Colin and Newby, 1971:32ff.; 91ff). Comparable to the ideas of Social Darwinism in economics (see Polanyi 1944), the internal fight within the urban environment, via the natural selection mechanisms, would recreate social equilibrium. The Chicago school also adopted the Sorokin/Zimmerman idea of a rural-urban continuum, hence introduced the spatial dimension in the Gemeinschaft – Gesellschaft dichotomy. From this spatialisation of the Gemeinschaft – Gesellschaft scheme a distinct urban and rural sociology evolved (Bell and Newby 1972:44ff).

While there clearly may be an evolutionary character in Tönnies work, it is actually wrong to interpret his Gemeinschaft-Gesellschaft distinction as evolutionary. Tönnies was different from his contemporary Emile Durkheim, who actually made his distinction between mechanic and organic solidarity as a contrast to Tönnies work (Asplund 1991). In Durkheim the collective consensus of mechanic solidarity based on moral obligation would be replaced by the contractual and interdependent form of associativeness in the ongoing differentiation of society. It can be argued, following Durkheim, that the institutional stability of organic solidarity had to be deeply rooted in some form of continuation in the first form of solidarity, i.e. mechanic solidarity (Nisbet 1996:85). But there does not seem to be any doubt that Durkheim clearly sees his scheme as subsequent stages with organic solidarity as a higher form of social organisation than mechanic solidarity. This was not Tönnies' idea.

[19] Contrasting Gemeinschaft and Gesellschaft is Tönnies typologi of action where he distinguishes between Wesenwille (unreflected action based on feelings, norms, customs or consciouness) and Kürwille (reflected action where ends and means are thought of separately (Falk 1996:60)).

Half a century after the original volume, Tönnies reinterpreted his theory of Gemeinschaft – Gesellschaft, and this article represents the "summing-up" of his long intellectual work (Tönnies 1931). Here Tönnies argues that the contrast between Gemeinschaft and Gesellschaft is not a contrast between the natural and the rational, since intellect and reason belong to both natural and rational will[20]. Tönnies instead argues for a dynamic interconnection between these two which corresponds to the changeable elements of human feeling and thinking (Tönnies 1931:249). This view is also reflected in his basic theoretical distinction between Gemeinschaft and Gesellschaft.

> I call all kinds of association in which natural will predominates Gemeinschaft, all those which are formed and fundamentally conditioned by rational will, Gesellschaft. Thus, these concepts signify the model qualities of the essence and the tendencies of being bound together. Thus, both names are in the present context stripped of their connotation as designating social entities or groups, or even collective or artificial person; the essence of both Gemeinschaft and Gesellschaft is found interwoven in all kinds of associations ... (Tönnies 1931:249 my italics).

Thus Tönnies clearly states that Gemeinschaft and Gesellschaft are always interconnected, and this is actually what Tönnies uses the rest of the paper to discuss. When he discusses the real life world (as being different from the theoretical one) he distinguishes between Gemeinschaft-like and Gesellschaft-like forms of relations.

Reasons for analysing Tönnies scheme as an evolutionary one can be found in his own writings. He attempted to find the harmonic and stable conditions of social life, and these conditions he found in Gemeinschaft, while Gesellschaft meant conflict, and as with many of his contemporaries he would like to see societal conflicts disappear (Falk 1996:61). He made clear that the society was moving from the Gemeinschaft-like to the Gesellschaft-like form of social organisation, but this does not make the scheme evolutionary, and there is certainly no rural-urban continuum. What he does not seem to fully realise is to what extent Gemeinschaft-like forms of social relations actually come into play within the Gesellschaft-like forms of social organisation, and even grow in importance in contemporary times as clearly argued by Mingione (1991).

[20] Tönnies even argues that natural will means nothing more than a direct, naive, and therefore emotional volition and action, whereas rational will is most frequently characterized by consciousness (1931:249).

Of specific relevance is the distinction between theoretical and empirical categories, which it can be argued is the one between community and locality. As far as I am able to read Tönnies, he sees "community" as a mix between Gemeinschaft-like and Gesellschaft-like relationships which together take form as a *social organisation* (he also uses the term "corporate body") (Tönnies 1931:257). Authority and/or fellowship compound this mix, whereas the compound in Gemeinschaft is based on reciprocity and the one in Gesellschaft based on association (Tönnies 1931:253f). From this point of view, it can be argued that Tönnies conceptual scheme, or rather theory of community, is directly comparable to the "embeddedness approach" adopted in chapter one[21]. Tönnies conceptual distinction between Gemeinschaft and Gesellschaft is, therefore, primarily to be seen as an ideal-type in the Weberian sense of the word (Falk 1996, Otnes 1991). From this follows that community is first and foremost a theoretical category. Empirically we can state that the Gemeinschaft-like community may correspond to the rural village community, as he speaks of the rural village community (not just rural community) as the outstanding example of an *association* based on the common relation to the soil. This is contrasted by the Gesellschaft-like community which corresponds to the capitalistic middle-class society (Tönnies 1931:257ff). My argument is that Tönnies actually seems to make the distinction between community and locality as being one between theoretical and empirical categories. Posterity has interpreted community mainly as a methodological concept, but in such a varied and eclectic form that it seems to be fair to say that there are as many community study methods as there are community studies (Bell and Newby 1972:54ff).

It follows that community is to be seen as a basic theoretical (sociological) concept that fits into my general scheme, while locality is a way to empirically categorise the geographical expression of community – or rather – the many different communities that may make up a locality. I see their relation as constituting a dynamic between contextual (empirical) and general (theoretical) explanations, which must be clearly distinguished to prove scientifically useful. As my ambition in this chapter is to reach methodological clarity, I will con-

[21] Another important discussion that Tönnies takes up for treatment is the question of the collective, which I will not touch upon here and now.

tinue by arguing for the use of the concept locality as the one in which empirical clarity can be reached.

2.2.3. Approaching methodology - Locality

It should be clear by now that locality is the concept I prefer to use as my empirical and methodological approach. But it is not satisfactory just to use the term in a pure descriptive way, as there are many different uses of locality within the literature (Urry 1987:442f). To be useful in concrete analysis even empirical categories must be conceptualised in a theoretical way, so they can work as mediators between the specific and the general. The basic question to be dealt with is how to define what a locality is, and of specific importance is the question of how we find a middle-way between the general (or structural determinism) and the specific (or over-culturalisation).

Most influentially, Margaret Stacey suggested to use the term locality, and to analyse localities as social systems (Stacey 1969). In her view a local social system occurs when a set of inter-relations exists in a geographically defined locality. Without connections between major social institutions, there are no social systems (Stacey 1969:140). Her interpretation contradicted the structural-functional approach, which at that time was dominating community studies. Structural-functionalism had uncritically adopted the view that everything is connected with everything else, and that there is even less reason to suggest that this should not be the case in a small locality (Stacey 1969:138). Stacey suggests that locality can be seen as a context in which one can explore for hypotheses about institutional interrelatedness in time and space (Stacey 1969:139). The value of Stacey's approach, despite the fact that it can be criticised for only working on a system level, is that it recreates Tönnies dynamic approach at the expense of the static view of localities in structural-functionalism.

More recently the British locality-programme has probably become the most prestigious and well-known research programme in the field. It was a large programme initiated by the

British Economic and Social Research Council in the 1980's, and in addition to many individual ones, three major programmes were involved in this research[22].

Savage et.al. (1987) propose a realist approach to locality studies, which must start with an analysis of the now widely acknowledged difference that space makes, and from this point of view three levels of "locality" can be detected.

The first level is that *of contingent local variations produced by spatial contingency effects*. Here space is created by natural and social structures with causal powers where the important point is that whether or how these powers are realised in practice again depends on the contingent relations that surround them (Savage et. al. 1987:30). And the outcome between the inter-relation between causal and contingent relations cannot be reduced to first causes, but are constituted in particular places which already are differentiated by the unevenness of natural and social structures.

The second level is that of *causal local process*, which refers to the idea that some social entities are constituted by the combined effects of other entities (e.g. the labour market). Here the point is that as soon as constituted, the social entity in question gets it own causal power that transcends its constituent elements. These casual powers can be seen as locally based and generate particular forms of structures and relations, which also may lead to specific local variations.

On the third level there is, perhaps, a *locality effect*, i.e. a specific (or genuine) local combination of factors. While the second level referred to similar places having similar causal powers wherever they are situated, this level gives more room for distinctiveness to individual places where the combination and overlapping of local processes produces a locally distinct context for action. At this level the notion of "local culture" should be placed. But the writers are clearly critical to any specific local culture, explaining any local distinctiveness, since

[22] These programmes were: The Social Change and Economic Life (SCEL-initiative), Changing Urban and Regional Systems (CURS) and the Economic Restructuring, Social Change and the Locality programme

> ...there are no necessary reason why different local processes should combine to produce these, as different local processes (such as the labour and housing market) may simply operate independently of each other and have no extra "locality effect." (Savage et. al. 1987:32).

According to the writers it remains to be shown that there are such locality effects. While they clearly state that local uniqueness is not produced by only one of the levels, but by any of them, they particularly stress the interaction between the first and the second level. Localities may have particular social effects, but, in general, differences will be the result of local variations that are the result of *spatial contingency, or possibly from local causal processes*. From this perspective, they also suggest that locality research should be renamed "the case study method" (Savage et. al. 1987:33). This conclusion is derived from their findings in the cases undertaken.

I will agree that there are both spatial contingencies as well as local causal processes of great importance to the local milieu. But the definition made by Savage et. al. (1987) is replicating the idea of the local as weak and contingent, and the national/global as strong and causal. They have a bias towards structural determinism with little or no room for identification of local social processes that are capable of projecting interests beyond the local arena (Syrett 1995:40). Finally, their demand for 'local specificity' or 'locality-effect' is only based on "cultural" variables which they state must be highly distinctive to a certain locality. Here they replicate the idea of community in its classical connotation as something with a homogeneous culture and being heavily integrated, while they ignore the interrelatedness between culture and economic action. The focus on narrow economic criteria is one of the most usual failures of locality studies (Syrett 1995:42).

I do not believe there, from a sociological point of view, that there is any advantage to look for local uniqueness. What first of all is needed is simply an understanding of localities that gives room for explaining local variations and specific mixes between different social entities and processes at the local level without ruling out the effects of general national, international or global processes. In fact, Urry (1987:441ff) points to 10 different such "locality

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(Savage et.al. 1987:27).

effects"[23]. From the British CURS-programme Cooke (1989a) outlines a definition of localities which I find far more subtle to draw upon. Cooke defines locality as

> "... a concept attaching to a process characteristic of modernity, namely the extension, following political struggle, of civil, political and social rights for citizenship to individuals. Locality is the space within which the larger part of most citizens' daily working and consuming lives is lived. It is the base for a large measure of individual and social mobilization to activate, extend or defend those rights, not simply in the political sphere but more generally in the areas of cultural, economic and social life. Locality is thus a base from which subjects can exercise their capacity for pro-activity by making effective individual and collective interventions within and beyond that base. A significant measure of the context for exercising pro-activity is provided by the existence of structural factors which help define the social, political and economic composition of locality. But the variation between similarly endowed localities can only be fully understood in terms of the interaction between external and internal processes spurred, in societies dominated by capitalist social relations, by the imperatives of collective and individual competition and the quest for innovation." (Cooke 1989a:12)

This is a broad definition, but I find it useful. It is useful because it provides room for both local specificity and general processes, and it transcends the typical limit of locality studies as primarily studies of economic processes. Its broad content can of course be criticised for the imprecision of definition, but a tedious dispute over boundaries is just as misleading if we intend to make improvements in research at all (Syrett 1995:41f). And this imprecision does not eliminate the possible existence of locality effects and the general importance of "the local" in social action. Instead, the crucial factor is to identify the set of (general) conditions that make up a distinctive set of outcomes, in my case in the form of different coping strategies (cf. chapter one).

My interest in using the term locality as the methodological approach is that it provides a tool to analyse "the local" as an open social system. Here a critical assessment of Cooke's usage can be outlined. He defines "citizenship" as the basic condition for participation and social mobilisation, and applies it at two levels, the local and the central (national) (Cooke 1989a:11). On the other hand he defines the global as a general structuring process, hence he seems to ignore the global-local interconnectedness (cf. chapter one). My ambition is to get hold of how global processes shape local action, and how local action shapes global processes. Through the study of localities there are possibly ways to get to grips with how

[23] For this discussion see Duncan and Savage (1989), Cooke (1989a+b), Warde 1989.

new forms of communities emerge under global restructuring; through the interaction in local social networks and the sense they make to local lives (Bærenholdt and Aarsæther, forthcoming). For this purpose I think that the qualitative case study is an excellent methodology.

2.3. Studying localities, on methodology

In this part of the chapter, I will investigate further the specific methodological problems of taking a locality approach (not ideas and concepts as in the first part). The basic argument for taking the locality approach was the seemingly strong local environment in managing social transformations. Wondering about this reality, and contrasting it with the general condition of Nordic Atlantic localities and dominant views in contemporary thinking provided a good case because oddities in social reality or biases in dominant social thinking are a very typical argument for choosing *qualitative analysis* and the *case study method* (Yin 1994; Flyvbjerg 1991). The crux of the matter here is precisely to analyse the particularness of the case (Flyvbjerg 1991). In the previous sections I furthered the arguments for taking the locality approach, while here I will go deeper into the scientific question of how to get scientific results out of such an approach.

In following sections I will concentrate on outlining my usage of the case study method, which in the first run will be accomplished by an analytical discussion of general methodological issues in doing qualitative case studies.

2.3.1. The qualitative argument

Scientific method is about the ideas, rules, approaches and techniques involved in the performance of a scientific research. The most distinct dividing line between the many possible ways of doing research in social science goes between quantitative and qualitative approaches, and most researchers insist on a clear division between these two. Others argue that there simply is no dividing line, but they should be seen as complementary. Choosing between the two, or integrating them, is in this view rather a matter of the nature of the re-

search. Here we need to remember that social science does not originate from any prescribed rules of conduct and behaviour, but is itself the result of human thinking and action. Three dominant ideal-types of social thinking can be outlined: positivism, interpretative social science and critical theory (e.g. Neuman 1997). I do not intend to outline these, or other recent paradigms as feminist and post-modern theory here, but by writing a brief history of the development of social science I will make my first argument in favour of the qualitative case study.

The "battle of the methods" took place in Germany around the turn of the century between Positivists and the Historical School. From these the well-known division of labour between the disciplines took shape. In US the conflicts between the "old" discipline economics and the new one, sociology was conspicuous. The sociologists had to accept that they should not deal with "economic" problems, but were in return accepted as distinct performers. The three disciplines evolved with a clear division of labour, where sociology compared to economics and political science, was reduced to a "science of leftovers" (Block 1991:33ff; Smelser and Swedberg 1994:8ff, Swedberg, Himmelstrand and Brulin 1990:57ff).

From the "battle of methods", and despite their division of labour, the disciplines actually came to share one basic principle. All of them adopted the positivist stand with its ideal within the natural sciences. Social science fully adopted a nomotetic perspective on social research with its ambitions to create universal truth and causal prediction. History became a pure ideographic science, while the disciplines that usually had combined nomotetic and ideographic knowledge, statswissenschaft for instance, disappeared (Wallerstein et. al. 1999).

The nomothetic perspective won the battle of the methods, and among intellectuals there was great optimism after the turn of last century. They strongly believed in the advancement of science, rational will and harmonious development. For these intellectuals the First World War became an anachronism, and their strong belief in rational action was replaced by an interest in the non-rational elements of human behaviour. The validity of the statisti-

cal methods was challenged by a methodological consciousness which accentuated the need for inductive analysis of concrete empirical phenomenon. A central part of this controversy, of course, took place between the spokesmen of the statistical versus those of case study methods (Hinkle and Hinkle 1966). It was in this tense intellectual atmosphere that the dominant position of the Chicago school in American and international sociology in the 1930's came into being (Hinkle and Hinkle 1966)

Despite the disputes on methodological issues, the division of labour between the disciplines were maintained until the paradigmatic crisis of the 1960's and 1970's (Swedberg 1986). It was broken, not by sociologists as one might expect, but by economists like Gary Becker who began to use Rational Choice theory within classical sociological fields of study, the family, norms, institutions and the like. On the other hand, the showdown with positivism in the 1960's and onwards resulted in, among others, the revival of context-dependent analysis and a renewed interest in particularities. The grounded theory method of Glaser and Strauss (1967) and the phenomenology of Berger and Luckman (1966) are two representatives of this countercurrent.

As the societal challenges during the post-war period have widened in perspective and scope, the relation between the disciplines has merged. The disciplines briefly speaking have adopted each others fields of study as well as each others methodologies. The rise of new sub-disciplines is an example of this, of which economic sociology is one of the more influential ones (Wallerstein et. al. 1999). Furthermore, idiographic perspectives are again taken serious in social analysis within all the disciplines (Wallerstein et. al., ibid.).

This brief outline shows that there has always been strong tensions between different methods for the construction of research and the analysis of data. Social science paradigms do actually not follow scientific paradigmatic shifts in Thomas Kuhn's sense, but are heavily related to societal processes of change, conflicts and ideological dominance (Flyvbjerg 1991). Basically speaking, choosing between qualitative and quantitative methodology, or mixing them, will consciously or non-consciously always be grounded in ontological and epistemological viewpoints. In other words, methodology can not be separated from its

philosophical assumptions. My favouring of the qualitative methodology is first of all related to the ontological and epistemological basis outlined in chapter one. These arguments follow most distinct what is termed as interpretative sociology (Østerberg 1993), but also inspired by critical realism (Sayer 1992).

Ontology and epistemology are of course reflected in the actual practice of research, and here qualitative and quantitative procedures work as two opposite and/or complementary *technical guidelines* for how to investigate a phenomenon. From the 'nature' of my problematic, I have three arguments for choosing the qualitative method as the primary one. In contrast to quantitative conceptualisation of variables to be useful for e.g. statistical inquiry, qualitative research typically focuses on the subjective meanings, definitions, symbols and description of specific cases. Qualitative research is also a way of getting to grips with those aspects of social life that can not be measured and expressed in numbers. And the qualitative approach is last but not least a methodological guideline for undertaking context dependent analysis, i.e. in contrast to the quantitative approach the direct and detailed observation of people in natural settings, in order to understand how people create and maintain their social life. These characteristics also apply to the clean-models versus dirty-hands distinction (Hirsch, Michaels and Friedman 1990). As a passing remark, I think that quantitative procedures are important and of great value to science. For my own perspective they can prove useful in qualitative research, e.g. as techniques to support or deny qualitative arguments.

One valuable way to fulfil the ambitions of the qualitative method is by doing case studies, and through my discussion of the case study in the subsequent sections, I will fully extend the arguments made.

2.3.2. Qualitative research and case studies

By confining myself to "case studies", I bump directly into the same lines of division in social science method as outlined above. No clear cut agreement exists concerning the nature and content of case studies in social science but, to begin with, two questions are the

important to answer both in general as well as in my specific purpose. Namely: 1) "what is a case"? and 2) "what is a case study"?

In principle every social phenomenon can be seen as a case, and usually social science defines cases in very broad terms if they are defined at all (Ragin and Becker 1992). Doing case studies was the prominent methodology of the Chicago school, and in the early years of that tradition, a case was simply seen as an individual and his life-story. This way of doing cases is still in use, but is contrasted by the macro-sociological tradition where cases can be large regions and nation-states as known from historical sociology and world-system analysis. And of course many possible cases lie between these two extremes, examples include organisations, communities, localities, and groups or as a specific event or process. Cases are many things, and once again we need conceptual clarification.

Based on Ragin's discussion (1992), cases can be placed in a 2 x 2 matrix. They can be seen as either empirical units or theoretical constructs; or they can be seen as either specific or general. By cross-tabulating these, four different categories of cases can be made as shown in the following figure.

Figure 2.1. Categories of cases, based on Ragin (1992).

	Empirical units	Theoretical constructs
Specific	(1) *Cases are found, i.e. the empirical bounding of cases is an integral part of the research process. Cases are real, bounded and specific.*	(3) *Cases are made; i.e. they are theoretical constructs that coalesce in the course of research. They are made through the interaction between idea and evidence. Constructing cases is a matter of pinpointing and demonstrating their theoretical significance.*
General	(2) *Cases are objects, i.e. cases are also real and bounded, but they need not be verified, since they are general and conventionalised (as e.g. the nation-state).*	(4) *Cases are conventions, i.e. they are general theoretical constructs, but external to any particular research effort (they are constructs that structure the ways doing social science).*

The table is to be seen as a conceptual map of how different approaches to the question of cases can be linked. Cases can be based on just one of the categories, but the categories themselves do not represent totalities. Most case studies are based on a *multiple use of cases*; i.e. they combine specific/general theoretical insight and specific/general empirical investigation. As research usually combines empirical and theoretical analysis, the two kinds of analysis (i.e. specific/general and empirical/theoretical) do not need to use parallel cases or units (Ragin 1992:11). We can instead speak of cases on different levels of abstraction, furthermore "what is the case" can change during the course, also within one and the same piece of research[24].

The manifold meaning of case studies may be one reason for the many misuses and misunderstandings of the utility of case studies. The categorisation above shows the importance of thinking of cases in plural. This is also reflected in the definition of what a case study is. Two straightforward and valid definitions for my purpose are:

[24] Yin (1994) also uses a 2x2 but somehow different matrix, distinguishing between single (holistic) and multiple (embedded) units of analysis, and between single and multiple casedesign (1994:38ff, 51).

> ... an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin 1994:13).

Or a bit more precisely

> ... an in-depth, multifaceted investigation, using qualitative research methods, of a single social phenomenon (Orum, Feagin and Sjöberg 1991:2).

Together these two definitions accentuate the qualitative dimension, context and phenomenon and their interrelation as important in methodological issues. As many proponents of case studies emphasise, case studies are not necessarily empirical investigations within a real-life context, and they do not have to be multifaceted and qualitative in orientation, but this is for the reasons already mentioned a valid methodological approach for my study. In my usage case studies are qualitative, as argued in the previous section, but shall neither be seen as a rejection of quantitative data nor should it be conflated with pure ethnography. *It is a context-dependent empirically derived approach that uses a set of qualitative methodological techniques to interpret a social phenomenon.*

Doing case studies, as all other forms of social research, is a matter of research construction, but one important characteristic of the case study is that the content and composition of research will be dependent on multiple sources and causes: research question, access to data, intuition, co-operation abilities, resources, available time, etc. etc. And, as mentioned above, the content and composition of the case study may also change during the course of the research. The simple point is that *a case study is an investigation in its own right* (e.g. Yin 1994:9ff; Orum, Feagin, and Sjöberg 1991, Flyvbjerg 1991). The important thing is, not the least in order to withstand the general criticism of case studies, to clearly outline the ideas, choices and techniques used during the analysis. I will return to these issues in greater detail in chapter 3.

What the case study in my particular usage is, can now be briefly outlined. At the beginning of the study, the two localities were found for particular reasons (as in the blank 1 in figure 2.1.), and they could be conventionalised as in the blank 2, due to their clear political, economic and socio-cultural boundaries. But, as my orientation changed to the "coping strategy" as the central theme or "case" in the analysis, blank three (and four) of the matrix became activated as important component of the research process. These changes in case

orientation were not at all obvious when I first began my study, but has evolved successively as evidence and insight has been confronted. What the different usages of "cases" mix together is the local management of global transformation where empirical realities and theoretical insights turn into the *constructed knowledge* of coping strategies. From these changes in case orientation, the fundamental case in my research process turned out to be the strategies people adopt to cope with global transformation.

While the process of a case study is multifaceted, it certainly does not mean that anything goes, as some critics of qualitative case studies seem to believe. As all other research, case studies originate from ideas, questions, propositions, units and criteria of how to perform the study. Together these elements form a blueprint for research, which from the very beginning, helps to form and actually requires theoretical propositions (Yin 1994:28). In my occasion, this blueprint began with the problematic of the seemingly strong local milieu and their unusual ability to manage crisis, but through the practical work and analytical thinking, the blueprint changes. From the first perspective on, the focus turned to more theoretical questions of "innovation" "transformation" and "the local-global tension", which again became important issues in the creation of propositions and criteria for what the empirical study should be about. To make a long history short, the point is that the first "blueprint" of the case required increased theoretical sensitivity, which again helped to establish the first steps in the empirical collection and so on. A long but not very linear process was set off, which also will be displayed during the rest of the analysis, in chapter three particularly.

So far, then, I have stated what my case is, but some of the basic questions concerning any social research remain unanswered. These questions concern the reliability and validity of the study undertaken and how a way to reach scientific generalisation based on just two cases can be argued for.

2.3.3. On validity and reliability

The question of reliability and validity are two of the most important ones in any social science methodology. Also in this respect the statistical or quantitative methods are usually

praised for their superior advantage over qualitative ones. In many textbooks on social scientific methods, the case study is overruled, simply because it receives doubtful evaluation concerning reliability and representiveness. I do of course not agree on this kind of evaluation, but it shows how important it is to discuss these issues and outline what is concretely undertaken during the process of doing a qualitative interpretative case study.

Reliability in the quantitative usage is about replication of research. Quantitative analysis use specific techniques to unearth the uniformities of social life so they can be expressed in precise numbers. Then, reliable research will produce results unaffected by the process of data collection it self, and by doing the same research they will end up with the same results. Random samples of voting pattern are a very good example with a long tradition in many countries. Reliability is reached by interviewing large numbers of people that can be treated equally over a long period of time. The point here is that replication is possible in qualitative analysis, but in a somewhat different fashion than reliability in the quantitative sense of the word. It is for instance possible to replicate a qualitative study by letting several researchers undertake teamwork where observations can be compared and cross-checked. Another possible technique is to gather information on the same phenomenon over a longer time period and/or in different periods of time. A third procedure to ensure reliability can be to follow the strong inductive principles in the coding principles in Grounded Theory (Glaser and Strauss 1967; Strauss and Corbin 1990). In my particular case, participating in the MOST group (see chapter 3) makes it possible to strengthen the reliability of my cases, because they can be compared with other studies based on the principally same idea of coping strategies. *Comparing evidence is a very good technique for ensuring reliability of the case method.* Furthermore, one can reach better reliability if one makes sure that ones own data collection can be repeated by others (Yin 1994:33).

Reliability is of course a necessary element in any scientific research, but I think that Williams (1991) makes an interesting argument by stating that reliability has been overrated in social research. His argument is that *validity is the clue*, since perfect validity entails perfect reliability, but the converse is not true (Williams 1991:240 quoting Kirk and Miller 1986:21). And the argument here is that case studies are a perfect way for enhancing valid-

ity. Validity concerns the quality of the data one receives, and this is of course again dependent on the techniques that are used in collecting the information. Validity in the qualitative interpretative case study means that the accounts produced are recognisable for the people involved with the case. The strength of the case study simply is to study phenomenon as they show in practice, i.e. on the premises of reality not the premises of the research or inquiry (Flyvbjerg 1991:154f). Validity is strong in case studies, since a case study provides the researcher with a wealth of overlapping and complementary information on the same phenomenon. The data sources are numerous, and attitudinal findings can be checked and crosschecked in a way not possible with for example the survey method. To reach the required agreement with actual practice, one technique simply is to let respondents comment and respond on the interpretation that one has done.

My statement until now is typically contrasted by one of the great misunderstandings about doing case studies. The mistake is that case studies contain a bias towards confirmation of the (subjective) hypothesis of the researcher (Flyvbjerg 1991:138). From the conventional point of view it can be seen as very problematic, why qualitative researchers usually confirm their hypotheses. But this criticism misses the crucial point, which is that a case study is not primarily a study of verification of hypothesis, but rather a method for falsification (Glaser and Strauss 1967:27ff). The criticism simply misses the process of the case study, which involves a continuous falsification of assumption, hypothesis and theories (Flyvbjerg 1991:154ff). *Case studies do not confirm their hypothesis, but their hypotheses are a part of and a source towards the dynamic relationship between theory and evidence*, as also outlined above.

These comments on reliability and validity should not be read in the sense that no biases occur in case studies. Of course biases occur in any case study. The point simply is that this is nothing special for case studies or other qualitative research. *Problems of reliability and validity share one principle bias together, which transcend both qualitative as well as quantitative approaches, and that is the researcher him/herself.* Statistical proof is about relationship between variables where social life is attempted eliminated. But does this ambition make it a better science? Is there anything that legitimises that it is easier to ma-

nipulate and be dishonest with data material in qualitative than quantitative methods? I think the possibility is rather equal in both. What I see as the advantage of the qualitative researcher is that it permits him to write a story on how people cope with transition. And telling stories about individuals or groups or institutions is necessary to remain authentic to the form in which people experience their own lives (Orum, Feagin and Sjöberg 1991:21). And herein lies, as already argued, a very principle form for validity. But "telling stories" is not the same as to avoid generality and theory development, which will be discussed in the next section.

2.3.4. On generalisation

The criticism from conventional thinking against the case study is that they can not provide scientific generalisation because of their inadequate reliability and validity, as discussed in the former section. Making generalisation is of course heavily dependent on the reliability and validity of the data, and my argument is that qualitative case studies are important and useful sources for generalisation and theory generation. The problem lies in the different ways that quantitative and qualitative analysis see generalisation, even though they agree that analytical simplification must be the ideal of generalisation (Andersen 1997:129).

Generalisation in the qualitative case study is about what Yin (1994) calls "analytic generalisation". While the statistical method typically predefines what is to be generalised, qualitative interpretation continuously needs to discuss what is to be generalised and generalisation is a part of the whole research process. Generalisation in qualitative interpretation is not merely a question of the size of population one needs to generalise, but rather what kind of unit one is studying (Orum, Feagin and Sjöberg 1991:15). Generalisation brings interpretations and conceptualisations into work by continuously confronting evidence and theoretical insight. *Generalisation is about moving beyond the immediate events one is studying by comparing*, which in the case study is done via the dynamic between inductive and deductive reasoning as argued earlier (Andersen 1997:134; Yin 1994:30ff; 102ff). This also means that generalisation can be undertaken at different levels of abstraction, from the more descriptive generalisation of the events taking place within the case to

the formal abstraction of theory building. Actually, qualitative case studies are an excellent way of making theoretical constructs.

The typical argument against qualitative interpretation and generalisation is that it contains to dangerous a bias towards the subjective meaning of the researcher, and subjective meanings can not entail valid generalisations. As I have already shown, there are techniques for evading such dangers, but it also seem to me that the danger of biases is overrated. Biases in a statistical analysis may be viewed as a bad thing, but biases in the qualitative analysis may not always be for the bad. The reason is that biases and the conscious persuasion of them can work as new sources for analysing the complexities of social life, as well as they help to improve theoretical and methodological inconsistency. The continuous falsification of evidence in the case study can namely be improved by biases in the material. Instead of being afraid of making generalisation, it is an important part of the research process because it is from the deduction of generalisation that may often be both risky and flavoured with some degree of fantasy that new theory is developed.

2.4. Communities, localities and the case study - summing up

In this chapter I have distinguished between the concepts of community and locality. Community was outlined as a theoretical category formed by both "Gemeinschaft-like" and "Gesellschaft-like" relations, and as such it corresponds to the analytical categories of embeddedness outlined in chapter one. A locality is the empirical expression for a geographically limited area, in which both economic, political and cultural processes take place. It is a open social system, which will always consists of many different forms of communities. A locality may also be termed a community in so far that it refers to some kind of common identity and understanding among people within that same geographically limited area, a feeling of "we" in which a particular place is "our" community. This common feeling of community may differ considerably in strength and function, depending on the combination between "Gemeinschaft-like" and "Gesellschaft-like" relations (or the socialisation-mix between reciprocity and association).

The chapter has also discussed the problematic in doing a qualitative case-study, and a model for how to reach reliability, validity and generalisation was outlined. The methodological issue that still needs to be explored is how my study concretely was undertaken, which is the objective of the following chapter.

Chapter 3
The practice of research
- gathering and interpreting data

3.1. Introduction

This chapter deals with the concrete methodological steps taken during the course of the thesis. It is important to replicate this process, as it is both a personal documentation for the work that actually is behind this thesis and because it provides the qualitative study a higher degree of credibility. In particular, I think the chapter strengthens the relation there is between data gathering, the interpretation of data and the further development of analytical categories by clearly outlining the complicated social process that such and research endeavour is. By this I do partly mean the many technical issues one has to deal with in the process, but also the many practical concerns, outside influences and coincidences that also are involved in the shaping of a research. By utilising some of the resources and conceptual tools that are available, I think it has been possible to recreate the process that started nearly five years ago.

The chapter begins with the abstract outlining of a model for the many dialectic relations that are involved in a research project. This model works as a background to explain my personal entrance into this project and; the circumstances and relations that have influenced the choices I have been enforced to make in the creation of the project. The latter part of the chapter explains what kind of data has been gathered and, at last, it is also explained how it has been interpreted.

3.2. The dialectic dimensions of research

As discussed in chapter two, a research project based on a qualitative case-oriented methodology is a rather complicated social activity[25]. The very direct involvement of the researcher with the context in question is something that makes it difficult to reshape the

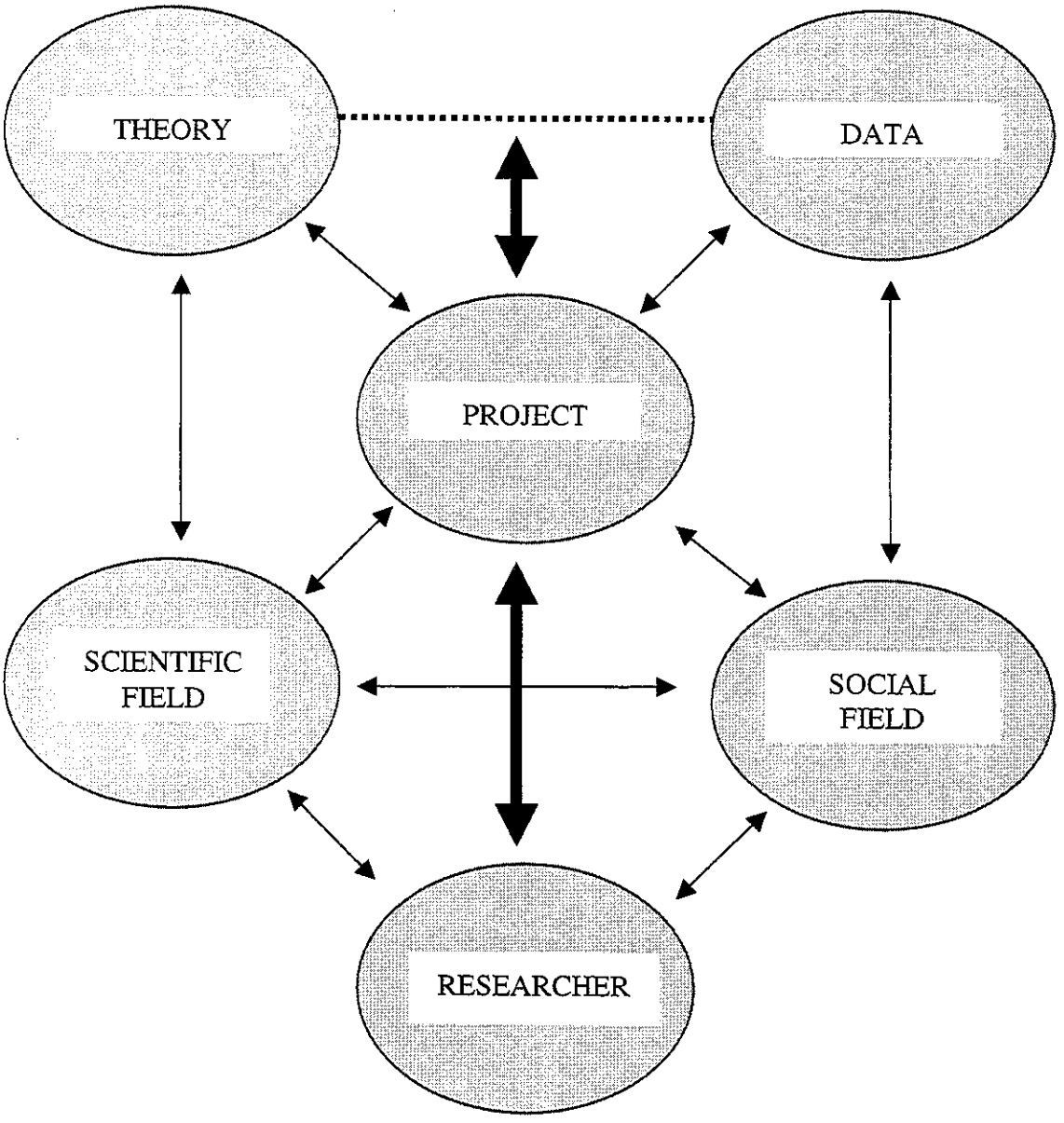
[25] This section is primarily based on Andersen, Borum, Kristensen and Karnøe (1992:151-168).

methodological experiences in written form. Though, these difficulties will not prevent me from trying to make the course. One simple way to do this could probably have been to base the description on the ideal usually to be found in methodological standards. This ideal is typically the one in which the preparation phase comes first (problem, theory etc.); is then relieved by the examination phase (data-gathering); which again is relieved by the final analysis and writing phase (e.g. in the form of a theses). This way of thinking methodology does not fit very well into the ideas and real practice of a qualitative case-study. We know for example that a pre-defined and fixed theoretical perspective can rather prevent than promote new knowledge. This and other theory of science questions have been discussed thoroughly in chapter two, so they will not be repeated here.

What I think is important to promote here is *the practical confrontation between the ideal mentioned and reality of research.* It is in this confrontation that something new can be learned. In other words, each singular project of research has its own dynamic which can be learned from in order to improve qualitative analysis in general and the field-study in particular. This dynamic that creates a project is of course first of all a product of the tensed interrelation between theory and data on one hand and the researcher on the other. But the researcher does not live in a social vacuum, hence it can be argued that *the project is also a product of the process in which it is shaped*, which off course makes the picture much more complicated. My approach to this complicated question is based on what Andersen et. al. call the dialectic of research-projects (Andersen et. al. 1992:159).

The research project is the final purpose and result of a research process, usually made by one individual, i.e. the researcher. *The researcher creates the project* on the background of a confrontation between *theory* and *data* (analysis). But the research process is also an individual endeavour, which we can say is based on the scientists own *research-habitus*, i.e. the continuing personal participation of the researcher in a *scientific field* and a *social field*, which certainly also influences the final result. These different dimensions and their interaction are illustrated in figure 3.1.

Figure 3.1. The research dimensions of this particular project



The figure illustrates the complicated mix of influence between the different dimensions that shape the final research project. But to which extent each dimension influences on the final product is differently distributed and dependent on both objective or formal criteria (theory-assessment; laws and regulations) and the process it self.

It is on the basis of this model that I will now turn to an evaluation of the background, experiences and processes that have shaped this particular project. In the sections to come, I will not go much deeper into science-theoretical questions, since they have been thoroughly discussed in other places. What I will do over the next sections is to make a two-fold manoeuvre. Partly, I will discuss how the process of the project has moved on, i.e. my interaction with the scientific field and the social field from the beginning of my Ph.D. scholarship until its present stage of development. Partly, the intention is to outline an analytical model for the empirical investigation of local coping strategies. The description is made as a form of personal evaluation of my own research-process, which in it self can be difficult. There is for example a danger that the participator him self often does not realise important aspects of the process, since he is a part of it. Furthermore, in practice there are of course overlaps between the different dimensions of research, as also will be clear from my description.

3.2.1. Entering the scientific field - background

My personal entrance into the 'real' scientific field began with being granted my Ph.D. scholarship. As usual, the proposal was based on the description of an individual research-project, and the basic idea then - as now - concerned the question of local remoteness in relation to globalisation and the restructuration of the National Welfare State. This was the first general idea that since then has shaped the project.

My interest in smallness and remote areas is without doubt closely connected with my personal background from a smaller village on the Faroe Islands. This was reflected in my student period in which I wrote some papers and my master on Faroese matters. The deep recession on the Faroes since 1992 forced an additional dimension to this interest as a living milieu of Faroese and Danish students evolved. The serious situation on the Faroes was interpreted by this milieu with the support by established researchers at the university (e.g. Kletti, Hoydal, Thomassen and Justinussen 1993; Johansen, Johansen and Hovgaard (ed.) 1993; Johansen (ed.) 1995a and 1995b; Hovgaard and Johansen 1994; Haldrup and Hoydal 1994, 1995; Johansen 1996; Nolsøe 1995). Also in other relevant forums the crisis on the

Faroes and, the West-Nordic in general, has reached attention (Jonsson 1995b; Lyck ed. (1997), Lyck (1996), Paldam (1994).

As regarding my particular research project, I clearly had the intention to widen the scope outside a Faroese context and make the analysis explicitly comparative. First after longer periods of thoughts and discussion in the relevant forums I chose to delimit the analysis to two localities. But it was rather quickly clear that the other social context was to be a Northern Norwegian one. The link between the two regional contexts had reached my attention during my master-work, as I realised that they had a very different integration into a national community, but in international terms a very impressive position as highly modernised and "strong" peripheries.

Looking back at this decision four years later, I still claim that it was a wise choice, but seen from the perspective of practical methodology it was problematic. As a Faroe-islander living in Denmark and just beginning a research career, Northern Norway at the beginning of 1996 was a region, which I only had a slight knowledge of. Besides my readings of some of Ottar Brox' older work (Brox 1964; 1966; 1984), I think it is fair to say that it was a black box to me, and I had not at all heard about Båtsfjord. As mentioned, the Faroe Islands were very different, and the place Klaksvík was already in my masters theses an important element. Furthermore, I have strong personal connections to the place as well. The very different personal experiences of the social contexts in the analysis does of course make my "scientific" engagement with them very different and is an explicit source of bias that I consciously have tried to work with during the process of my work, but under all circumstances has influenced the final result.

3.2.2. Entering the scientific field, process

Naturally, the first sources in the creation of a personal research-habitus are connected to the home institute/university, i.e. the courses you participate in and the research-group that you are connected with. Over time the home relations become supplemented by the international research community through conferences, networks, staying abroad and field-

work. As a consequence of this, I joined the research project "Circumpolar Coping Processes Project" (CCPP). Originally this project was initiated as a response to the UNESCO-MOST (Management of Social Transformation) programme back in 1995 (Jentoft, Aarsaether and Hallenstvedt 1995). Today the CCPP is an integrated part of UNESCO's social science efforts, organised co-operatively by universities and research institutes from nine countries, with the university of Tromsø (Norway) and the university of Roskilde (Denmark) as the main coordinators. The general objective of the MOST-CCPP programme is to provide scientific knowledge on local development issues and global processes from the Circumpolar area.

During the years this international, co-operative, team has been an inspiring and important source of knowledge to me, both in relation to developing theoretical and methodological skills, and for widening my knowledge of local and regional developments within all the Circumpolar Region. These activities involve e.g. conferences and co-operative work in different parts of the Nordic Atlantic and Denmark. A substantial part of the work is documented in Bærenholdt and Aarsæther (1998) and Aarsæther and Bærenholdt (forthcoming). The scope of this international team-work for the years to come is currently under construction.

As discussed in chapter one, the field of economic sociology became an important source of inspiration for the advance of this project. This field was rather unknown to me, when I was told about an article on integration and embeddedness. This article (Olofsson 1995) prepared the way for an extensive reading of Karl Polanyi and related areas, especially the American economic sociology and the principle work of Enzo Mingione (1991). This interest is of course reflected in the thesis, but several draft-papers on e.g. Karl Polanyi and economic sociology have to wait until there is a surplus of time. Though, one concrete result of this interest is that I, among others, prepared the edition of a special issue on economic sociology in the journal of the Danish Sociological association (Dansk Sociologi 1998). This also shows that no process of this length is without strays from the straight and narrow scope of the project, but even though they may influence the final product. In my case I think two more events are of special importance and worth mentioning.

After finishing the first year, I had one semester's leave, in which the greater part of the time was a stay in Klaksvík. Even though academic work was not a direct part of this stay, it undoubtedly has influenced the knowledge of the place and the ways that the material was collected. I had a second break in the fall 1999, and worked for a few months on an international project concerning large scale strategies in European urban areas (Andersen, Hovgaard and Jensen 1999); this project is documented in Moulaert, Rodriguez and Swyngedouw 1999). The differences between large scale urban centres and small scale (or rather micro-scale) peripheral villages, provided a very important contrast that helped me think over my own material and ideas of local coping strategies.

3.2.3. Entering the social field, background

As should be clear from the foregoing, my personal experience of the two different contexts contained a serious bias in respect to knowledge and resources. For the same reason, right from the beginning, I had to consider how to diminish this bias. But the solution was rather obvious. In the fall semester of 1996 I had a longer stay in the North Norwegian university city, Tromsø. I undertook my daily work at the independent research-institute NORUT, and, therefore, this stay was a very important source of knowledge and experience. Here I had the opportunity to meet very engaged scientists in local and regional research and was able to enter into a tradition for concrete locality studies that had a decade-long tradition to build on. It was of course also much easier to get relevant material, and the results of this attempt to increase my knowledge of the development of Northern Norway is documented in Hovgaard (1997).

Another kind of bias is that there is extensive social science material on the development of Northern Norway, which does not exist with respect to the Faroe Islands. This is due to very different traditions for social science research in the two regions. Regarding material on the Faroe Islands I have most heavily relied on work that was the result of student/researcher activities at the University of Roskilde in recent years. The work within the

MOST-group has also helped to improve this situation (Skaptadóttir, Mørkøre and Riabova, 1999)

I returned to Tromsø in April 1998, and now I stayed a few weeks at the Department of Planning and Community studies, and besides writing a minor article (Aarsæther and Hovgaard 1998), I used much of the time to prepare my forthing field-work. After a few weeks stay I left for Båtsfjord to carry through the field-work, and my stay in Båtsfjord lasted three weeks. In Tromsø I had the opportunity to get information about Båtsfjord, talk to people who had experiences of the town/village, and to get into contact with people in Båtsfjord of interest in my work. I did not arrange all my interviews before the stay, simply because my experiences from Klaksvík showed that the stay itself was a way of finding new, important contacts. Before my stay in Båtsfjord I had already undertaken the field-work in Klaksvík in prolongation of my leave in 1997. Due to my pre-knowledge and long stay in this social context, it was rather unproblematic to make the field-work and it produced some experiences that I could utilise in Båtsfjord.

In both cases I prepared an interview-guide, made arrangements with interviewees and worked my way through some written materials about the two local contexts. In both places there is a certain tradition for writing down local history (Joensen 1946; Hansen 1983 and 1981); Solhaug 1979; 1985). The municipality councils also have their written materials, off which I have received both some published as well as unpublished material (e.g. Båtsfjord Kommune 1994; Klaksvíkar Kommuna 1996 and 1990). And both places have also received some interest in student-reports (Fitje 1999; Svendsen and Hamborg 1996 Hovgaard and Johansen 1994; Haldrup and Hoydal 1994; Biskupsstø 1984;). All this material provided an orientation towards the social contexts that I have studied. By orientation I mean the interpretations that we can deduce from these sources on the evolution of each locality or region and what processes have brought about the changes. But they are also sources of factual importance, i.e. the concrete data about the history of these localities and regions. These are mostly secondary data, that is, they have all been during a process of interpretation before my use of them. The field-work is the primary data, which extends the knowledge about the two localities and the strategies adopted, but certainly also is a new source of factual frame for later purposes and interpretation.

3.2.4. Entering the social field – process

The fieldwork in the two localities was carried out in different periods of time, in different lengths of time and, with very different experience towards the context under study.

As described earlier I had a five months stay in Klaksvík, with the possibilities for gathering information that this gives, even though the period had other purposes. A longer stay gives extraordinary possibilities to identify one self with the locality in an unique way, for instance by following the local debate over a longer period of time, to utilise the wealth of informal meetings and talks as a source of knowledge and to observe "the local way of life" in general. The longer stay also provided good time to think about the interviews and which persons to make close interview with. This was a clear advantage in respect to obtain the representation wanted. As mentioned, the field-work in Klaksvík was rather unproblematic due to contacts, interviews and other sources of information. This longer stay also gave me the opportunity to be engaged in the first steps of an international research on youths living in peripheral communities within the MOST-team. I arranged the writing of school-essays by youths in five classes in primary school (14-15 years of age), and I also had meetings with two of the classes. These essays worked as a kind of pilot-study for a larger initiative involving essays and statistical data from different Northern localities, including Båtsfjord (Bjørndal and Aarsæther, 1999). The essays and the meetings is an inspiring material, which have helped me very much in understanding the reflexive patterning of these localities (see chapter 9).

The Båtsfjord field-work had to be planned rather differently, because of my background, the time-limit and the bias in respect to knowledge of the place. But also here the personal contacts proved to be of great importance.

At a MOST-conference in Isafjørður on Iceland in march 1998, I was lucky to meet the mayor of Båtsfjord. He opened many doors for me in Båtsfjord, as otherwise it was not easy to enter the business milieu. The mayor also informed me about a Faroe Islander liv-

ing in the locality, which I contacted before my stay. He turned out to be a great help to me during the stay, both on practical issues, but not the least to get into contact with many locals that provided a personal network of experience during the period.

During my stay in Tromsø I wrote letters to the most important businesses, explaining the purpose of my research and asked for an interview. In the letter I said that I would phone them within a few days to make an appointment. But I actually had to phone several times before I could get into contact with the right persons, and it was difficult to arrange a time and date. These difficulties were rather surprising to me, compared to my experiences in Klaksvík, but I think there were two main reasons for this. First of all, the business milieu in Båtsfjord is really dynamic, so the important persons had to find time within an overbooked schedule that very often includes flights outside the locality. Another reason, which several of the interviewees mentioned to me, was that they actually were a bit tired of students and researchers knocking on their doors. Besides the influence of the mayor, my letter and the information given in it proved to be very important. One of the key-persons in the business network clearly told me that the only reason he opened his doors to me was that I had written that I would stay in the locality for 3 weeks. He was simply tired of people coming in with the early morning flight and leaving with the evening plane. He, rightfully I think, did not see any academic advantage in such a stay.

In each locality I made around 15 interviews, of which a few of them were group interviews. I chose interviewees on the basis of one criteria, their centrality in the restructuration process. By this I do partly mean their centrality in the decision-making forums or the business network, and these personalities were rather easy to select. For the same reasons, some persons were more obvious to make interviews with than others, and they could to a large extent be identified before I made the first interviews. Other people came by during the stay as my knowledge of the places widened, which in itself proves the importance of staying in the localities for a longer period of time. One clear advantage was that by being present in the villages for a longer period of time I had the opportunity to get in touch with people who represented a critical opposition, hence they provided nuances and representation to other groups in the localities.

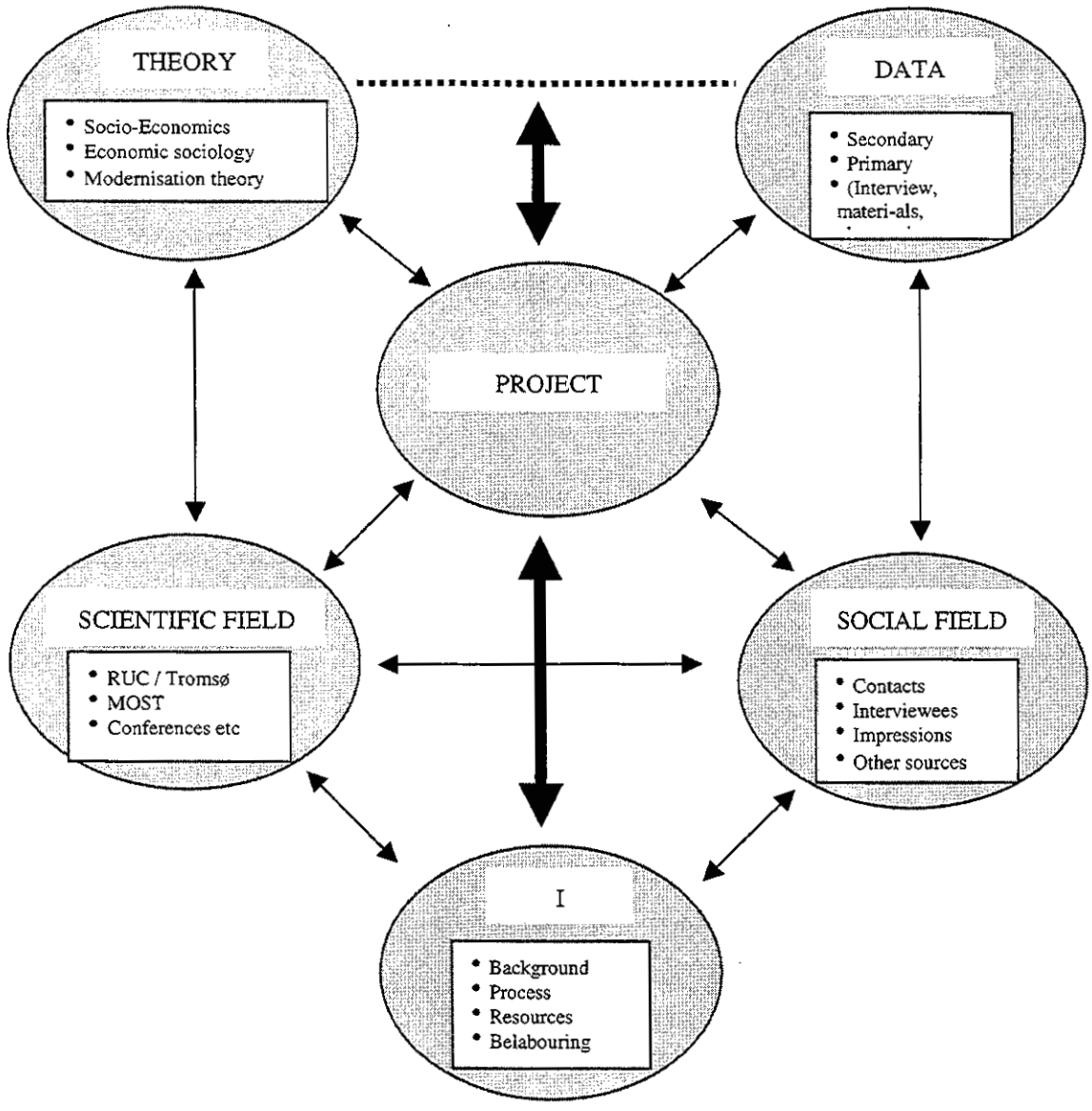
Besides the formalised interviews much information that I received came to me in informal forums, e.g. by meeting people at the harbour, at a pub or in some of the networks/friendships that I went into. Furthermore, local libraries were a good place to find information on the localities. In some respect reality also proved other than my predefined ambitions. I did have an ambition to achieve equal representatives between the sexes, but this soon proved rather impossible to obtain. Business and policy issues are, in both localities, heavily dominated by men, and for the same reason men are over represented in my material.

The data that I received during the periods of my field-work were clearly concentrated on the periods around 1990 until the times of the stay in the villages. This will off course also be reflected in the analysis of the data, but it is always an advantage to be kept informed of later development. In Klaksvík, for instance, I have had a friend to post me examples of the local newspaper, and my network otherwise has continued to be quite strong and informative. With respect to Båtsfjord it has not be that obvious to maintain personal contacts, but they have excellent and informative services on the internet. In the last year or so it has also been possible to listen to the local news via the internet. These sources have helped me to keep in touch with my social fields in the time-period after my field-work, provided new information and for instance helped me to confirm data that I might have missed or been doubtful to me.

3.3. Research dimensions of this project – summing up

It should now be clear that this concrete project is shaped as the result of many different processes and social fields that I have been into over a year-long process. Through this manoeuvre I can now provide the general perspective outlined in section 3.2. a more specific and personified content. The objective conditions and specific processes discussed in previous sections that have shaped this particular project are replicated in the following figure.

Figure 3.2. The research dimensions of this particular project



While the figure shows the many dimensions that have influenced the research-project, it is, in the last end, the confrontation between the researcher, theory and data that make up the final product, marked in the form of the thick arrows in the figure. This part of the process in particular becomes important when the researcher leaves the field and returns to his base in order to analyse the data more substantially. It is this process and the following analytical reasons behind the project that I will now turn to.

3.4. Back to the scientific field, analysing

Returning from the social field back again to the scientific field is a totally different social situation. The focussed process in the social field is replaced by the many tasks and ideas that flow around in an academic milieu, which can be dangerous with respect to getting the real job done, i.e. the analysis and the writing. Another obstacle to get the job done, is that analysing actually is really hard work. One thing that keeps the process going is that the impressions and factual knowledge from the social field refuses to go away. In the first period they heavily conflicted with and made disorder in the structured world of theoretical thinking. On the other hand, some first hints towards structures and patterns in the material popped-up. This was rather frustrating then, but now, looking at the process from a distance, these frustrations are an example of the fact that the analysis of the data begins at the very same moment as you make your first interview.

It is "inside your head" that the first attempts arise to make analytical pictures and patterns out of the multiplicity that the data represent. It is in your head that statements and assertions are confronted with the theoretical perspective you already have obtained. This confrontation, and continuous process, between evidence and theory is, briefly speaking, what a qualitative interpretation based on field-work is about, and this is what makes the difference between 'science' and 'common-sense' thinking. But, to help you improve "thinking" or rather "interpret", a set of analytical techniques were used.

The analytical or interpretative part of the job is of course not isolated from the field-work itself, but is clearly dependent on the success of data-collection. Many questions arise concerning this issue, as for instance whether you have received the data that you actually intended to. Whether the questioning was sufficiently objective? Or if you actually met the right informants? You may improve this somehow during the collection process, but basically that you can not judge, until you have analysed the data.

3.4.1. Getting the data

Yin (1994:78ff) mentions six potential sources for data-collection in a case-study: documentation, archival records, interviews, direct observation, participant-observation, and physical artefacts. Others could probably be added, photographs for example (Buciek 1996). In this analysis, as in many qualitative case-studies the primary data are the interviews, and then the observations, the informal talks and for example written data received from informants. The forms of information used in this work have been outlined in previous sections, though here I will concentrate on the central primary material, i.e. the interviews and how this way of receiving information has been threaded and analysed. The important aspects of the interview are its informants, its theme, accomplishment and last but not least, its purpose! These central and interrelated aspects of the interview will be discussed in the following.

The form of the interviews was the semi-structured one based on an interview-guide (Kvale 1995:84ff; Patton 1988:195ff). This is a form of questioning in which the topic and issues of the interview are explicit, and the task of the interviewer is to maintain these objectives, while letting the respondent express himself in an open-ended fashion. The basic meaning of a qualitative interview is precisely to have a framework within which the respondent can express his/her own understanding of the topic in question in his/her own terms (Patton 1988:205).

The basic idea of the qualitative interview makes the correlation between interviewer and interviewee of greatest importance. The way the questioning is managed is a technique in its own respect, which I have tried to follow to e.g. avoid leading questions (e.g. Patton 1988:211ff). The success of the interview also depends on the relationship you create with the interviewee before the interview. In this respect I tried to optimise the interview-situation by for instance respecting the time and place suggested by the interviewee, to be open towards changes in agreements etc. I have realised that it is very good to meet people in their known environment (e.g. the office or at home), and I have the feeling that the best interviews you get is in the morning, and that you should not make more than two in one and the same day. I have also realised the importance of carefully explaining the purpose of

the interviews and what I intend to use the information for as an opening for the interview, also despite these aspects may have been explained before. This makes the situation more conformable and helps to obliterate any doubts about the intention. In respect to all these pre-arrangements, the longer stay in the localities was very helpful. Furthermore, it helped me to figure out what persons were important to interview, especially with respect to the cultural dimension.

The openness of the semi-structured interview can produce strange reactions, because sometimes the interviewee realised that he/she had been talking for a few minutes nearly without my interference. Some interviewees could suddenly ask if this was the information that I needed, because they felt that they had talked to much without me asking anything. Before each interview I tried to inform the interviewee about the way that I preferred the interview to proceed, because I knew from earlier experiences that this could be a source of frustration.

The central theme in each interview was the recent crisis and restructuration of the local economies. While the crisis and the restructuration may for the outsider be something intangible, there was no doubt among the locals what events were referred to. The accentuation on this particular theme had two objectives. First to discuss what concretely had happened in the local economy, especially concerning the ways that the local networks are functioning. Second, why and how things had happened the way that they did. This latter part was the challenging part of the interviews, since they enforced the interviewee to reflect on 1) his/her own participation in the process and/or the role of his/her organisation/institution 2) his/her view on the role of other persons and organisations/institutions and 3) enforced reflections on the meaning of "the local" in the restructuration process.

As also discussed earlier, it was important to have informants that represented more than just the business-milieu, since my idea was to find the difference that the context makes. The informants were divided into three groups, representing the businesses (market), the policy (state/municipality) and cultural life. This division is only a practical one, since for instance business people are also part of cultural life. The idea simply was to get a broad

local representation and hence also a differentiated set of meanings upon the same process of restructuration and its causes. So the interview with the businessman was not only about "business", but clearly also about the role of cultural life.

Before the field-work I wrote an interview-guide which worked as an important part of my "blue-print" during the field-work. In this interview-guide the theme of research and its reason was outlined, while each interview was complemented by a list of reference of 10-12 general questions that I had to get through. This was important, because the interviewees represented different local institutions and networks which made an accentuation of specific questions more important than other. But the interview-guide outlined the three dimensions that characterised all the interviews: A) a personal interpretation of the interviewee, of his/her position, role and life-span in the locality[26] B) an interpretation of his/her insight into the process of restructuration and on factual events in relation to his/her "position" in the process C) an interpretation of his/her views and judgements on the same process.

How the different parts of the interview were interpreted was heavily dependent on the "personality" of the single informant and also his/her position in the social system. In general, it is my judgement that I had very good and reflective informants. One reason, of course, is that many of the informants were key-persons in the locality and used to express themselves in the public, and actually liked to talk. For the same reasons, the interviews had rather different lengths of time. The shortest was around 40 minutes, while the longest lasted more than two hours. An estimation of the average length of the interview would probably be one and a quarter hours, I guess.

3.4.2. Handling the data

All the formal interviews made were recorded. The usefulness of the tape-recorder as a technique to obtain and maintain information is much discussed, but its advantages are in

[26] Personal life-stories are very important sources of information when you interprets the data, e.g. to understand attitudes and positions of a person in the locality.

my view beyond discussion. There is of course a danger that informants get nervous, that they put themselves in a position of defence, or that they may hold back important information when confronted with a tape-recorder. In the majority of the interviews I had persons in front of me that were used to publicity and to express themselves. Furthermore, I had explained before the interview that I would use a recorder, and I also clearly said that if they had information that they did not want to be taped, it had a switch-off button. I did not see the use of the tape-recorder as any obstacle for obtaining the information needed, and only a few times, usually discussing personal matters in the locality, I had to use the switch-off button. To me it is very clear that the advantages of using the tape-recorder clearly surpass the possible disadvantages.

After each interview I made some notes on impressions and observations that could be useful for later purposes. But the hard work has been to reproduce the majority of the interviews in written form, which I soon realised is an extremely long-lasting process[27]. The advantages to have the information in written form is that it can be used far more explicitly by for example. the function-possibilities on the word-processor. The same statements can easily be checked and cross-checked over and over again. To prioritise time, I had to distinguish between more important and less important interviews. The less important ones have not been written out in detail, but as my experience has grown, It has been easier to return to the 'less important' ones to get information needed.

From the practical point of view, the interview have helped me to reshape the economic restructuring in each of the locality, i.e. what has happened in the processes that have shaped the coping-strategies. On the other hand, they have also been the primary source to go behind the concrete events and analyse what factors are the ones that make a difference in viable local development. In both cases the data had to go through a process of analysis, which I now will turn to.

[27] My guess is 1:5, and when you have around 40 hours of interview it gives 200 hours of typing.

3.4.3. Analysing the data

My arguments for making a qualitative case-study were the rather typical ones. Events in the 'real' world make you wonder about conventional wisdom and the inadequacy of dominating theoretical thinking. From the beginning I adopted the idea that a dynamic relationship between economic action and the social context had to explain the apparent successful restructuration of the localities. From this perspective, the method adopted had to be one in which focus was on concrete human practices in order to understand why and how human practices can make a difference in successful local development. The qualitative case-study approach is an excellent way to analyse this kind of questioning (for further discussion on the issue, see chapter 2). The crucial element, as also discussed in chapter 2, is the process off how to get data into scientific validity. Validity is to raise the concrete expressions of e.g. the interviewees above time and place (i.e. the context under study) and reach generality. That generality can be reached in a context-dependent study was also argued for in chapter 2, while I here will point to the techniques in use[28].

What makes the information from the field into scientific statements and assertions is the confrontation the analyst makes between theory and data. There are numerous ways to make this confrontation, but I will here apply to and argue for an analytical strategy that is commonly used in qualitative and interpretative case-studies.

In practice all context-dependent analysis are comparative in origin. The researcher always has his own predefined ideas and expectations about the social context that he interferes with, and the information that the receives, for example before and during an interview, has also been through an interpretative process by the informant. This double-hermeneutic problem (Giddens) is always a condition in interpretative analysis, and clearly forces the analyst to interpret the many different forms of information he receives by comparing them. Briefly speaking, we can say that by comparing the many different sources of evidence is a way to reach reliability. As argued earlier, the interviews are clearly my most important

[28] Comparison in the sense used here is closely connected with expressions as "the hermeneutic circle" and "triangulation".

source of evidence, but by comparing them with other sources as written materials, observations and the like, it is possible to reach a pretty high degree of reliability.

At a somehow higher level of abstraction the term coping-strategy was adopted as the central concept in this study. The more precise arguments for doing this are outlined elsewhere, while the point to make here is that *the first attempts to develop this theoretical approach were already under construction before I undertook my field-work.* Theory development prior to data-collection is one main difference between the case-study method and e.g. ethnography and the common understanding of the Grounded Theory approach. The point here is that *theorising is a guidance.* It helps you to outline in more precise detail *what is the case to be studied.* When you enters into the research field, it helps you to find out *who the relevant persons and institutions are.* Furthermore, theoretical guidelines are important as *they help you getting the chaos of the data ordered.*

The difficulty of the qualitative case-study is that you as a researcher both has to manage the wealth of information that you collect, but also has to manage the stringency and simplification that theorisation requires. This very tensed interrelation between theory and data is problematic, but also the basic solution in reaching at final statements and propositions.

By theorising then, I do not mean a fixed pre-defined framework as in a pure deductive analysis. Theorisation is, in first instance, the conceptualisations and propositions that work as elements in the "blueprint" of the study and it inspires the procedures and rules you follow during the process (see Yin 1994:27f; 63ff). At the beginning of my empirical study I had the theoretical influence from my readings of socio-economics and economic sociology as a ballast, and from this ballast I became especially inspired by the analytical scheme made by Mingione (1991). The reason for this was simple. It helped me to focus on both systemic/institutional dimensions, but also the importance of (reciprocal) social action in socio-economic restructuration. It was a way to get a grip on the empirical assumptions that I had already a feeling of. The field-work in Klaksvík very much confirmed my first assertions, and in 1997 it was an inspiring source in the writing of my first theoretical article on "coping-strategies" (Hovgaard 1998b). And now, after field-work in Båtsfjord and a longer

process of analytical work, the arguments made in the 1998 article have improved into the present shape[29].

The example given outlines the analytical guideline of my work. Using concepts and making hypothesis is precisely the way that you, as a researcher, keep up with and utilizes this tension. Another technique is the making of graphic illustration to make up the theoretical/methodological points, of which some of the many illustrations made during the process have reached a value so that they are presented in the thesis.

We can say that this kind of analytical development that I have tried to go through is *a dynamic confrontation between deduction and induction* in which it is possible to move from, or between, less to more abstract forms of theorisation and generalisation. The multiplicity of the social world is a way to confront and question the abstraction of the theoretical world, and the stringency of the theoretical world is a way to get order into the empirical world. You are not objectively free of any pre-defined assumptions, but you do neither have a clear-cut yardstick to follow as in quantitative approaches. Openness towards alternative explanations must always be there, otherwise you cannot utilise the dynamic tension between data and theory. Comparison is the qualitative way of measuring, because comparison makes it possible to make dimensions and characteristics out of the material.

The process of patterning and conceptualisation demands extensive theoretical absorption and empirical comprehensiveness in which new patterns, concepts and dimensions have come by while others have been rejected. To illustrate this, I will briefly mention just one example. Coping-strategy, as it is used within the MOST-team, is a rather new analytical concept still undergoing changes in its content and related dimensions. One of the important dimension adopted has been "identity" (Bærenholdt and Aarsæther, forthcoming), and one reason for this is probably that "tradition" sounds outdated and difficult to work with. At least this is one reason that I have had many difficulties in using this concept. But, inspired by an article by Thompson (1996) I chose to return to the concept, since it could be

[29] My outline of different 'working-papers' presented in the ph.d. forum at the institute suddenly got new relevance as they also helped me to realise the importance of this process.

given a dynamic and broad content, as argued elsewhere (cf. chapter 1). Another example for seeing this progress is by comparing my earlier article (Hovgaard 1998b) with the framework presented in this work. Even though the statements here is wisdom after the events, it shows how categories can work as a background for a dynamic confrontation between theoretical sensitivity and empirical evidence.

To sum up the arguments made, it can be stated that the process after the data-collection has followed three analytical steps. The first one focussed on the actual events that happened in each locality in order to explain connections and structures. Comparison at this stage was on the level of social action within each locality. The second step was to explain why the different initiatives took of and how they worked. Comparison at this stage involved the confrontation between my own data, historical data and other relevant sources to outline the "coping-strategy" in each locality. The third step has been to explain what factors make a positive difference in local development by comparing the different strategies. Comparison at this stage has been at the level of confrontation between evidence and theory in order to generate analytical generalisation on the dynamics between globalisation and local coping strategies.

Chapter 4
On the historical evolution of fishery dependent localities

4.1. Introduction

This chapter is an analytical interpretation on the historical evolution of Nordic Atlantic fisheries dependent localities. Its ambition is to provide a general framework for analysing how coping strategies have been locally conditioned from a historical, comparative perspective. The perspective adopted follows the basic propositions outlined in foregoing chapters. By this I particularly mean the need to go beyond approaches to view localities as either the inevitable outcome of general structural forces or as defensive and fundamentalist spaces of place. History is about modernisation, and the question of modernisation has been at the centre of sociological reasoning since its very beginning. The first main argument provided in this chapter is that *modernisation should be understood as the outcome of experience and as a process in which the present is constructed in the light of the past.* The second main argument is that the conditions of coping should be analysed as the balance between the basic institutional forms of society, i.e. state, market and community. This argument, also outlined in chapter one, is in this chapter applied to the historical evolution of Northern fisheries dependent localities in the form of *different historical phases of local dis- and reembedding.* To make these arguments distinct, I need to operate at a certain level of analytical abstraction, but this is also helpful in a third vein, because *it will work as a basic outline for comparing the main institutional differences and similarities of the two social contexts in question.*

The chapter is structured as follows. By critically reviewing some of the dominant theories of modernisation, I will reach clarity on the first issue in section 4.2. In section 4.3. I will outline the general analytical model, while the last section (4.4.) outlines the comparative perspective.

4.2. Modernisation

Modernisation is a catchword for the evolution of and interaction between distinct institutions central to modern life and modern forms of social organisation. Its institutional forms are usually referred to as capitalism, industrialism and the nation state. Modernisation also typically refers to rationalisation through diversification, individualisation, bureaucratisation, specialisation and mechanisation. Modernisation then, can be seen as equal to the functional differentiation between three basic institutional orders of society, i.e. the distinction between market, state and community.

Modernisation theory in the post-war period was heavily influenced by Parsonian functionalism, but in particular economic theory developed specific "theories of modernisation". These theories appeared in the 1950's and 1960's in order to understand and promote the conditions for especially economic, but also cultural and political development of former colonies. Modernisation was seen as a rather unproblematic process evolving in the national and urban centres of the west. From the centres it was supposed to float to the peripheries, and modernisation became an ideal by which the fate of underdevelopment in the periphery could be avoided. The periphery was seen as dominated by 'tradition' (e.g. agriculture), and tradition became the primary obstacle to 'modernisation' (e.g. industry). For the same reasons, the prototype of tradition became the local community at the margin, while "modernity" was seen as born by a cultural renewal which was purely urban. *Modernisation became a normative ideal in which local communities and especially the periphery had no value in its own right.*

A well known contribution from the early modernisation debate is Rostow's evolutionary functionalism[30]. In Rostow's "stage theory of growth" marginal societies could be modernised, if only the functional preconditions were established. These preconditions were typically composed of markets (money and capital markets) and formal state institutions (bureaucracy, elections). Development had to come from the outside or "from above" so that value changes away from the norms and rituals of tradition could be promoted. Value changes towards "rational" ways of thinking were considered as preconditions for eco-

[30] These modernisation theories are discussed in Sanderson (1995), Martinussen (1994) and Østerud (1978).

nomic growth, greater equality and modern forms of social organisation (i.e. urbanisation). While Rostow's theory was more concerned with the modernisation of third world countries, the same functional imperatives were evident in the modernisation debate of the northern periphery and regional policy of that time, legitimised by for instance the growth centre theories (Amdam, Isaksen and Olsen 1995; Hovgaard 1997).

Functionalism dominated the modernisation debate in the first decades of the post-war period, and progress was simply seen as the same as development in technical/rational terms, floating from centres to peripheries.

This view on modernisation was seriously questioned in the late 1960's by the Marxist development theories of Immanuel Wallerstein, Andre Gunder Frank, Samir Amin and others (e.g. Østerud 1978; Cockroft, Frank and Johnson 1972). From a totally different vein regional policy was also seriously questioned by the Northern Norwegian populist movement, which forced an alternative regional development onto the national agenda. Here the writing of Ottar Brox is the most widely acknowledged (Brox 1964; 1966, 1984). A third strand of thought was the literature on "self-reliance", which received great interest in the late 1970's and 1980's on both the international and the regional levels (Galtung, O'Brien and Preiswerk 1980; Johannisson and Spilling 1983; nordREFO 1983). From their very different perspectives these contributions questioned the bureaucratic and formalistic development from above. Instead, these critics saw the eruption of independent cultures and the asymmetric relations of power between regions and states, and they set up different alternatives for an endogenous development.

Jonsson (1995a:8ff) demonstrates that development theory, neither in the mentioned functional/liberal version, nor in its Marxist counterpart, provide any explanatory power in relation to the development of the West Nordic countries (Jonsson 1995a:8ff, and see Eriksen 1996:33ff for a Northern Norway point of view). Much of the problem lies in the fact that these theories maintain a *one-dimensional view on development* in which the development process (modernisation) is confused with development as an ideal (modernity) (Rossvær 1994).

Over the last few decades' new and different kinds of modernisation theory have evolved, to a large extent dominated by sociological thinkers. In particular those involved in the very comprehensive modernist / postmodernist debate. The relationship between the old and the new modernist theories still seems to be in need of clarification. But it is clear that the remarkable changes towards globalisation have fundamentally changed the perspective from which development and modernisation are understood, not the least because of the immense processes of cultural globalisation, which may be affecting conditions of local development as profoundly as economic globalisation. And this may also explain why sociological thinking has reached such an important position in theorising modernisation.

One of the most influential renewals of the modernisation debate has been Anthony Giddens break with structural functionalism (Giddens 1984). On the basis of his theory of structuration, Giddens has attempted to develop a full-fledged macro-sociological time-diagnosis on the evolution of modern institutions (Giddens 1990; 1991; 1994; Kaspersen 1996). As with other grand narratives his contribution is vulnerable and can be criticised for its internal lack of consistency and its unifying and homogenising view on modernisation (Robertson 1992:chp. 9; Friedman 1994:222-225; Therborn 1995:128ff, Bagguley 1999). In this discussion I will only point to one fundamental problem in his scheme concerning the evolution from traditional to global (high-modern or reflexive) society.

Giddens builds an analytical scheme of modern evolution as the development from traditional society to (simple) modern society to high modern society (or global society). In this interpretation, as I see it, the traditional society becomes a 'static' society, a society centred on 'formulaic truth' in which only slight changes in their institutional setting, their practices, beliefs and routines occur (Giddens 1990:37, 1994). On the other hand, no unquestioned moral guidelines are present in the high modern society in which the dynamism of institutions and reflexivity are the decisive characteristics, this dynamism constantly questions traditional values and their forms of conduct (Giddens 1994:57). The strong individualisation perspective and the ignorance of power and inequality are common criticisms which are levelled at Giddens' analysis. In my view, it is Giddens very strong accentuation

on 'discontinuities' in the process of modernisation that enforces a pronounced distinction between traditional and modern societies. And my point is that this is problematic, because this overlooks the importance of habits and routines in everyday life that also are present in high modernity or reflexive modernity (Thompson 1996, Campbell 1996). In Giddens' interpretation tradition (or Gemeinschaft) becomes the same as non-material emotions which are contrasted by the rational and material Gesellschaft; but both Gemeinschaft and Gesellschaft are material in origin (Otnes 1991:292f, see also chapter II). It would be inadequate to view Giddens' theory as just old wine in new bottles, for example as a refinement of the old Gemeinschaft – Gesellschaft dichotomy. I think that there is room for "Gemeinschaft" within his more general analytical scheme, but it is not the purpose of this section to provide such an interpretation. Despite its incontestable comprehensiveness, I simply want to point to Giddens' analysis as an example of the fact that a one-dimensional view on modernisation still dominates social theory.

Another example in the sama vein is the recent and very comprehensive work of Manuel Castells. He sees local identity shaping as a defensive one centred around communal principles as in the case of fundamentalism, but he has great difficulty seeing that inclusion within a community also means the exclusion of others, and he does not see that the loss of overarching values and bonds is one reason behind the disintegration and conflicts around the globe. And he does not seem to see that people in minor local communities may feel that they can shape their own identity and have influence on the world around them, also in the ages of globalisation and informationalization (Smart 2000; Aarsæther and Bærenholdt, forthcoming). Precisely this point, I think, is a very important finding in my case studies, which of course will be thoroughly discussed during the analysis.

From the perspective of the margin, the one-dimensional view on modernisation is useless, because its consequence is that modernisation can never arise in the periphery (Rossvær 1994). Furthermore, it ignores the importance of tradition in modern social change, and the continuity of reciprocal interaction as a basic form of integration (Mingione 1991). It simply contains serious theoretical errors that we need to contrast.

What can be stated is that there are no clear and predefined modernisation paths, and neither does one form of social organisation just replace another[31]. Modernisation is simply much more complicated a process than that.

First of all, modernisation must be seen as a two-edged sword. It can, for sure, mean emancipation from pre-established structures of for instance patriarchal power, but may certainly also contain new forms of discipline, oppression and marginalisation. For the very same reason, modernisation is an evolution that simply cannot be given specific labels, as a choice between good and evil or backwardness and progress. *The paradox of modernisation simply is that it represents both triumph and tragedy* (Løchen 1994).

I will suggest a multiple perspective on modernisation, in which development can be seen as a transient or transitory experience which continuously releases (or delivers) the future by creating something new (Rossvær 1994:85). By this definition modernisation does not become determined by a specific epoch, and it becomes meaningless to pursue as an ideal. Modernisation can instead be understood as *experience*, in which the process itself is decisive for *multiple futures* (Sternberg 1993), and not the ideal. In this view, modernisation does not simply mean dissolution of preceding social forms, but processes in which the present is reconstructed in the light of the past. The next section provides a general analytical scheme on this perspective on modernisation.

4.3. Towards a general analytical model.

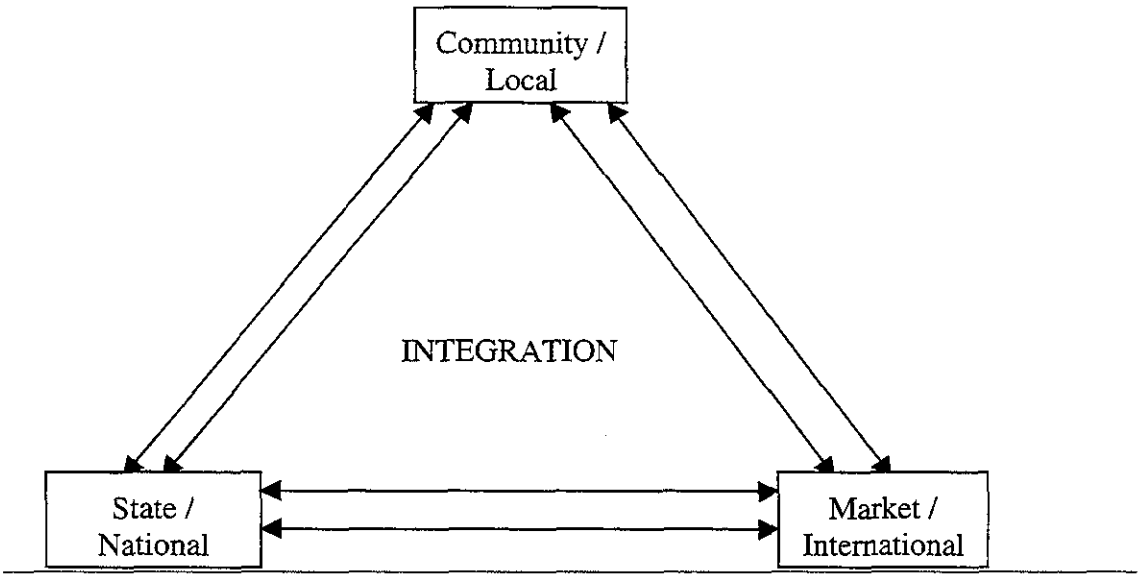
Modern social thought is overwhelmingly dominated by this idea of states and markets replacing communities as the basic institutions of modern social life. Local communities are transformed from their traditional forms of integration into the modern rational calculations of markets and states. They are not only seen as alternatives to, but also the replacement of communal ties by rationalisation and emancipation. Even though there is no reason to doubt the growing importance of states and markets, reality is more complicated than this,

[31] This can be possible in practice, e.g. by strong dictatorship, but this kind of social organisation is out of the scope here.

and this reality, in my opinion, must be reflected in our analytical judgements. In my opinion, local development and modernisation must be seen as a complex mix between the interrelation of state (policy), market (business) and community (social relations/culture). This and the following sections will provide a general analytical model for analysing local development from a system or macro point of view. The model follows the economic sociological tradition of Polanyi (1944), and is in particular inspired by the recent work of Mingione (1991); Olofsson (1987; 1995) and Apostle et. al. (1998:3-20).

From my previous discussion it should be clear that fishery-dependent localities in the North have never been isolated entities of their own, but have always been integrated into larger systems and processes. Furthermore, modernisation is a multifaceted process that involves changes in the economic, political and cultural subsystems of local integration. On a higher level of abstraction, which is important to reach here, each subsystem corresponds to the three basic institutional orders of society: state, market and community. Each of the basic institutional orders corresponds to a geographical level of distinct importance to local integration, i.e. the national level, the international level, and the local/regional level. Local integration, then, is a complicated mix between institutions and processes at different levels of scale. This complicated mix is illustrated and simplified by the following figure.

Figure 4.1. The basic insitutional and geographical orders of local integration.



In a pure and idealised way, the state represents the centralised institutional order of law and policy, which has the professional bureaucracy and formalised hierarchical structures as its rational form. The market, on the other hand, is a decentralised form of human interrelation, based on the rational calculating exchange behaviour between value-free individuals. While the two first institutional orders are based on two different forms of rational behaviour, community is normally considered as non-rational. Community behaviour is, rather, emotional and its integrative form is based on a shared identity and the interaction in dense social networks that stretch from egalitarianism to patriarchy. The arrows between the basic institutional orders illustrate the fact that the integration between these institutional orders are always intermixed, also though the balance between them is always changing and asymmetric.

The institutional orders work on all levels, but it is presumed here that they have specific importance on specific levels. The state corresponds to the national level, because the importance of the state during the post-war period is unquestionable. Placing the market institution besides the international level is justified by the fact that local economies have always been extremely dependent on international relations. And not surprisingly, the local level is the one in which people intersect and the primary integration in communities take place.

My principle view is that supra-local levels and their corresponding institutional orders are constitutive, though not determinate, for the coping strategies adopted in local development. Modernisation processes are a complicated mix between these institutional orders and their interaction on different levels of scale (see also chapter 1). This explains why these localities are highly modern but still not urban, why they are industrial, but still heavily dependent on the fisheries! Why they have developed modern institutions at the same time as a strong "we" identity, local values and dense personal networks still seem to have great importance! Or more abstract, it is because they still are 'traditional' that they, contrary to the arguments of conventional economics, manage to create rather successful economic ventures! Nevertheless, these statement is not the important thing to outline here. The relevant question right now is how we can comprehend local development as a mix of the balance between the basic institutional orders without loosing the power that local differences make. This is the task over the next two sections.

4.3.1. Northern localities - between state, market and community

In the late 1850's the Norwegian official Eilert Sund undertook one of the first known "locality studies" in the remote fishery community "Hareim". He observed a rather closed community which was reproduced as a rather stabile social system by for instance different social rituals based on reciprocal interaction and fixed norms of right and wrong. These rituals can be seen as a way in which the social and economic system is reproduced to maintain the local hierarchy, but even to reproduce a condition of solidarity and equality within the same social system (Aarsæther 1982). The local economy in Hareim was included fisheries and agriculture, and economic and cultural life was heavily integrated within the local context. Even though there are considerable historical and cultural differences between the social organisation of Nordic Atlantic localities (Bærenholdt 1991), parallels on this general level of abstraction can easily be made between Hareim and a contemporary Faroese locality. Local communities of this same type are known from the writings of Danish state officials working on the Faroe Islands (Landt 1800; Bruun 1929).

In a Weberian ideal-type way[32], we can say that *Nordic Atlantic local communities in the period around 1850 are pre-industrial and traditionally embedded communities*. By this I mean that they are primarily embedded within their own form of social organisation, i.e. that localised norms and habits and a distinct local hierarchy regulates economic, political and cultural spheres of life[33].

After 1850, and especially around the turn of the century these local communities began to "open up" to the outside world. Many processes of change from the outside world influenced this evolution. Technological advancement strongly influenced the possibilities for contact with the outside world, and, not the least, made it possible to reorganise their own economic base and to improve the fisheries. This is the industrial revolution and commercial capitalism that begins to phase out, and this is even the process in which nation-building emerges. Most distinct, this is the transition from community embeddedness towards laissez-faire capitalism, or in my terminology, *the period of classical liberal embeddedness*. The summit of this transition is the decades before and after the turn of the century. This is moreover a historical wave of "globalisation" that ends with the collapse on wall-street in 1929 and the subsequent outburst of world war two (Polanyi 1944, Therborn 1997).

What grew out of the ruins of world war two was full-fledged modernisation in all sectors and parts of the Nordic Atlantic. The institutional balance turned from the market towards the state, and the cultural institutions of the nation-state finally replace local ones as the decisive ones in local integration. National governments proactively intended to end traditionalism by state centred regional policies and selective initiatives. At the beginning of the 1950's R. A. Barnes studied a Norwegian island parish "Bremnes" (Barnes 1954). Besides being famous for discovering "the network" in this study, Barnes also witnessed a remote society in which national culture was becoming predominant and the community clearly was being embedded in the single economic, administrative and social unit of the nation

[32] An ideal-type in the Weberian sense is a pure abstract model that defines the essence of a phenomenon and central aspects of a concept. It is 'less' than a theory, but is very good to build up theories, and have actually no explanatory power on why and how a phenomenon occurs.

state (Barnes 1954:40). Barnes study – as other well-known studies from Northern Norway (e.g. Brox 1966; Barth ed. (1963)) – are undertaken in a period of national modernisation and institutionalisation at a high speed. These new conditions were the bureaucratic and formalised decision-making procedures of the welfare state, which finally replaced norms, habits and reciprocal interaction as the decisive frame of reference in local issues. And they were the standardised social and cultural institutions of the welfare state, i.e. school-system, social security and health-care. In this period too, the hitherto dominant household economy and the small scale forms of production were replaced by vertically integrated large scale systems. The processing plant and the trawler became the "heart and soul" of many fishery communities, which typically turned into one-industrial towns producing standardised goods based on the work-rhythm of standardised routines. *This period is the embeddedness of Fordism*, by which I mean that the economic, political and cultural institutions are separated into distinct formalised spheres, re-embedded in the regulatory systems of 1) a national welfare state 2) large scale production and 3) mass markets. The period from the 1950's is the "Golden Ages" of post-war capitalism, which reached its summit in the 1970's.

The 1970's involved the crisis of Fordist regulation and profound changes at both the national and international levels occurred. Keynesian regulation lost its effectiveness by the stagflation crisis, and an immense process of deregulation set off in the wake of neo-liberal and neo-conservative take over in the leading world-economies. The Fordist system of accumulation and regulation broke down[34], and to be put into simple terms the world once more has become one single market place. This is especially the case for the money and credit markets, but also companies can choose to follow distinct location strategies that are not bound towards specific nations or localities. Furthermore, advancement in technologies in principle mean that the fish can be distributed at the global market-places without at all reaching a quay quarter of a Northern locality. The profound changes in the world-economy and the production structures is, for want of better concepts, normally considered

[33] There is off course the law and order of the King and God, but this does not interfere with the basic argument.
[34] By this I do not necessarily mean the break down of fordist forms of production, but the balance between regime of accumulation and mode of regulation (cf. chapter one).

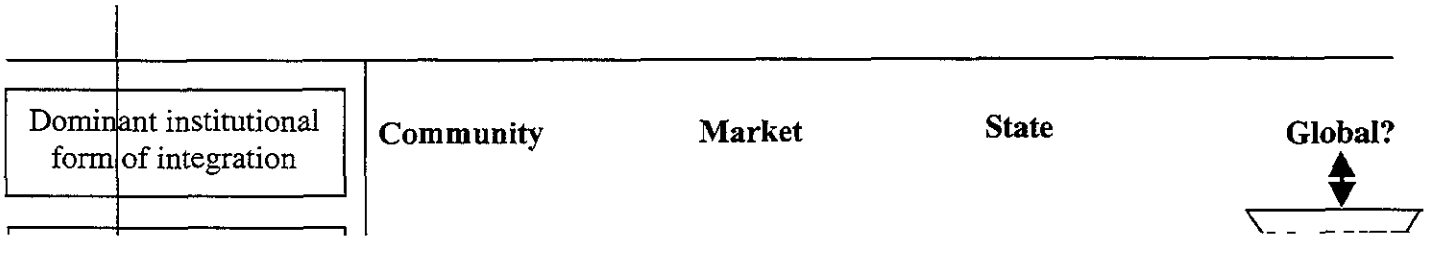
as Post-Fordism. By Post-Fordism I simply mean that fundamental changes in the world economy and world structure are occurring, while there does not seem to be any clear direction in which these changes are heading, as also argued in chapter one. Capitalism is heading towards "multiple futures", and these multifaceted economic processes are inbuilt parts of the global trend, which is used as a broader term also including distinct political and cultural characteristic of transformation. We still live in the middle of that transformation, but the general and simplified perspective is the one that the state is withdrawing (though not necessarily loosing ground), that the market has become the superior and powerful form of social regulation, while community does not seem to matter at all, or at least is weak and extremely vulnerable. I think the picture is more complicated than that, and in the next section I will try to couple together the argumentation until now.

4.4. Analytical comparisons

In the course of the preceding section I made three analytical arguments concerning how to understand the development of Nordic Atlantic localities from the perspective of the integration between community, state and market. From this analytical perspective local development or modernisation can be understood in long phases or waves of dis- and reembedding. In this process the balance between the basic institutional order of local integration shifts from community towards the market (classical liberalism), then from the market towards the state (Fordism), and now again from the state towards the market (Post-Fordism). As argued in section 4.2 it is in this complicated mix that the local community has evolved from being traditional to become modern. And, it can be argued, now is transforming into highly modern or reflexive communities (Beck, Giddens and Lash 1994).

A general analytical scheme of the evolution of Nordic Atlantic localities, i.e. their form of community, the general shift in balance of institutional orders and their forms of embeddedness is illustrated in the following figure.

Figure 4.2. A general model on the evolution of Nordic Atlantic localities.



The model illustrates the arguments outlined in previous sections, including the insecurity of the present situation (as illustrated in the right end of the table). The arguments made will furthermore provide the necessary foundation for making the regional and local contexts comparable. The level of generality makes it possible to outline the basic similarities in their development, and not the least, gives room to analyse differences. This is important, because a precondition to reach at the level of local particularity is to know the main general processes and institutional conditions that also have shaped the localities. The historical development of the localities will be thoroughly discussed in the chapters still to come, but to get at the point of empirical comparison I need to make a more precise link between geographical scales and institutional orders, which will be done in the following. To be in the world of analytical estimation, these linkages are illustrated by the blanks in the figure 4.3 below.

Figure 4.3. Model for the intersection between national and institutional dimensions of local coping-strategies.

Geographical Levels	Institutional dimensions of local coping strategies		
	State	**Market**	**Community**
Regional	Home-rule Fylkeskommune	Regional companies, business systems, develelopment organisations	Regional identity: "Faroe-Islander" "Northern Norwegian". Regional associations
National	Welfare-policy Regional-policy Macro-regulation	National companies, finance system.	National identity: king, patriotism, church, educational system, national teams.
International	Treaties and organisations (World-Bank, EØS, GATT; OECD etc.)	MNC's., International divison of labour, technologial systems.	International identity: movements. Sports. EU-opinion
Global	UN (?) (poorly developed)	TNC's, technol. standards, new int. div. of labour, (higly developed)	Global identity: Macdonald, CNN, internet, films, sports (highly dev.)

The figure is to be understood this way: If we follow the vertical axis it contains the different geographical levels that inflict on local integration, while the horizontal axis follows the different institutional systems that inflict on local lives. Each quarter then illustrates different combinations between geographical levels and institutional orders that all actually inflict upon the conditions of local development. I will not go into any in-depth discussion on each quarter and its consequences for local coping strategies, but some basic comments for the reading of the coming historical chapters are necessary.

In chapter one I argued that what makes the two localities similar is their dependency on fluctuating marine resources and markets and, their capacity to overcome crisis and transitions. What we also know is that these localities are situated in very different regional and national contexts, and first of all their political and administrative system are different. Finnmark is an ordinary county in the strongly integrated Norwegian state, while the regional structures on the Faroe Islands are based on a home-rule system (illustrated in the upper left corner of table 4.3.). These different political-administrative systems give totally different rights and responsibilities in institutional performance. The Faroe Islands are an integrated part of the Danish constituency, but home-rule is a far more extended status than regional sub-units usually have. It gives the right to handle political, economic and cultural affairs usually under the jurisdiction of the state (e.g. legislative competence in fishery-policy, trade-policy, labour market policy etc.).

Another important difference is that the Faroe Islands are in the cultural meaning of the word a nation of its own. To be from Finnmark or from Northern Norway is a regional identity. Northern Norway counts the three northernmost counties of Norway: Nordland, Troms and Finnmark, and Northern Norway as a cultural identity has only gained a footing in the post war period. The three counties are first of all independent political-administrative units, even though there is a formalised collaboration at an inter-county level. Furthermore, Finnmark is in many instances different from the other two counties, especially in respect to demographic and industrial composition and it has a far deeper dependency on natural resources.

These differences in the political institutional order have important consequences for the differences in the local composition of local coping strategies, as will be clear in subsequent chapters.

One can not tell, which blanks in figure 4.3. have the greatest importance for the history of local coping-strategies, because this will depend very much on which institutional order is dominating and how it is balanced by the other ones. A locality, which adopts an industrial strategy of fishery-production will naturally rely heavily on the market institution and the

international/global linkages, while things will be different in a town with a high touch of public administration. But, generally speaking, there is no reason to doubt that especially concerning local tradition and identity the global level is playing an increasingly larger role (but not necessarily for coping strategies).

I do not intend to compare similarities and differences in regional structures more closely, but clearly these differences in political / institutional structures are affecting local coping-strategies. How these and other elements inflict on local coping-strategies is a matter of empirical investigation. The figure actually illustrates that it is at the local level that people live their daily lives and it is at the local level in which the different regional, national, international and global systems become materialised. These issues are, from a historical perspective, the subject of the next two chapters.

Chapter 5
The historical evolution of Båtsfjord: A coping perspective

5.1. Introduction

This chapter presents a historical analysis of the evolution of Båtsfjord locality from the perspective of local coping-strategies. The chapter follows the perspective on modernisation and coping outlined in chapter four, with a focus on the balance between the basic institutional systems of society, i.e. state, market and community. Thus, the focus will be on general conditions of change and their distinct forms of local embeddedness (i.e. the balance between the basic institutions as outlined in chapter 1 and 4).

The modern history of Båtsfjord is very much about national integration and national strategies, and this will clearly be reflected in my presentation. It will also be argued in the analytical framework, it is important to incorporate other spatial components that clearly have shaped local conditions of coping, i.e. the regional and the international levels. The main spatial components will be presented as elements within the different time periods that the analysis operates. The chapter will also serve the function of presenting the socio-economic and socio-cultural structures of contemporary Båtsfjord , i.e. at the time of my visit there in 1998.

The chapter is structured as follows. The next section (5.2) will provide the reader a general view of the locality's contemporary social composition. The following sections outline the historical evolution of the locality from the same periodic scheme presented in chapter four. This historical account gives an insight into a locality very much characterised by social change, and also gives some clues to the question of why the contemporary social composition of the locality is as it is. The last section summarises the arguments made, and discusses the specific historical traits and characteristics important for present coping-strategies.

5.2. Socio-economic overview – Båtsfjord (I)

From being a tiny community in the year 1900, Båtsfjord has grown into one of the biggest fishery-dependent localities in Norway, with around 2500 inhabitants. It is no easy task to provide an overview of the locality, since its economic and social infrastructure is very complicated, and breaks all conventional understandings of a traditionally embedded community with repetitiousday-to-day routines. Instead, Båtsfjord can be characterised as a "hard-core" business community, well known for its highly modernised and successful ventures, with a clear global reach. The simultaneous process of state withdrawal and globalisation, which has created an immense process of disembedding in many Northern Atlantic localities (e.g. Apostle et. al. 1998), seems in Båtsfjord to be handled with Schumpetarian methods i.e., creative destruction through genuine forms of social and technological innovations.

The most important and dynamic part of the economy is the fisheries industry. Over the last few decades, changes in the local fisheries system have been immense. However, four to five whitefish plants have been operating continuously, with three of them clearly constituting the backbone of the economy.

The second largest company is the only "outsider" plant in the locality, by which I mean that the owners are not local residents. Since its beginning in 1949, this outsider plant has been run as a branch of the large Aarsæther Company from southwest Norway. After being closed down for some years in the 1980s the outsider plant reopened in 1990, and is now a part of the Aarsæther-Westfish group. This plant is the most vertically-integrated one in the locality, as the company owns more than 10 trawlers. Furthermore, they also hold some shares in a few coastal vessels. Despite being the only "outsider" in the locality, the company is co-operating with the local business networks on issues of common interest.

The locally-based firms are the three privately-owned plants: Havprodukter, Nils H. Nilsen and Båtsfjordbruket[35].

The largest of these companies is Havprodukter, formerly a branch-plant of the state-owned company, Fi-No-Tro. Since 1990, it has been run as a private company, in which the leader also holds the majority of the shares. In the best periods, they employ more than 200 people, and process more than 8000 tonnes of raw material a year, mostly for the southern European market. Vertical integration is marked, as Havprodukter control four trawlers fishing in the Barents Sea which deliver around 30 percent of their raw material to the plant. Today, Havprodukter have their own marketing capacity, and a stable contract with Italian purchasers. However, part of the product is sold through the export company, Nordic Group, based outside the locality.

Nils H. Nielsen is also an old company, which began its activities in Båtsfjord back in 1946. Today, it is run as a private shareholding company owned by the latecomer of the first owner. They employ around 130 people, and process around 7000 tonnes of raw material. They buy raw material from national and international fish markets, since they do not directly control any trawlers themselves. Their most important markets are in England and the U.S., ones which they cultivate through their own marketing operations.

The smallest processing plant in the locality is "Båtsfjordbruket", with around 70 employees and an intake of around 4500 tonnes of raw material. It is a one-man company, and the present owner took over in 1981. It is also the company that most heavily relies on the coastal fleet in getting raw material for their production, which is primarily sold via the sales company, Nordic Group. In other words, they do not market their own products, but the plant-owner holds a substantial block of shares in Nordic Group.

The three companies mentioned are all local companies in the sense that their owners are local residents. All three companies also heavily promote themselves as "locals", and they

[35] Things move quickly in Båtsfjord, and Havprodukter is today part of a larger concern. This fact does not change the basic arguments I will make through the analysis, but for my line of argumentation I will stick to

work closely together in matters of mutual concern. Much of the economic success in Båtsfjord derives from the dynamic co-operation between the companies, and herein lies the main reason why, during the general decline and crisis of the late 1980's and 1990's, the locality managed to survive. Together, they own a fifth company, "Aarnesbruket A/S", which is run as an independent unit, "Båtsfjord Industrier". Aarnesbruket had a former non-local owner who went bankrupt. The plant was restarted as a local business in 1995, primarily processing salted fish products[36].

During the 1990s, the tonnage landed in Båtsfjord harbour has varied between 33 to 50 thousand tonnes of raw material, which represents a production value between 300 and 650 mill. N.kr. The number of employees in the industry has fluctuated between four and six hundred[37]. In general, these figures have been rising during the 1990's, but they also witness to the ever-present instability of fishery dependency[38].

But the Båtsfjord economic structure is much more than some processing plants. As is frequently the case, a service economy has arisen around the main activities. In the locality, there is the typical service base of a larger fisheries locality: a slip, production of fisheries equipment, and other fisheries-related activities. More remarkable is the recent emergence of some high-tech firms within engineering, IT-automation and bio-production. Further, the last few years have witnessed a remarkable development towards increased educational competencies, also within the most overspecialised routine work. As a last element in the local business structure, the rather pro-active role of the municipality should be mentioned.

The rather successful economic ventures in the locality stand in contrast to several social indicators, in which Båtsfjord, also compared to regional averages, is at the bottom of some of the important socio-economic measures. One of the most obvious examples is the female/male ratio, on which Finnmark is 91/100. By contrast, Båtsfjord scores the lowest local rate, with only 81/100 (1995 figures). Båtsfjord locality has a substantial part of its in-

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the facts as they were at the time of my visit.

[36] Today this facility is closed down, and the buildings are used for other common projects in local business.

[37] On average, some 40 percent of the plant employees have been females.

[38] The figures mentioned are from the municipal council in Båtsfjord.

habitants in the younger age groups. However, the birth-rate is declining at the same time as still more youngsters leave the locality still earlier in their life-cycles (cf. municipal figures). Other figures show that few youngsters from fishery-dependent localities in Finnmark apply for higher education, and a rough estimation shows that Båtsfjord scores very low (Vambheim 1993:13f; appendix 1). Another distinct feature is that only around 11 percent work in the public and private service sector, while the average figures in Finnmark are around 20 percent. On scales of health problems (injuries and the like) and social security expenses, Båtsfjord does score very high[39]. Furthermore, the social milieu may be regarded as a rather harsh one, and criminality (drugs, burglaries, and the like) is common in Båtsfjord[40].

However, the problematic figures mentioned in the previous paragraph are belied by the fact that Båtsfjord, for its size, has recently had some remarkable sport successes at both the national and the international levels; in volleyball, wrestling and badminton. These negative quantitative trends also stand in contrast to the fact that the locality has more than 50 different associations, which testify to an extended interest in civic life and a differentiated social environment.

The analysis here shows that the social structure in the locality is far different from what we usually think of as a remote peripheral community. Actually, the Båtsfjord of today is probably as much a "global" community as any urban area. Contemporary Båtsfjord is actually a multicultural society with at least 17 different nationalities living there. Besides Norwegians, Tamil, Finnish and Russian elements are prominent in the locality. Further, many residents have come from other Nordic countries to find work in the fisheries industry, as the fisheries industry in their home countries has been declining (the Faroe Islands and Denmark). Some were also sent by the unemployment office in Göteborg, Sweden[41].

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[39] A much debated comparison between Båtsfjord and a southern locality of the same size showed that social security expenses were 1.25 million n.kr. in Båtsfjord compared to only 170.000 in the other locality. See Brantenberg et. al. (1994:439).

[40] That youngsters in the locality typically refers to their domicile as "little Oslo" or "little Chicago" is an expression of this fact.

[41] The problem of high social mobility creates problems for continuity in the social milieu of the locality. This is a fact clearly realised by the municipal authorities and the main economic actors (Båtsfjord mot år 2004; own interviews)

To give the outsider a proper picture of the locality, one last issue is worth mentioning, and that is about geographical remoteness. Båtsfjord is one of the northernmost localities in Norway (and the world), and there are some hundred kilometers to the nearest administrative centre, which is Alta. It is situated in the very large, but scarcely populated county of Finnmark, a county with a difficult natural environment. The Finnmark area is bigger than the size of Denmark, with only 1,6 inhabitant per square kilometre (Storli and Wold 1994:53). Taking these geographical circumstances into consideration, the physical infrastructure is very good, and Båtsfjord in this sense is certainly no isolated society. The harbour is marketed as "the port to the Ice Sea" and it contributes extensively to the international character of the locality. The "coastal-route" around Norway (Hurtigruta) has a century-long tradition, and the harbour of Båtsfjord is frequently visited. Road connections were established during the main period of infrastructure development in the 1960s, and since the late 1970s, roads have provided a year-round connection. In 1978, a small airport was constructed, one which is now enlarged and highly modernised.. There are several daily flights to the nearest centres in Finnmark, and from there, flights to national and international centres.

The rather differentiated economic and social structures of the locality clearly contain distinct components in the local strategy to overcome the pressure from global processes. The scientific community has put much energy into explaining either the success of the economy, or the reasons behind its dispersed social environment. In my view, these two phenomenon are tightly bound together, and in particular have to do with the fact that Båtsfjord is and always has been a rapidly changing society. The turnover of people and ventures has always been extremely high, and from the perspective of coping it becomes relevant to ask how the locality can both contain a rather impressive dynamism, and still seem to be rather socially dispersed? How does economic dynamism fit in with a high turnover? And which factors then create stability in the locality? These questions will be closely examined during the course of this and subsequent chapters. In this chapter, special attention will be paid to some general historical explanation of these questions, To answer these

questions, I need to make a turn in my exposition, and follow the history of Båtsfjord along the lines and the principles outlined in chapter four.

5.3. Classical commercialism

The history of the coastal area of Finnmark, hence the history of places like Båtsfjord, is inevitable tied to structures and processes at higher levels of scale. Written files clearly provide evidence of the long historical connection between the fluctuation of the international market and conditions of life and livelihood in the Norwegian north.. The history of Finnmark is also characterized by a long historical dependency on the rights and privileges of outsiders in local economic and social affairs (e.g. Drivenes 1994; Hauan 1994). For centuries, Finnmark was a protectorate under the Danish Kingdom. Its economy was closely tied to the organisation of the royal monopoly and the privileges of trading companies from the outside, especially from Trondheim and Bergen (Bratrein and Niemi 1994:174). From 1789, when the monopoly was finally abolished (but dependency on the outside world continued), North Norway was economically tied to the privileges of commercial interests in Bergen and the Royal Monopoly in Copenhagen. This informal dependence lasted until the late nineteenth century.

The social organisation of the economy, at least up to the 1930s, was still dominated by a traditional farmers economy, i.e. combined production of agriculture/fisheries based on a small-scale technology. In this period the fishermen own their equipment, typically by themselves or, perhaps, with a few others jointly. Household dependence on a local commercial agent or entrepreneur was great. The commercial agent himself was, in turn, heavily dependent on commercial houses outside the region, and also the few bigger fishing companies in the region were owned by southern capital (Johannessen 1979:14f). Dependence on the commercial system is usually seen as one main reasons that the household economy did not move towards industrialism during the nineteenth century (e.g. Fulsås 1996). The fish, and the resulting economic surplus, was simply transported out of the region. Knowledge of export markets, the creation of products and the development of know-how in general have, for the same reasons, been relative scarce.

But the small scale system also seems to have had its advantages, as the period from around 1820 to 1870 are years of progress. The household economy managed to take advantage of remarkable good, stable markets, during a period in which large scale industrialism took off elsewhere. After this longer period of progress and population growth, the last part of the nineteenth century turned out to be bad years. And in these years of crisis, it became clear that the small scale economy had alternatives, also in North Norway. English and German trawlers had been operating for decades the sea-areas around Jan Mayen, and naturally attempts were made to introduce trawling around the Norwegian coasts, too. But local resistance to trawling and other forms of large scale operations (e.g. whaling) have a long history in Norway. The turn of the twentiethcentury is the first period in which these two forms of social organisation clashed heavily with one another.. This period witnessed dramatic events in local resistance against large scale operations, which clearly were seen as threats to the regionally embedded, small scale economy (Drivenes and Jernsletten 1994:229ff; 245 ff).

Political mobilisation and institutional changes around the turn of the century secured the position of small scale culture (Brox 1989:70). By taking advantage of substantial innovations in gasoline motors and equipment, the small scale economy managed to renew itself (Bjørklund, Drivenes and Gerrard 1994:288 ff). For these reasons, the first decades or two of the twentieth century seem to have been rather good years but, as everywhere else, the inter-war years turned to years of crisis and recession. Specialisation and technologically more advanced equipment demanded more capital investment that was difficult to accumulate within the small scale system (Fulsås 1996). Furthermore, the need for reinvestment seems to have been hampered by an influx of people into the fisheries. The old gateway to America was now closed by the international recession and the periphery became the economic buffer, as agriculture and fisheries were the only ways to meet the recession. This economic pressure lowered earnings still more, and it degraded both technology and the fleet in general (Brox 1984). The need for investment and renewal in the economy became a serious problem as the world depression really set in, and it became clear that this revival could not occur within the small scale economy itself.

The crisis year hit hard, but as the 'free' markets collapsed, two interconnected movements at the national and international level made an impact. The first movement is the tradition for collective organisation, co-operation and interest articulation. The other was the breakthrough for the social democrats at the national level in Norway at the beginning of the 1930's (Holm 1996; 1995). Both movements had begun nationally and internationally in the preceding century, but in the latter part of the 1930s, they led to a whole new form of organising the economy. Social democrats had been represented in the national parliament since 1903. In Norway, this was not the result of labour mobilisation in urban areas, as occurred elsewhere, but by mobilisation of the "traditional" North (Drivenes and Jernsletten 1994). These changes in the ideological and political landscape facilitated institutional reforms that have proven viable to the present (Holm 1995). From 1935, the policy of the Nygaardsvold government, known as "Nygaardsvold socialism", made it possible to quickly renew and reorganise the fishery economy of the North, which was still grounded in a small scale ideology (Hovgaard 1997:14ff).

Small-scale interests managed to maintain their position of power by legislative reforms, as in the example of the rather restrictive act against trawling that passed through Parliament in 1936. But the most important institutional reform was the "Raw Fish Act" of 1938, which in practice meant that control of the fisheries resources were placed in the hands of the fishermen's organisation, Norges Råfiskelag. For example, this legislation promoted simple credit institutions as a widespread stimulus for collective organisations (samvirkelag; salgslag), one in which the small scale system was renewed. Further, the legislative changes also made it possible to finally break away from dependence on the commercial system[42]. This institutional system, based on the rights and privileges of the Raw Fish Act, has prevailed to the present, and has evolved as a complex but dynamic organisational structure (Holm 1995; 1996:117ff)[43].

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[42] It can be argued that the economic recession reached its lowpoint before the Nygaardsvold government came into power, and that its policy did not differ substantially from the former liberal one (Hodne 1981). However, we should not underestimate the socio-cultural mechanisms that the Nygaardsvold policies promoted (Hovgaard 1997:17ff).

[43] It is outside the scope of this analysis to go further into the complexities of the fishery system and its evolution up to our times. For an thorough treatment of the subject, see Christensen and Hallenstvedt (1991).

5.3.1. Local commercialism - Båtsfjord (II)

In this brief section, I will move to the local level to explore the evolution of Båtsfjord from the perspective of classical liberal commercialism. Historical texts show that people lived in the settlement of Makkaur in 1520, a location which is farther towards the sea in the area that is now Båtsfjord municipality (Solhaug 1979). However, not much is said about Båtsfjord itself. In the census of 1801, only two families live in Båtsfjord, and only 64 live in the wider area (Solhaug 1979:56). The reason for the late settlement in Båtsfjord has to do with geography and technology. Places like Båtsfjord have probably been too far away from the rich fishing areas in the Barents Sea to be of any interest as a permanent settlement. Throughout the nineteenth century, Båtsfjord only grew slowly, even though this was a period of general population growth. Only 54 inhabitants live there in the year 1900, while 544 live in the wider area (Solhaug ibid.).

The institutional and technological improvements after the turn of the twentieth century clearly changed the settlement structure in the region of Finnmark. Places with a few hundred inhabitants (tettsteder) now became the typical settlement (Reiersen 1994:149). These places were much safer to live in, usually being located at the end of long fjords (with good harbour possibilities), and away from the dangers of avalanches and landslides. Precisely the problems with natural harbour abilities and other disadvantages are the main reasons that Makkaur was abolished. But Båtsfjord had the right natural circumstances when distance to the fishing fields becomes a minor problem, i.e. a good, naturally protected harbour and a flat landscape.

Båtsfjord perfectly exemplifies the changes taken place in the later period of classical commercialism. It began to grow slowly after the turn of the century, and people came there to do business. Classical entrepreneurship was at a premium; around 1922 there were 25 or 26 merchants in the locality (Solhaug 1985:32ff) buying their fish from the area. The old small scale fisheries tradition has persisted to the present in the locality; one local informant also explained to me that, in Båtsfjord, there were possibilities for some agricultural activities, which were a good supplement for ordinary people to their incomes from

the fisheries (Solhaug 1985:35). But it is clear that the settlement of Båtsfjord markedly reflects the late period of classical commercialism. Their merchants took advantage of the good market possibilities in those days, and Båtsfjord at that time was a settlement characterised by market-led changes, one in which the building of a stable "community" came at a real cost

The place grew slowly but steadily during this period, and around 140 inhabitants live in Båtsfjord around 1940. I have no clear indications of the effects of the Nygaardsvold period were on the locality, but the international recession seems to have created hard times. The market was the dominant institution, managed in the locality by a dominant culture of classical entrepreneurialism[44] in which there does not seem to have been much space for "community", i.e. the creation of some stable local culture. In the post-war period things turned out differently. I will now turn to this later period.

5.4. New statist strategies

World war two created a break in economic performance. Recent events had demonstrated the calamities of an unregulated market economy, and new ideas and practices had proved that the market could be balanced by political means. Now modernisation and large scale industrialisation became the key words in a state-centred "development from above" (Hovgaard 1997).

The state-centred development from the above is the one I have termed Fordist modernisation (cf. chapter 1 and 4), and the introduction of large scale industrialism and the "new" strategic role of the modernising state are fundamental to understand the mechanisms behind the modern development of localities like Båtsfjord. Therefore, the following section will first recapture some the most important processes and the elementary structural

[44] It may even be fair to speak of these entrepreneurs, by analogy to the colonisation of the US, as frontier-entrepreneurs. It seems that many of them moved from place to place just to do business, which did not necessarily contribute to the creation of community.

changes in Norwegian society during these years[45]. Thereafter I will move down in levels of scale, and analyse how these processes and changes affect the conditions of regional and local development.

5.4.1. Norwegian Fordism

The initial post-war decades are characterised by strong state steering and direct, centralised regulation in basic areas of the economy. But these regulations should not be seen as attempts to introduce a planning economy, as many have viewed them, but rather as a simple consequence of the scarcities in the first years of the post-war period (Bergh 1977). Instead, the main ideas behind the state-centred strategies of post-war Norway were developed in the 1930s, and finally adopted for the government sector in exile in London during the war itself. These ideas were based on the work of John Maynard Keynes, in which the main institutional mechanism became macroeconomic regulation based on national economic aims and motives (Østerud 1979). The instruments to reach the new national goals became the national budget, long-term development programmes and economic analysis. Macroeconomic ambitions were closely tied to new ideas of "social engineering", i.e. centralised planning and co-ordination, while specific local and regional considerations became clearly subjugated to these ideas (Furre 1992:208ff; Hersoug 1988:176, Hersoug and Leonhardsen 1979). In Norway, macroeconomic planning actually received a specific, important role, which was due to the influence that individuals like Ragnar Frisch had already played during the 1930s in the national and international academic arena. Frisch, among others, built up economic infrastructure at the university of Oslo during the 1930s. As a consequence, a new class of highly-qualified academics quickly became the leaders of practical Keynesian regulation in post-war Norway.

As a result of the class compromise in the Nordic welfare system, the new ambitions of economic modernisation were clearly tied to a strong commitment to social integration. The "new society" was clearly one in which economic growth and social integration were

[45] The development of North Norway in the post-war period is more extensively discussed in my former work (Hovgaard 1997).

inextricably bound up with one another, and should balance each other. But, in contrast to the practical socialism of the 1930s, the main ideas utilized to achieve these goals had changed fundamentally. Now, "modernisation" was the keyword for progress in all sectors and geographical parts of the national community, and large scale industry was the engine to realize these ambitions. Natural resources, such as fish, hydroelectric power and minerals, had to be fully utilised (i.e. capitalised). Therefore, the state developed into an "industrial lord" (Grønlie 1989).

Taken together, the revolutionary ideas of the social democrats meshed with the strong, organised corporatist interests **and** the technocratic ambitions of the new professions. Further, as the organised interests were incorporated into the state apparatus, a consensus on political economy emerged (Mjøset 1986b:117f Slagstad 1996). Finally, despite the fact that national policy had a central role to play in economic and social regulation after the war, it is a mistake to look at this development independent of the international system.

Off special interest to this analysis, there was a clear merging between post-war American hegemony at the international level; the new corporatist channels; technocratic ideas at the national level, and changes in the institutional system of the fisheries during the 1940s and 1950s[46]. Brox (1989), for instance, argues that the close connection between top leaders in Norwegian industry and government actually shaped the structure of the fisheries in the post-war period. This kind of business-government elite planning is also known on the other side of the Atlantic, e.g. in Canada (Apostle et. al. 1998:62f). Government policy clearly favoured large scale industry, as well as freezing technology within the fisheries. Besides the general arguments in favour of "modernisation", there seem to be at least two concrete reasons for this. First, the Germans had built up such an industry in Norway during the war, and these plants could easily be redeployed. Second, and probably more important, is the fact that the markets for these new industrial products were the wealthier and more stable ones in America and Europe.

[46] The role of the state in the large scale industrial development of Norway is a history in its own right. See Grønlie (1989).

The new ambitions of large-scale industrialism were expressed in the first real national budget, i.e. the one in 1947. The budget outlined clear goals for the future of a modern industrial state. In the fisheries, the strategy was a double-sided one. First, the fisheries had to be changed from a low yield to a high yield, capital-intensive sector. The result of these operations, the government expected, would reduce the number of fishermen from around 115.000 to 40.000 (Johannessen 1979:96). Second, the surplus labour power could be transferred to other new and highly productive industrial sectors.

To make a complicated story short, the first post-war decades were actually not a state against market policy, as posterity seems to have estimated. Rather, it must be seen as a strategic promotion of both state and market. Norway, as other European countries, found their own way or balance in the renewed international market system, based on a national embeddedness via Keynesian regulation and planning, standardised norms of imported technology, and specific welfare motives. Local development and objectives were clearly subjugated to these new structures.

5.4.2. Regional Fordism

For the northernmost part of Norway, the last months of World War II were horrifying. As the Germans escaped westward from the Russian troops, they used the tactic of burning everything they left behind them. Troms County, as well as Finnmark, was burned down. For the people living in this area of Norway, the post-war period meant a whole new beginning.

As mentioned earlier, the Norwegian civil government located in London used the last months of the war to make a "recovery plan" for Norwegian society. Due to the new ideas of industrialisation and modernisation, the idea was that people in the Norwegian north should be concentrated in larger places. Since new settlements had to be built before people returned, people were ordered to stay in the south. But, despite the fact that the government in first instance refused to help, people continued to return to their home locales, and began to reconstruct communities by themselves. In this period of strong national unity, the

movement back to the north is said to be the strongest civic resistance in modern Norwegian history (Hauglid 1985, quoted in Furre 1992:212). This confrontation between national planning and local resistance is probably the first clash between local interests and the new ideas of state-centred modernisation.

From the perspective of the state planners, the northern part of Norway was problematic because of its backwardness. Selective initiatives had to be initiated to attain modernisation and industrialisation in the north. The first of these measures was the establishment of a central marketing company, "Frionor", in 1946, which gained a monopoly to export frozen fish fillets. In the processing industry, the most marked result of the London planning was the establishment of the Fi-No-Tro. Fi-No-Tro was a state-owned company with processing plants that were established in specifically-selected localities in the North.

Before 1950, planners discovered that only 10 percent of the people in Northern Norway were involved in industrial production, compared to 25 percent at the national level. At the same time, they also discovered that people in Northern Norway only contributed 6 percent of the national product, while they actually had 12 percent of the total population (Hovgaard 1997). These findings set a specific process of planning and regulation into action, with the ambition to raise productivity and standards up to national level (Hersoug 1987:16). As a result of this, the first Northern Norwegian Plan passed in the national parliament in 1951. This was the beginning of a specific "district policy" (distriktspolitik), and the first systematic attempt to develop North Norway from the perspective of a state initiated "grand plan" (Hersoug 1988:178). Some of the means were: 1) an industrial fund to promote industrial development by loans and guarantees; 2) favourable taxes and duties for companies and entrepreneurs; and 3) extraordinary means for developing the physical infrastructure, as transportation, roads, airports and power.

One result of the North Norwegian plan was the Findus plant in Hammerfest, which began to operate in 1952. It was the model of modern, vertically- integrating industrialism; it processed up to 20.000 tonnes of ground fish in its best years, and operated a dozen trawlers. In 1962, the plant was taken over by the multinational giant, Nestlé (Bjørklund, Drive-

nes and Gerrard 1994:302). Also, the big Norwegian company Freia began to build up a modern freezing industry based on the possibilities provided in the Northern Norwegian plan. However, despite the fact that large scale industrialism was so heavily promoted during the first post-war decades, it is incorrect to view it as just replacing small scale production. In practice, it is fair to say that the two models of development were mixed together in different ways.

Trawlers were the only obvious way to accomplish the goals of Norwegian Fordism, because only trawlers could ensure the stable supply needed for the processing operations to be successful. New legislation during the 1950s opened up opportunities for trawling, and extended the rights to own fishing vessels to individuals other than fishermen. The Fishermens Association (Fiskarlaget) was not actually against trawling, but instead worked for a limited model in which public control and protection of the coastal fisheries was a component.. The Frionor sales organisation, and later the Nordic Group, as well as the Fi-No-Tro plants, became a kind of a mix between industrial and co-operative organisations (Apostle et. al. 1998:65ff).

Ironically, the institutional transformation that was started in the 1930's was actually completed, and it gave the fishermen a very strong position in the post-war organisation of the fishery system (Holm 1995; 1996). More surprising, the small scale production proved more viable than the planners ever expected. Despite the fact that public policy consciously favoured large scale industrialisation (Brox 1984, Hersoug and Leonhardsen 1979), the small scale system has not disappeared, and has actually proved its viability to the present time (though the old co-operatives [samvirkelag, Begg 1992] and the traditional farmer (fiskebonde) have nearly disappeared).

Even though the relative regional differences in occupational structures declined a bit, the results of the first North Norwegian Plan were not seen as satisfactory. Other development-plans followed, and the "district-problem" became more general, i.e. it was not only a North Norwegian problem. On the international scene, competition intensified, due to extended liberalisation. For these reasons, Norwegian industrial strategy changed slightly.

First of all the human factor and techno-organisational questions received more attention in industrial growth[47]. A large post-war birth-rate resulted in a large youth cohort at the beginning of the 1960's, and it both made it possible and necessary to invest in education and science as a new path to economic growth and management of the challenges of the welfare state.

In the sixties, new industries, and a variety of different institutions were created or altered to support the transitions, of which the Distriktenes Utbyggingsfond has had a particularly important role to play (e.g. Arbo 1996:183ff; Hersoug 1987; 1988). Since then, a fine-meshed net of educational and development institutions have constituted the framework for a shift from large scale industrialism towards science, knowledge and technology as the main pillars in economic development. The turning point in industrial policy was the 1970s, and I think it is fair to say that a new Schumpetarian strategy became manifest in the 1990s (Hovgaard 1997). These changes in national industrial strategy have effectively influenced the Norwegian north, as I will show below.

I would also single out two other dimensions, which I think have had specific importance for the development of the North. First there is a socio-cultural consciousness which emerged as a strong collective reaction to rigid modernisation from above; second, there is political decentralisation. In the 1960's, it was "Brox versus the technocrats" that was the bullfight on the political agenda as expressed by Almås (1985:30). This North Norwegian countermovement was the result of intellectual and political mobilisation which received its support from events like the construction of the University in Tromsø in 1972, and in particular the mobilisation against the EC poll that same year. Or, to use a phrase from Stein Rokkan, the EC-poll was the victory of territoriality over functionality (Rokkan 1987:212ff).

The periphery grew stronger because the northern mobilisation during these years was broad-based. Groups other than "the workers", especially farmers, began to organize, and demanded improvements and better conditions (Almås 1995). A strong orientation towards

[47] This is the period during which human capital theories were created.

local traditions, history and associative life experienced a boom, and there was increased interest among North Norwegian municipalities to advance cultural life (Bratrein and Niemi 1994; Tjelmeland 1994:375f). The role of this countermovement should not be overestimated, compared to the strength of sector interests, but it clearly resulted in a strengthening of the position of the periphery, though not in an unequivocal victory.

5.4.3. Local Fordism - Båtsfjord (III)

As already mentioned, planners had already created the first sketches of the future economic infrastructure in the North before the war had ended. They pointed out the places that could work as strategic points for future modernisation and industrial investments. Natural conditions for harbour construction, electricity, and roads were considered important factors. The different offices in charge planning did not have any clear agreement on all the places that should be pinpointed as strategic sites, but there does not seem to be any doubt that Båtsfjord was one of the places they selected.

Besides good natural conditions, one minor event seems to have had a real impact on the strategic position that Båtsfjord acquired. Båtsfjord was actually one of the very few places that was lucky not to be burned down by the Germans; therefore, it was an attractive place for the initiatives taken in the first months after the war. In the very early period, some provisional arrangements were made in those localities that the authorities regarded as "growth poles". The idea of this arrangement was to promote private or co-operative investments, so that business life could recover as quickly as possible. Traditional fish production was quickly a part of everyday life in Båtsfjord. Also, the situation in the community was clearly improved by the early construction of a freezing facility. After a few years, more than 50 processors were established.

Its many strategic advantages made Båtsfjord, right from the beginning, an attractive place for work, entrepreneurship and state initiatives. The place became a melting pot for many different social elements, including businesses. This, I think, is one main reason for the dynamic environment in the locality, and its immediate establishment as an economic "en-

gine" in the region. As far as I am able to estimate, a dynamic process was actually set into action before the introduction of large scale industrialism in Båtsfjord. A local business association was already launched in 1946, which I have been informed, is probably the first in Norway. This is the so-called "Kjøpegruppa", which today, more than ever, has turned into a vital local institution, as will be thoroughly explained in later chapters.

Large scale industrialism was introduced to the locality through the Fi-No-Tro plant in 1953. People from many places in the area moved to Båtsfjord to make a living. A locality that only had about 140 inhabitants in the 1940s grew to more than 1400 in the beginning of the 1950s. Population growth was at the highest in the 1960s, and by the end of the 1970s there are nearly 3000 inhabitants. Moreover, one has to take account of probably one thousand guest workers who were present in the community in the "high seasons" of the 1970s.

The demographic structure, during the whole post-war period, is characterised by high turnover, following the ups and downs of the fishing industry. In the 1970s, Båtsfjord becomes well known as a kind of "Klondike society". "Klondike societies" are places that attract many different elements, societies where there is much easy money to earn, but also to spend. They typically have a tough and unstable social environment, and the negative consequences were not far behind, consequences that still influence Båtsfjord's social environment.

As described earlier, the late 1960s and early 1970s were years of local mobilisation and political decentralisation. These processes also had their effects in Båtsfjord, as the role of the municipality was clearly expanded. More importantly, the municipality started to make some investments in local cultural activities, and also became an important source for community initiatives. The single most important example of such initiatives is the construction of the local airport, which basically became a reality as a result of local initiative and mobilisation. Another important initiative is the common construction of a new freezing house.

However, the long term problem for Båtsfjord, as with other fisheries-dependent localities, was that the times had changed dramatically. Fordist modernisation was no longer viable, and commitment to a single development strategy, large scale industrialism, became problematic.

5.5. Deregulation and Schumpetarian localisation

Keynesian policies lasted longer in Norway than in most other western economies, but from the late 1970's things changed radically. The Social Democratic party started deregulation through major changes in tax and credit policy. These new policy directions were extended further by the right-wing government that took over in 1982. Deregulation was intensified after the Social Democrats returned to power in the mid-80s (Furre 1992). Norway was forced to adapt to the new realities of the international economic crisis and the rise of a global economy. Economic problems could no longer be solved by demand-oriented policies and Fordist regulation. Rather, solutions focused on institutional insecurity towards changes in interests and currency rates, and by whole new forms of industrial adaptation (Mjøset 1986a:353f).

In coastal Norway the problems were twofold, as they had to adapt to the general trend towards marketization, and to a major contemporary crisis at sea. The effects on the more than 800 fisheries communities in Norway were varied; the situation was particularly bad in the north, which furthermore had a particular problem with seals. Widespread depression was reported by health authorities as the most distinctive characteristic of the health situation in Finnmark in the late 1980's (Jentoft 1991:10ff). Catches of cod were only half what they were in the mid-1970s, and only 3 or 4 processing plants in the region managed not to avoid bankruptcy. The worst years were the late 1980s and the first years of the 1990s but, in general, the situation is still unstable.

The causes and consequences of the crisis of the coastal communities seem to be more complex and multifaceted than only a few years ago. As already shown, also dynamic fishery localities like Båtsfjord have severe problems to manage. I do not intend to go more

deeply into these issues here. Rather, I will focus on the features of this general recession which seem to be of importance in counteracting decline and recession. Some trends during the 1980s and 1990s have had special importance.

One major factor is the institutional orientation towards technology and knowledge as the main impetus for industrial development. This is clearly a strategy forced on a small state like Norway by technological advances and the new international division of labour (Mjøset 1986a). In Norway, several shifts in the development towards a technology-based knowledge economy can be identified (Arbo and Aarsæther 1994, Arbo 1996). One effect has been that regional and educational policy have become still more attached to industrial development through different sets of initiatives, in particular the promotion of a diffused small- and medium sized business sector. A second effect is the extensive development of a net of educational and research units around the country. A third effect is a far more complex interaction between private businesses and public institutions(science parks, investment funds, technology transfer units, and the like).
Market orientation, learning and innovation have replaced earlier industrial strategies; Arbo (1996) argues that it is fair to speak of a paradigmatic shift in public policy. Instead of "hard" infrastructure, like roads and harbours, "soft" infrastructure, such as education, research and business networks have become the crucial elements in a new strategy. In this new "Schumpetarian" perspective, the state still has a crucial role to play, and is still the central institution in relation to international bodies (Bogason 1994).

Of particular relevance is the fact that many of the changes in the institutional system are due to a pressure from below (Hovgaard 1997:63 ff). Here the "cultural turn" mentioned in an earlier section is of specific importance, as well as the decentralisation of the state apparatus. Since the 1970s, the municipal level has grown extensively in importance in respect to welfare and services (Grønlie 1987; Aarsæther 1977, 1980). To day it is common to argue that the welfare state has been replaced by or turned into the welfare municipality. But, as important, many municipalities have also had an active role in business initiatives rather early. These processes have created pressure on the state, not least from the periphery, to extend municipal involvement in "soft" infrastructure. The state responded for instance

with a distinct initiative to promote local engagement (the so-called "tiltaksarbeid"; (Bukve 1994)).

During the 1980s, economic conditions turned for the worse, as was the case in all other fishery-dependent localities. Deregulation and international competition hit rather hard, and numerous bankruptcies occurred. The economic recession quickly influenced the community's social composition, and a serious decline in population occurred. From more than 2900 inhabitants in 1975, there were only 2550 12 years later, a 12 percent decline. This was much higher than the region as a whole, which declined by 6,8 percent. The decline in population cannot just be explained by the recession within the fisheries, but has to do with more general socio-economic and socio-cultural changes, as explained in the previous section. These changes, their effects on the social composition of the locality, and how these processes were counteracted, will be discussed in chapter 8. I will just indicate some of the more concrete initiatives taken to counteract the situation here.

The building of a sports centre in the mid-1980's was a major event, but exceptional efforts were also made in health, education, senior citizens (e.g., care and meeting places) and cultural arrangements. The cinema was subsidized for several years, because it is considered vital for local well being.

In the mid-1980s, it became very clear to municipal authorities that something extraordinary had to be done, especially in relation to out-migration. The municipality took advantage of possibilities to get credits in Norway during the 1980s. This approach became a problem when the decline in the fisheries continued, due to the cod crisis in 1989/1990. For some years, the municipal council had to take special measures to lower the debt rate, and the economic improvements in the mid-1990s also helped alleviate the problem.

5.6. Coping conditions in Båtsfjord: the historical heritage

In this chapter, I have provided a historical outline of the general processes that have shaped the evolution of Båtsfjord locality. As I argued at the beginning of the chapter, the

historical evolution of the locality is very much characterised by "change". By change, I mean a social environment dominated by market institutions, i.e., the rational and individualised behaviour of economic actors. Now I will try to give this analytical argument more concrete substance by asking what historical structures and processes have shaped the coping strategies of Båtsfjord locality.

Båtsfjord is a young locality in the sense of a permanent settlement, and it only has weak connections to the nomadic period in North Norway. The place did not become attractive until technological advancement and institutional changes made it possible to make use of the area at the beginning of twentieth century. Båtsfjord at that time had many characteristics of a new colony, as people migrated there from different parts of North Norway, and it is seething with economic activities. Even though Båtsfjord had the advantage of not being destroyed during the war, it is still fair to argue that the place started all over again in the post-war period. People came there from a number of different places, and the locale again became economically prosperous, as evidenced by the many fish buyers operating in the locality. After a few years, these purchasers were challenged by the Fordist system of production, as Båtsfjord got one of the state-owned industrial plants. After a few years, most of the "traditionalists" were forced out; in this change process, the small, traditional operations were replaced by the modern, Fordist system of production. The height of Fordist production occurred in the 1970s, a period during which Båtsfjord reached its maximum population, and was a "Klondike" for those who wanted to earn quick money (not only Norwegians, but people from all over the Nordic Atlantic). During the recession of the 1980s, the locale again changed character. Fordist production went into crisis, and the village declined rather quickly. However, from the economic and resource crisis of the 1980s, Båtsfjord became probably the most successful fisheries-dependent locality in Norway during the 1990s. Fordist production is still the backbone of the economy, but there clearly are some elements of post-Fordist economic structures. Socially, the locality has become still more complicated, as Båtsfjord receives its share of refugees, and has attracted people from other Nordic Countries. In sum, the historical heritage of Båtsfjord has been major swings in economic life, continuous disruption in social life, and great difficulties in creating stable spatial and historical conditions.

As I pointed out earlier, the distinction between continuity and change is an analytical one. That Båtsfjord is characterised by change does not mean stability is absent. As I have argued earlier, a strong territorial dimension has always been an important dimension in Norwegian state policy (Rokkan 1987). And, in my view, this fact explains something about why Norwegian society is less publicly centralised than most other countries. An important aspect of Fordist production was the creation of stability in both the economic and social sense of the word. The Fordist system in the fisheries did not prove to be as stable as its proponents had hoped, but its fluctuations could somehow be balanced by deliberate social policy. The introduction of Båtsfjord municipality in the 1960s, and the decentralisation from the central towards the local government has had the effect that the local political level is grown in importance, and is clearly a major factor in the successful restructuring of the 1990s.

To stay with my analytical vocabulary, the evolution of Båtsfjord locality is first of all characterised by the rational and calculating elements of the market. But the market in the post-war period has been balanced by political means, a balance first all created by the state, but now, more and more taken over by local governance. As I have tried to explain, the weak element here seems to be the institutional mechanisms of "community". Also the weak threads of local stability seem to be connected to economic ventures, as exemplified by the earlier mentioned "Kjøpegruppa". It is also interesting to see that the Nils H. Nielsen company, which began to operate in 1945, subsumed one of the first companies in the locality (Solhaug 1985:32).

I also tried to make it clear that new circumstances and new strategic initiatives have characterized Båtsfjord over the last decade. Fordist production has been supplemented by new post-Fordist initiatives, and this is one explanation for its successful restructuring. The question that this chapter raised is how we explain this restructuring, and in particular what the role of the past is in contemporary circumstances. Deeper analysis of these historical complexities, and how they connect to current coping strategies is the primary objective of the analysis that will be undertaken in chapter 8. But my work, to this point, should demon-

strate at least three features which are important to investigate in greater detail: 1) the changes in the welfare state, particularly the role of the local political level, 2) the concrete operations of local business life, especially the ways in which it takes advantage of the structures of the Schumpetarian state, and 3) the influences of a fast-changing and loosely embedded socio-cultural environment, characterised by a dispersed social composition, and the effects this has upon the local economy.

Chapter 6
The historical evolution of Klaksvík: A coping perspective

6.1. Introduction

As with the previous chapter, this one presents a historical analysis of local evolution from the perspective of local coping-strategies. The analysis here is about Klaksvík on the Faroes; the focus here will also be on the balance between the basic institutional systems of society i.e., state, market and community. But, the story here is very different than the previous one. To stay with my analytical vocabulary, I will not deal with forms of local embeddedness based on change, as in the Båtsfjord case, but rather with forms of embeddedness based on continuity in time and space.

As argued in chapter four, the two localities presented in this study have had very different forms of national integration. The very different role of the national state clearly makes a difference in local socio-economic and socio-cultural composition, both historically and in contemporary perspective. But there clearly are other differences, too. Why Klaksvík represents continuity will be discussed through the course of the chapter. Continuity has to do with tradition, but it is also related to the balance between the basic institutions, with "community" always being strongly represented. Tradition and community have played a central role in the modern development of the locale, and how this occurs will be a major focus of the chapter.

The first section is a short presentation of the dominant socio-economic and socio-cultural features of the locality. Then, the following three sections outline the historical evolution of the locality over the same time periods identified in chapter four. The last section summarises the arguments made, and outlines the specific historical characteristics important for contemporary coping-strategies.

6.2. Socio-economic overview - Klaksvík (I).

In 1838 the Danish Royal Monopoly established a branch in the north eastern region of the Faroes. This branch was one of the first signs of the decline of the old agrarian society and the emergence of classical commercialism. The branch was placed besides a small creek, at a good distance from the four peasant communities that nestled around a larger, but naturally well-protected fjord. The branch gave the Monopoly a better chance to take advantage of the rich natural resources in the area.

Over the years, the four traditional communities there slowly grew together. This united locality was named after the small creek on which the monopoly was placed Klaksvík (Joensen 1946). In other words, the place now known as Klaksvík has a long history of inhabitation. The first signs of settlement go back to the Viking era (Larsen 1992); for centuries, the area was a traditional agrarian system. However, with the advent of the period of commercial capitalism, the locale became dependent on the fisheries. Even though the natural harbour conditions in Klaksvík are excellent, the transformation to commercial capitalism was a lengthy one, lasting until 1910. This was years after commercial activity had begun in other places with attractive harbour facilities, places like the capital Tórshavn, and in particular the two larger towns on Suðuroy, Vágur and Tvøroyri. Around 1920, Klaksvík began to expand more rapidly, and in the late 1930s it overtook the lead role from Vágur and Tvøroyri[48]. Although perhaps surprising, it is fair to say that Klaksvík experienced a nearly unbroken growth in people and economy from the 1850s until the national economic collapse in 1992. The depression in international capitalism during the 1930s, and the setback in the 1950s, had remarkable little effects upon the local economy. These facts make Klaksvík's development very interesting. Today, around 4700 inhabitants live in Klaksvík, a number exceeded only by the capital, Tórshavn (approximately 16.000 inhabitants)[49]. As in the rest of the Nordic periphery, the post-war period has witnessed an enormous rise in industrial activities, infrastructure, the quality of houses, educational and technological standards, and the like. The social engine behind this development has been what may be labelled "Faeroese Fordism". Faeroese Fordism has been unusual in that it is

[48] As Tórshavn is the capital, and the administrative center of the country, it occupies a somewhat different economic role.

Fordism without a state, or at least Fordism with a fragmented, weak state. This modernisation also contained a mechanism that caused the total collapse of the Faroese system in 1992, as I will discuss below.

The whole local economy of Klaksvík went through a process of restructuring due to the collapse of the Faroese fisheries economy in the early 1990s. The interesting story here is that local leaders consciously chose to follow their own distinct local strategy for coping, refusing to participate in the general national solution that was available. These leaders managed to restructure the economy by themselves. The story of the major processing plant is important, both because of its centrality to the local economy in general, but also due to the way in which specific events transpired. I will return to this part of my analysis in chapter 8; here I will concentrate on providing a preliminary picture of the locality which will concretely exemplify what I mean about continuity.

The mainstay of the local economy is still the locally-owned processing plant, "Kósin", a large fleet of coastal vessels (longliners and smaller boats), and a few highly modern trawlers operating in distant waters. The industrial processing plant, which today operates as a share-holding company, employs a considerable portion of the local workforce (with more than 200 people having their main income there). A few one-person companies or family businesses operate in the locality too, making different forms of fish products. As in other parts of the Faroes, a recent, but important, element in the local economy is the expansion of aquaculture[50].

The private service sector in Klaksvík is typical for a fisheries dependent community. Two slips service the local fleet, and other companies supply rope, paint, fishing clothes, fishing provisions, and the like. The public sector is well represented in the locality by a small hospital, a school system ranging from lower and upper secondary to technical and navigation schools. Social services also employ a considerable part of the local workforce. In

[49] The other bigger municipalities on the Faroes range between 1000 and 1800 Inhabitant.
[50] I will briefly return to some of these companies in chapter 8.

other words, there is no doubt that the public sector is an invaluable source of income, not least in periods when the fisheries is in a slump.

The fisheries has been the main source of income for many decades, and being a fishery dependent community is very much a part of local identity and culture. As the only larger settlement on the northern isles, Klaksvík has been the area's unquestioned centre. These realities, and the fact that Klaksvík is the second largest settlement in the Faroes have also manifested themselves as a cultural understanding of the locality as the leading opponent to political centralisation. The combination as being the important "productive" community, in contrast to the "passive" political-administrative centre of Tórshavn, has worked as a continuing source for common identity and action.

There are other important elements that make for continuity in the locality. The first one is religion. Religion has always played a significant role in the local socio-cultural structure, as in the Faroes in general. Where Klaksvík may be different from other places in the Faeroes is in the growth of two rather equally important religious movements, the Home Mission and the Plymouth Brethren. These two movements emerged at different times during the transformation from an agrarian to a fisheries society. The Home Mission emerged in the latter part of nineteenth century, when the economic transformation in the Faroes occurred (1890-1910), while the other movement, the Baptists, expanded in the 1920s[51]. The role of religion has not diminished through the years of modernisation, and religion still plays an important role in the locality.

Another element in the composition of "continuity" is that Klaksvík has primarily recruited its population from the surrounding villages, or other parts of the Faroes.

[51] The Plymouth Brethren is a religious movement that was established in the late 1820s in opposition to the Anglican Church. They were also called "Darbyists", in keeping with the last name of their most influential figure. The movement arrived in the Faroes in 1865 through an individual who became its Faroese pioneer. It has been also stood in opposition to the established state (Lutheran) church. The other important religious movement on the Faroes is the Home Mission, which grew from its Danish counterpart. It is organised as a part of the state church. (Hansen 1987). Both these religious movements have considerable influence and support in contemporary Faroese society.

Even though there is only a small immigrant population, the touch of global culture is striking. Television parabolas, mobile phones and many other "modern" tools demonstrate this; it is also evident in the ways that youth are dressed and decorated, in teenage idols and in some of the specific "youth-cultures" which exist locally (e.g. 'gangs', music groups). On the other hand, there is a long tradition of visitors from the outside, of hospital personnel, people from the Danish coast guard, and fishermen from other nations and the like.

My examples suggest that Klaksvík is a very complex society, one in which a traditional – modern dichotomy does not make much sense. It is also clear that continuity does not mean the absence of change; one must carefully investigate how tradition and modernity are interwoven in unusual ways. The rest of the chapter attempts to analyse the modern evolution of Klaksvík to show how and why it has its current social profile, and more thoroughly examine the factors which have influenced contemporary coping strategies.

6.3. Classical commercialism

The history of the Faroes has witnessed a longstanding dependency on the outside world. In the early medieval times, the Faroes were a Norwegian protectorate. Under the common Danish-Norwegian Kingdom from 1380 to 1814, the Faroes increasingly became a Danish jurisdiction. After the Danish-Norwegian Kingdom ended in the second decade of nineteenth century, the Faroes was turned into a Danish county in 1852. The latter part of nineteenth century saw the emergence of national identity on the Faroes. When a political party system appeared on the Faroes in the first years of the twentieth century, the main division was between unionist and independence people. Some minor changes occurred in the political-administrative system during the first decades of twentieth century, but it is fair to say that, until the second world war, the Faroes maintained its status as a Danish county. After world war two, matters changed radically, and a plurality of the Faroese people voted for full independence from Denmark. However, the final outcome of this process was the Home-rule system briefly discussed in chapter 4.

While the political-administrative system only underwent minor changes in the period of classical commercialism, there were immense socio-economic and socio-cultural changes taking place. These changes were based on the development of medium- and long-distance fisheries, and reached a transition stage in the period from 1890 to 1910 (Hoppe 1982). The Faroese were purchasing older smacks from England (which, in turn, replaced these sailing ships with modernised steam-engine trawlers). In the early part of this period, the purchase of smacks was typically done co-operatively, for instance by fishermen themselves, or by fishermen, farmers and merchants together (Joensen 1975:27ff, Patursson 1961). The old tradition of coastal fisheries in smaller boats was actually expanding during the nineteenth century, but distance to the good fishing grounds and poor technology was a problem. The smacks made it possible to utilize both the wider Faroese waters, and the coastal areas of Iceland (and later Greenland). In this first period, the old coastal activity was actually transferred to the smacks, as the vessels worked as "carriers" for the coastal boats, who were operating from the Icelandic coast. In this period, also women sailed to the Icelandic coast, and the crew settled onshore for the fishing season (Haldrup and Hoydal 1994:110).

In this expansion phase, it was particularly local business people who took over as owners of the larger fleet of smacks, and within a few years the co-operative of organising the fisheries disappeared (Patursson 1961:339ff). The economy now became organised around the classical entrepreneur (the Grunder), combining the rich opportunities in the (international) market and the advantages of the locality. The economy was an international–local one, personified in the local merchants. The changes in the social organisation of the economy also individualised social organisation onboard the smacks. Each fisherman had his own hand-line and was rewarded according to his personal catching. Local commercial interests had full control in their communities, because they were not just traders, but also ship-owners, fish-processors, and bankers. Hence, local economies were closely tied to the commercial interests, in the so-called "truck-system" (Johansen 1996:90ff)[52]. These classical entrepreneurs are well known all over the North Atlantic[53]; capital was usually reclaimed via trade in their stores, usually in a "labour for goods" relationship. Where money

[52] The "truck-system" is known all over the North Atlantic in this period, but was very differently organised and practiced. See Joensen (1993) and Johansen (1996).

was involved in a transaction, the merchants typically functioned as lenders (some of them also had their own currency). The economic system under classical commercialism is clearly a local–international one, based on the merchants, but partially grounded in the institution of the "community". In the transformation from a traditional society to classical commercialism, the dominant structures of the agrarian society were subordinated to the "new" fisheries system. This was a transformation with great social consequences, but social disintegration was followed by new forms of social and cultural embeddedness, as most clearly illustrated by the rise of religious congregations; in first hand most manifestly by the growing influence of the home-mission.

Neither agrarian production nor the old tradition of coastal fisheries disappeared, since most people combined work in the fisheries and agricultural activities. This combined occupation has had an enormous importance for the Faroese economy to the present time. Such a combined occupation today is more of an "informal" activity, but we should not underestimate its role in the survival of many Faroese localities, both as a source of income and for its importance as a continuity of the reciprocal exchange of goods. Furthermore, the coastal fishery is still a viable alternative to large-scale operations.

6.3.1. Local commercialism - Klaksvík (II)

1872 was an important year of change, as the municipal structure was established in the Faroes. The Danish state administration changed substantially during this period; as a consequence of this process, all the northern isles of the Faroes became one municipality. But, similar to the development of other Scandinavian countries, the municipal structure in the Faroes soon began to be fragment. As a result of this process, Klaksvík became a separate municipality in 1908, a step which is still regarded as one of the important moves towards the modernisation of the locality (Klaksvíkar Kommuna 1989).

Despite the fact that commercial capitalism in Klaksvík did not start to flourish until after 1910, it is rather interesting to see that the community had already established a tradition of local mobilisation and voluntary associations. One of the first, and probably most impor-

[53] On classical entrepreneurialism, see Sundbo (1995).

tant examples of local mobilisation, is the founding of the local hospital. It began as a private, local initiative in 1898, and became the source of some of the most intriguing conflicts in modern Faroese politics. It became the key setting for the so-called "Klaksvík" or "Doctor's Affair" in the period from 1953 to 1955, a time which came close to civil revolt[54]. Today, the hospital is a highly modernised local hospital integrated into the national healthcare system. Other important examples are the sports club, established in 1904, the local theatre in 1905, the sick benefit association in 1906, and the local savings bank in 1919. The electric power station began service in 1931; the subsequent construction of a larger harbour was another important local initiative. An often neglected element in this tradition is the early creation of educational courses and units. In the 1930s, there were engineering courses, and a local technical school was established, which to day is a highly modernised one. Since 1936, a local newspaper (Norðlýsið [Northern Lights]) has been an important conduit for local events, opinions and culture.

The strong tradition of mobilisation and solidarity stands in contrast to the way in which business life was organised, i.e. centred around a few local merchants. The economic history of Klaksvík is very much about classical entrepreneurship, and actually tells an impressive story of how personalized a local economy can be. This narrative is very important to understand the growth of Klaksvík, and is the one we now turn to.

Klaksvík had only a few smacks in 1912 when a young grocery apprentice, J. F. Joensen (later: Kjølbro), rented a small shop to begin his own business. A year later, he bought his first smack, and his company began to expand rather quickly. By 1920, he had managed to acquire his own store, four smacks and two coastal vessels. During the 1920s, Kjølbro built a processing house, a drying house and landing stages. He bought the first truck in the village in 1925, and he also created a slip, with associated smithies, in 1928. As the international recession hit the local economy in the late 1920s, Kjølbro took over some of his local competitors, and during the international depression of the 1930s, the company contin-

[54] See Høgnesen (1998) for a longer introduction to this history. The conflict was also an important inspiration for my Master's work (Hovgaard and Johansen 1994).

ued expanding. His production of cod liver oil in this period seems to have been a genuine invention as was the company's first attempts to export fresh fish to the British market.

The foundation of a new ice factory in 1940 gave the company real advantage, since the war changed the whole production of fresh fish for export to the Allies In the late 1940s, more new activities were begun: a spinning factory (1945); a canned food operation (1946); and, later on, production of fish meal. In this period, he also bought coastal vessels or invested as a partner in coastal boats.

In the late 1930s, the Kjølbro company began transportation of goods and passengers between the northern isles and the capital, Tórshavn. This is one of the first signs that the local – international economy is now also becoming a national economy. The vigorous expansion of the company during the 1940s was also outside local borders. The peak of this expansion was the establishment of a shipyard in the village Skála in 1956. In the 1950s the company was, by far, the biggest in the Faroes and, despite these years being a recession for the Faroese economy, the company still expanded its activities. At this point, the company had around 1000 people employed, and it produced more than 25 percent of all Faroese fishing exports (Hansen 1983:33)[55].

In 1964 Kjølbro began one of the first fish processing plants on the Faroes:, "Kósin". This was supposed to be the beginning of a new era for this "one-person company", but it did not turn out this way. As new progress slowly emerged in the Faroese economy in general, the Kjølbro company, for the first time, faced liquidity problems which almost forced bankruptcy. But the company was regarded as so important for the Faroese economy that the Danish National Bank became involved in restructuring. And the bank demanded more professional leadership. The composition of the board was changed, as well as the leadership of the company. A young educated man with experience in the Greenland fishing industry was selected for the task. He arrived Klaksvík only one month after the processing

[55] It is reported that friendship with the Danish Minister of Finance, Viggo Kampmann, is one reason the the company managed to maintain loans and credits during the 1950s.

plant had opened. The old "Gründer" lost most of his power in the company, and when he died a few years later, an era in the development of the community ended.

In his own fashion, Kjølbro managed to embed the international market with an extraordinary ability to connect his economic efforts with socio-cultural power and engagement. There were other merchants in the locality, but he was the community's unquestioned leader for nearly half a century. Kjølbro was the outstanding Faeroese classical entrepreneur; but he was and remains a controversial personality. His way of conduct was controversial, and the "Klaksvík Affair" in the 1950's clearly had an element of resistance to the dominant role of Kjølbro and his family. For some people he certainly was no saint, for others he is validated nearly with mythological undertones. Still today these controversies are reflected in the current controversy over a plan to erect a statue to him in Klaksvík.

6.4. Faeroese Fordism[56]

The crisis of the Kjølbro company and its restructuring in the mid- and late-1960s not only indicates a new era in the history of Klaksvík, but also clearly marks the introduction of a new economic system. This system is what I will term "Faeroese Fordism". Compared to North Norway, Faeroese Fordism was rather late in coming, and one main reason for this is weak national political structures, a topic to which I will return. A more direct cause was the set of major economic errors made in the early post-war years. During the depression of the 1930s, the strongly localised commercial system begins to lose power. A branch of the Danish bank, "Landmandsbanken", was founded in 1906 (Føroya Banki), but it was only in the 1930s that a national economic system really began to take over many of the financial functions of the old merchant system. In 1932, Faeroese capital established its own bank, Sjóvinnubankin. In 1936, the Faroese fish export organisation (Føroya Fiskaexport, later Føroya Fiskasøla) was established, one which received a monopoly on fish exports. These economic institutions became the spearheads in the structure of the fishery system that was

[56] This section is based on the following references: Hovgaard (1995); Nolsøe (1995), Haldrup and Hoydal (1994); Hovgaard and Johansen (1994); Schmid (1993; 1995a), Mørkøre (1991), í Dali and Mørkøre (1983).

created after the second war. The war years produced good incomes, and contributed to a general spirit of optimism in the early post-war period[57].

A major portion of the investments made in the early post-war period were used to buy old steam trawlers, especially from England. By 1948, the Faroes managed to have the largest trawler fleet in the Nordic Atlantic. But it was a very old fleet that already began to decline in the late 1940s. A recession, with great social consequences set in from the beginning of the 1950s, and this new period experienced the tensed social conflicts in modern Faeroese history (mentioned above as the "Klaksvík Affair").

In the 1950s, the "Sjóvinnubankin" encountered serious problems, due to its involvement with the decaying trawler fleet. The bank was reorganised with close connections between the bank, the Faroese insurance company (Tryggingarsamband Føroya and the fisheries export organisation. A new fisheries investment fund became important for the renewal of the fisheries fleet, and learning from the experiences of the past, it was based on modern technology. Some new trawlers were introduced into the fleet, ones which primarily continued operating in international waters. These international waters offered numerous possibilities, from the Danish Northern sea in the south, to the Barents Sea and Jan Mayen in the north, and the coasts of Greenland and Newfoundland in the west. However, it was the coastal fleet of small motorised boats and smaller long liners which improved their technological standard most during this period. At this time, a division of labour emerged between large-scale and small-scale operations, with the former operating in international waters, and the others Faeroese waters. The major challenge to the local fleet was not the Faeroese large-scale operations, but rather the modern English trawlers which were fishing close to the Faroese coasts.

From the mid-1970s the system, which slowly emerged from the depression of the 1930s, increased its rate of development. Policy, finance and commerce formed a corporate system (Mørkøre 1991), and its strategic component was mass production. Attention turned towards developing fresh fish plants, and matters moved quickly. The first fresh fish plant on the Faroes was built in Tórshavn in 1962 and, as mentioned, the one in Klaksvík was con-

[57] This may be one reason that explains why independence people won the referendum in 1946.

structed in 1964. By 1980, there were 20 processing plants distributed around the country. At the same time, the old modes of production (salt fish, split cod, and dried fish) had nearly disappeared (Hovgaard and Thomassen 1999). As the basic foundation for the Fordist factory is stable processing of raw material, the equivalent at sea became the "fresh fish" or "ice fish" trawler. In the period from 1973 until 1983, the Faeroese ice fish fleet grew from one trawler to 85, of which nearly half were new ones (Hovgaard and Thomassen 1999). At this time, the trawlers began operating primarily in national waters, as national exclusive fishing zones were being widely established. Large-scale and small-scale operations now exploited the same waters, and serious conflicts between the different sectors emerged in the 1970s, conflicts that were clearly won by the large-scale interests (í Dali and Mørkøre 1983, Haldrup and Hoydal 1994, Nolsøe 1995). Tayloristic management, based on assembly-line processing, and Faeroese methods of planning and regulation, became crucial elements in the strong growth period that began in the early 1970s.

The role of the public sector is crucial for an understand of the development and eventual collapse of Faeroese Fordism. The public sector became the central set of institutions which guaranteed stable supply for industrial processing plants through public guarantees, subsidies and other forms of support. The public sector also played a central role in compensating for the negative effects of Fordist production. Fordist production is by nature centralist, but this was counterbalanced by Faeroese local and regional policy. A strong territorial commitment by the Faeroese parliament made sure that the advantages of Fordist production were distributed all around the country. This geographic decentralization involved major competition between sectoral and territorial interests, with the result that an uncontrolled expansion of both the means of production and material infrastructure occurred.

The Fordist system survived until 1992, and it clearly collapsed as a result of the inertia inherent in the institutional arrangements. The financial sector was saved from total collapse by intervention from the Danish government, and the fisheries sector was restructured on the basis of Danish government demands. The Faroese public sector was, in practice,

put under Danish administrative control for a number of years. It still suffers from the debts that were incurred[58].

The deep recession on the Faeroes received some attention from the international scientific community, and many factors have been invoked to explain how things could go so horribly wrong. Parts of an explanation can be found in the changes in the global system (Schmid 1993; 1995a), the lack of macro-economic stabilisers (Jespersen 1994, 1993), the corporatist system (Mørkøre 1993; 1991), changes and declines in international fisheries (Lyck 1993), the weakness of the political-administrative apparatus (Haldrup and Hoydal 1994; Hovgaard and Johansen 1994; Hovgaard 1995), the decline of classical work ethics in politics (Christiansen 1990), nepotism and the structural conditions of being a micro-state (Jonsson 1995a), lack of a knowledge-based development (Johansen 1996), the structural power of sectoral interests (Nolsøe 1995), deficient market incentives (Paldam 1994), and the like. I do not intend to discuss these various explanations of the crisis, or their validity. However, to understand the ways in which the transition was handled, it is important to comprehend the logic behind the expansion and collapse of Fordist modernisation. This topic will be examined in the next section.

6.4.1. Explaining the collapse of Fordist modernisation

To understand the logic behind Fordist modernisation on the Faeroes, it is necessary to analyse the ways in which the Faeroese home rule system has worked. And, as indicated in the previous section, this analysis is particularly required to bring attention to the balance of power between sectoral and territorial interests.

As argued in chapter 4, the Faeroese home rule system was a middle course between county status in the Danish Kingdom, and full independence as a nation-state. Home rule created a new political system, one in which the conflicts between the two nations seemed to be solved, and a "new beginning" could occur. However, the home rule system has been very weak in handling basic value conflicts. One can argue that by creating this "middle

[58] Nearly all private debt was converted into public debt (Haldrup and Hoydal 1994)

way", the dominant role of the state disappeared, and this has proven quite problematic. In my view, this solution explains why public policy turned towards a simple logic of over-expansion. To make my argument clear, a brief theoretical digression is necessary[59].

The Faeroese home rule system is a relative autonomous decision-making system. It is not an ordinary county system, but a political system with legislative and executive power in the form of a home rule government, with an affiliated home-rule administration. As such, it can be seen as an autonomous political system of institutionalised conflict resolution (Galtung 1965; 1980). My argument is that a strong or well-functioning system of institutionalised conflict resolution is a system which is capable to make basic agreements on how to regulate value conflicts[60]. The nature of value-conflicts is that they can not be solved, because value differences cannot be compromised, and therefore can only be (peacefully) regulated by common agreement (Hovgaard and Johansen 1994:26ff). A well-functioning system of institutionalised conflict resolution is not a harmonious system in which all conflicts are resolved, because conflicts are important to the renewal of social systems (Coser 1956). The point is that a common foundation based on different basic values in a society are important for interaction among dominant structures in society. This common foundation is a precondition for mediating differences in goal orientations. If this basic groundwork does not exist, then you have to manage from case to case, since value-conflicts never become latent. Instead, they are permanently present, and constantly conflict with a goal-oriented development, also one based on legitimate procedures of planning. The Faroese home rule system can be seen as a system in which the basic economic, social and cultural values, as the foundation of political activities, have never been basically agreed upon. From a historical perspective, this is what Haldrup and Hoydal (1994:128ff) demonstrate in their discussion on the pre-history and establishment of the home rule system[61]. What was left was a formalized political-administrative system of de-

[59] See footnote 56 above for other sources
[60] For the sake of simplicity, I only distinguish between value conflicts and goal conflicts, which can, in principle,be either latent or manifest.
[61] We can further argue that if basic valueconflicts are not agreed upon, then you cannot build sustainable social capital, because such a system is constantly open to distrust. An agreement on basic value-conflicts is part of the social contract in the Scandinavian welfare systems (Schmid 1995), or the social contract between centre and periphery in Norway (Almås 1995; Rokkan 1987).

cision-making, one in which policy was reduced to a question of specific issues, not general ones. In the following section, I will try to show what I mean by this.

As already argued, the most open conflict lines in Fordist modernisation were those between functional (economic/rational) and territorial (local/conative) interests. The differences in value orientation that these two set of interests represent have never been institutionally integrated. Instead the value conflicts reproduce themselves, and turn out to be destructive for any form of goal attainment or "rational" planning[62]. These conflicts first manifested themselves in the economic crisis of the 1950s, especially in the "Klaksvík-affair".(Djurhuus et. al. 1982; Haldrup and Hoydal 1994; Hovgaard and Johansen 1994:107ff; 129ff). With the slowed development that characterized the Faroese economy from the mid- or late-1950s, the conflicts became less salient. Further, when Fordist industrialisation and "bygdamenning" were declared as the Faeroese way to modernisation at the beginning of the 1970s, an implied synthesis between territory and function was created. Modernisation, through two different value systems was heavily emphasized, but the kind and scope of modernisation was left unquestioned (Haldrup and Hoydal 1994; Hovgaard and Johansen 1994).

The problem was that special interests, in every instance, took precedence over any concern with the entire society. This again resulted in a societal structure in which business and policy were connected in odd ways. Formal decision-making occurred in parliament, but in practice, this meant that the resolution of basic value conflicts was actually located outside the political system. Mørkøre (1991; 1993) shows how the basic conflicts in fisheries policy were handled by the organised interests themselves (Í Dali and Mørkøre 1983; Nolsøe 1995). Hovgaard and Johannesen (1994) show how hospital services have been permanently subordinated to the permanent value conflicts between territorial and sector interests.

This system could only be maintained by economic expansion because this was the way to deflect value conflicts. The strategic factor which led to the social collapse was an uncon-

[62] This was one of the main findings in Hovgaard and Johansen (1994).

trolled expansion of the Fordist system of production, followed by a race among territorial interests to promote their specific places e.g., by making substantial infrastructure investments to attract business. In practice, sectoral and territorial interests did, of course, overlap, but tension intensified after the introduction of the 200 nautical mile fishery zone in 1977. The 200 mile fishery zone was a result of international negotiations and treaties. Today, it is clear that the Faroese political system was not able to resolve the value conflict these international changes involved at home.

Potential conflicts were disguised by the expansion that followed, and the "high" period of Faroese Fordism began in the 1980s. In this period, an abundance of capital in the financial sector, and very good conditions for entrepreneurial activities boosted the economy. Faroese banks, Danish credit institutions and the government poured credits into the fisheries, the building sector and public infrastructure. This minimized value conflicts because expansion was, at least on the surface, equally distributed[63]. The financial system was organized in such a way that speculation was a safe activity (Lyck 1993); the possibilities for interest speculation were particularly good (Christiansen 1990:70ff). Investment in physical equipment like trawlers was rather unproblematic, since capital was easy to obtain, and the government provided guarantees against bankruptcy. What was left to competition was the amount of raw material; the simple logic to manage this was by expansion of physical capacity. Despite very liberal financial conditions e.g., exemption from taxes, the fishery sector only managed through extensive public support. In the late 1980s, around 25 percent of public operating expenses were given over to some kind of reimbursement to the fisheries (Hovgaard 1991:71).

We now know that the Faroese economy was an artificial construction. The balance of power among the organised interest groups facilitated unrestrained competition that could only be maintained by further expansion. As expansion reached its limits, the economy collapsed.

[63] This principle was called the "pepper pot" principle (Lemberg 1962).

6.4.2. The coping-strategy of destructive competition – (Klaksvík III)

The collapse of the local economy in Klaksvík in 1992 is inextricably bound up with the dynamic balance of power between corporate and territorial interests. In hindsight, it is evident that things could not continue as they were, However, despite the fact that many warning signals were evident, nothing serious was done to confront the situation. The system was caught in its own inertia of destructive competition between organised sector interests and the more diffused, but influential, territorial interests[64].

I will now turn to the logic of destructive competition, as understood from a local perspective. Much writing has been done on the Faroese crisis of the early 1990s, but little of it has come from the perspective of the localities[65]. However, the fact remains that territorial interests were much blamed as the cause of the crisis, even while sector interests were re-established by an injection of Danish loans in 1992/93. The territorial dimension turned out to be the weak one, and it simply disappeared from the political agenda. The localities were simply left to recover themselves, and only recently, as things have improved, is local development slowly returning to the political agenda. The locality of Klaksvík was heavily involved in the competition to modernise. Extraordinary local patriotism and a struggle against "centralisation", among other characteristics, resulted in a continuing competition with Tórshavn to obtain public investments and support. As the physical infrastructure was modernised, new development projects turned up. no new paragraph

It is well known that the politicians in Klaksvík have crossed political dividing lines to work co-operatively for public infrastructure investments in the locality. This was a precondition to manage territorial competition, and this is probably one main reason that Klaksvík today is still rather well represented by public institutions, compared to other localities outside Tórshavn.

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[64] This inertia was reinforced by an modified proportional representation voting system which enhanced the "gridlock" of competing interests.

[65] Exceptions are Bærenholdt (1993), Haldrup and Hoydal (1994) and Mørkøre, Riabova and Skaptadóttir (1999).

The municipality has never been directly involved with business, but has always done much to attract businesses by infrastructure investments. Municipal ambitions for extensions were usually transformed into applications to national authorities, and they typically have been financed through different systems of reimbursement and/or municipal joint finance. By following this strategy, acceptance of investment projects was normally only a matter of formality. For the same reasons, Klaksvík municipality, as many other municipalities in the Faroes, experienced a major debt crisis in the early 1990s. The municipal debt rose from 61 to 175 million D.kr. in the period from 1980/81 to 1992, while the tax incomes actually fell from 83 to 71 million D.kr. in that same period. Rental expenses rose from 10 to 25 mill. D.kr. in the period 1986 to 1993, while operating expenses had to be reduced from 58,5 mill. to 29 mill. D.kr. in the same time span.

Again, with the wisdom of hindsight, the figures just presented clearly indicate that something was terribly wrong, and it may seem odd that no one reacted. But, as I tried to explain in the previous section, there was no alternative other than to follow the logic of destructive competition. The interesting question is why? On the basis of my analysis in Klaksvík, I will attempt to provide an answer, an answer which may well apply to other Faroese localities as well.

To begin with a sector perspective, the processing plant in Klaksvík, "Kósin", clearly followed the logic of destructive competition. For several years, they had serious problems to manage, but still invested additional amounts in hope of better times. As a matter of fact, an accountant's report from 1988 showed that no processing plant in the report, including Kósin, was able to generate a surplus. Still, the system continued for some years, but when both the institutional supporting structures and the fish stocks failed simultaneously around 1990, "Kósin" collapsed, along with all the other industrial processing plants. The situation during the plant's final years is revealing. The intake of raw material reached a height of 11.000 tonnes of raw fish in 1989, but in its last year as a Kjølbro company plant – in 1992 - it had a intake of only 5000 tonnes. As biggest workplace in the whole northern region by far, people finally realised that the general crisis in the Faroes was close to becoming a lo-

cal catastrophe. The extent of the danger became still clearer when other parts of the Kjølbro company had to close down. The closure of the company affected the whole local economy very quickly, and other closures followed in consequence. The former director of the company explained the logic of the situation to me, from which the following account is extracted:

> In 1976, the company had built the trawler "Sjúrðarberg", which was the third of three new trawlers. The company now had a new foundation for securing the supply of raw material for the processing plant. At that time, Faroese industrial plants were processing around 20.000 tonnes for fillets annually, and as one of these, Kósin actually made good money. In the following years, Kósin was in a position to expand several times, and in the 1980s they acquired the capacity to process 15.000 tonnes of raw material per year. But at that time many other companies had appeared. The fact they were also producing fresh fish increased the competition for raw materials. In the 1980s, they had to renew their fleet again, and expanded to 4 ice-fish trawlers in order to secure their share of the resources. Expanding onshore processing capacity, and following this up by expanding the fleet, was precisely the same strategy that everyone else used. Suddenly, the fish was lost to them all. In other words, the strategy they followed was one of tying more vessels directly to the company, and expanding production capacity. Despite these improvements in technology, they reached a point where catches were only half that of a few years earlier. At the same time, prices in international markets were fell, and the economic collapse began in earnest.

From a territorial perspective, a comparable logic of destructive competition was followed, as discussed above. To better understand the situation from the point of view of the municipality, we first need to understand what the task of a Faroese municipality is, or was considered to be. Along with providing some basic services, such as water supply and public schools, a Faroese municipality was primarily mandated to to take a lead role in economic development. Their most important task was to organise the needed preconditions for economic life, since economic life was fully based on fisheries, these preconditions concerned the building of harbours and other facilities to complement the fisheries, e.g. local roads and areas for a service industries. Physical infrastructure was clearly considered to be the main point of reference for municipal policy. The reasoning here is that Faeroese Fordism, as suggested above, was based on uncontrolled expansion. The logic of local expansion then, simply was that substantial investments were needed if competition was to be met.

It follows , at the local level, that sector interests and territorial interests fused together into one single coping-strategy, the one that I have termed destructive competition. The same

logic that characterised Faeroese Fordism in general was reproduced at the local level. Economic and political performance at the local level were reciprocally inter-dependent. Even here, however, a fragmented structure of institutionalised non-integration began to undermine Faeroese Fordism. How could this system be legitimised, and what lessons do this and previous sections tell us about current methods for coping with basic conditions of change? This is the problem of the following section.

6.5. Coping conditions in Klaksvík: a story of historical continuity

At the beginning of the chapter, I argued that Klaksvík was a locality representing continuity in time and space. Taking the intense modernisation of the locality presented in the chapter into consideration, this argument may seem a bit strange. But the reasoning is based on an analytical abstraction, in which continuity does not mean the absence of change. What I mean by "continuity" is that the historical evolution of Klaksvík is inextricable tied to the institution of community. And now I am in a position to outline the historically-derived factors of importance for Klaksvík's coping strategies.

Over the longer term, I showed that early modernisation on the Faroe Islands did not break fundamentally with the old agrarian tradition. For many years, combined work in fisheries and agriculture was the primary way of life for common people. Combining occupations is still a way to make a living, even though it must be considered a minor activity. Despite the substantial changes in the social organisation of Faroese society, "informal" or "traditional" activities have remained strong, and constitute a powerful resource in the social and cultural renewal of the localities. For instance, many people have the opportunity to utilise land, and they still do have a small boat to get fresh fish on the closest fishing grounds. The exchange of goods and services among friends and relatives remains an important component in many local economies. Another important source of continuity is religion, which still holds a rather powerful position on the Faroes, (particularly those religious movements that were established in the transformation from a farmers society to classical commercialism [i.e., the Home Mission and the Plymouth Brethren]).

The social mechanism behind these structures of continuity is the ability to create social integration based on reciprocity, and, in many instances, they strongly support both market and state[66]. These kinds of reciprocal activities have the great importance for social life, but are even more important for basic economic activities. Entrepreneurship based on family and community relations is still a vital part of the recovery of Faroese fishery-dependent localities (Mørkøre, Riabova and Skaptadóttir, 1999). I will return to this mechanism in greater detail in later chapters. For now, I will conclude that the modernisation of the Faroes has been largely based on the institution of community. The community has been vital in balancing the market, and this fact did not change radically in the period of Fordist modernisation. It is clear that the role of the "Faroese state" grew in importance during the post-war period, but modernisation remained embedded in and reached legitimacy through the balance of power between sector (market) and territorial (community) interests.. It is through these mechanisms of reciprocity, and the strong adherence to the institution of community, that the market has been coped with. These mechanisms have compensated for the absence of a "strong" state (it is also the strong position of community that has sustained the scattered settlement structure). In the following analysis, I will try to further this argumentation more explicit.

Until the economic collapse of 1992, the history of Klaksvík had actually suggested that modernisation was an unproblematic endeavour. The locality had improved steadily, without any serious recession at all, all the way back to the days of classical commercialism. As the reader may remember, more than 25 percent of all Faroese production in the 1950s was generated by one company in Klaksvík, the Kjølbro company. Besides this, a few minor companies as old as Kjølbro's also survived until the downturn of the early 1990s. Such an extraordinary continuity in economic performance, in which the economy stays locally embedded, is clearly a source of local self-reliance. This did not change in the booming period of Fordism. Rather, the contrary was true. The Fordist system on the Faroes made sure that modernisation could continue on the basis of local values, because business remained local, and the fleet and the processing plant were local too. Political entrepreneurship ensured

[66] I did realise through my investigation that even some public institutions benefited from these reciprocal activities through receipt of home-made food, or that it is still common for people to cooperate in constructing

that the locality (and the district) got its share of the seemingly unproblematic growth in the 1970s and 1980s. The relevant question here is what lies behind these mechanisms of continuity and make the Klaksvík example special. First of all, the divided religious structures, with two separate, strong groups, is important. Second, the long tradition of small-scale fisheries and its division of labour with the large-scale fleet is important.

For decades, Klaksvík has been composed of two strong religious groups(not both movements), and hence has been dominated by two different cultures. The cultural significance of the Plymouth Brethren is especially interesting both due to the fact that their congregation expanded much later than the Home Mission (in the period when economic transformation really takes off in Klaksvík), and due to the fact they are organised outside the established Lutheran church. Organisation outside the established structures has meant that they have had to demonstrate their separate place within the broader community. An example is the fact they did not go to the cinema, to the theatre, to football, or other secular activities until at least the late 1970's. There were strict rules for right and wrong. Interestingly, most of the entrepreneurs in the locality have typically been affiliated with the Plymouth Brethren, and they, as Max Weber suggested, have represented the "Protestant ethic" in the locality. Their cultural Puritanism, but economic discipline, can be explained by the simultaneous need to be distinct and to manage on their own. This suggests that their major advantage is their great experience in self-organisation, and it is from this experience that economic entrepreneurship seems a natural thing to do. With no national "superstructure", they have represented a particular culture of independence that is local in orientation and scope, and this has certainly influenced the cultural heritage of the locality.

There is no doubt that strong religious congregations have created social tensions, and have even driven some people out of the community. But the religious division has also worked as a dynamic incentive, through competition, between the different religious groups. Characteristically, potential tensions internal to the groups have been utilized to strengthen outward-oriented activity. For example, the political representatives from Klaksvík (or the

private buildings, which is a way to overcome the expenses of a strongly formalised market system.

district) in the Faroese parliament have worked effectively together across political and religious dividing lines in finding common grounds to protect or promote local interests.

Religion is important, but the tradition of small-scale fisheries and the division between large-scale and small-scale operations also matters. In Klaksvík, the larger "white-fish" boats have managed to keep their operations offshore in international waters, while the large fleet of "small vessels" and smaller long-liners have operated inshore.. Actually, it is the coastal fleet that has been the important provider of white-fish for the processing plant. This "division of labour" is an interesting aspect of the economic structure in the village, because the different interests have not been in direct conflict.. Furthermore, the strong element of coastal fisheries (longliners and handliners) in the locality is clearly rooted in a long-lasting historical tradition.

What the dominant traditions actually reinforce is, simultaneously, cultural imagination of "the autonomous individual" and a strongly local collective identity. These traditions ensure that the image of the "production centre" against the "bureaucratic centre" (c.f. 6.2), and the view of the locality as a self-managing place. These traditions also ensure that the imagination of the "autonomous" person as "the fisherman", "the captain" or "the entrepreneur". These "autonomous individuals" are clearly considered the ones who have made the locality strong.

The tradition for local mobilisation have not disappeared in the light of high modernisation. A home economics school was established in the 1970's, which has managed to renew itself during a time in which becoming a housewife is no longer an attractive position of life. This tradition was also clearly reinforced during the recession in the 1990's, of which the mobilisation between different interest groups to reconstruct the local culture house is a good example.

What these factors, which are important for contemporary coping strategies, suggest is that tradition plays a crucial role in Klaksvík. But how can tradition be used as a source for restructuring local economic ventures? What are the experiences and institutions that are ca-

pable of managing change with continuity? And how, then, do locals manage to cope with market dynamics? These questions will be the focus of chapter 8.

Chapter 7
Towards the knowledge based network economy - the case of Båtsfjord

7.1. Introduction

With this chapter, the thesis takes another turn. Now I will begin to analyse contemporary coping-strategies in Nordic Atlantic fisheries dependent localities, beginning with the locality Båtsfjord. The point of departure is the fact that the Båtsfjord milieu has become rather well known for its extraordinary ability to maintain, develop and extend its economic activities. As the state has continued to withdraw, and the pressure of global processes has intensified, local self-reliance has grown in importance and become a major factor in the localities' coping strategies. This has not been any easy transformation, and has had its costs in terms of bankruptcies, social instability and personal tragedies. Though, left behind is the fact that today the Båtsfjord locality has established the most successful fishing industry in Finnmark, based on strong network building and mutual co-operation initiatives. This chapter examines *what* kind of initiatives have made the locality so strong, and it intends to analyse *how* these initiatives took off and *why*.

In Båtsfjord "business" is important, and business is what seems to keep things going. In my presentation, I will prefer to refer to the "Båtsfjord-milieu", by which I will accentuate the importance in focussing on the interaction between central agents and institutions within the locality (economic and non-economic). This also presumes a collective understanding between the agents in the form of common goals, experiences or culture to improve business.

The chapter is divided into two main parts. The first one begins with a description of the general situation during the 1980's. Against this background I will go through the most important initiatives made, and describe how the situation changed during the same period and the 1990's. The second part of the chapter is an analytical judgement of the concrete factors that has made the local economy work so successfully and the social mechanisms behind.

7.2. The miserable 80's

As described in chapter 5, the 1980's were bad years for the fisheries-localities in Northern Norway. Båtsfjord, as other coastal communities faced severe problems in overcoming the changing market situation, the downturns in the resource base and a seal problem. The cod-crisis that occurred in early 1989 was the peak of this crisis[67]. One of my interviewees told me about the day yearly in the year when a total ban on fishing in the Barent Sea was announced on the radio because the quotas were used up; and even though people knew the situation was bad, the news paralysed the whole town. The possible consequences suddenly became clear but incalculable. The cod crisis was an extraordinary situation, even in the sense that it also lay bare other general effects of the economic and social structures of the fisheries dependent localities. Despite the fact that the fisheries crisis may not have hit Båtsfjord as hard as for instance many one-company localities, the situation was critical during the 1980's and around 1990.

Since the "Klondike" days of the 1970's (cf. chapter 5) there had been a serious decline in population. The best illustration of this fact was that Båtsfjord had witnessed a decline in population by 12% in the period 1975-1978. In 1975 there were 2,900 inhabitants in Båtsfjord, while they were 2,550 in 1978 (Municipal figures).

Ups and downs in population size are not an unusual feature in the development of a Northern Norwegian fisheries dependent locality, as discussed in chapter 5. What made the alarm-bells ring extraordinary high in Båtsfjord in the beginning of the 1980's was the qualitative dimension of the decline. Through my interviews I realised that the seriousness of the problem lay in the fact that many "old" Båtsfjord families, i.e. who had been living in the locality for a longer period of time, for a decade or longer choose to leave and find better opportunities in the south. These families were well integrated in the local social system, and were considered crucial for the stable functioning of local life. The problem is that when these stable local families leave, it can have a cumulative negative effect. This

[67] on the fisherycrisis in Finnmark, see Jentoft (1991); Arbo & Hersoug (1994a and 1994b)

process was explained to me by the Mayor of Båtsfjord and others as a situation of "exchanging good ideas". When one family gets the "good idea" to leave, there is a serious risk that neighbours, some relatives or very good friends get the same idea. This fact I regard as one of "breaking stability", by which I mean that the crucial socio-cultural networks that knit the locality together begins to loosen up. And when one of the centres in the network breaks up, the others become weaker and may end up the same way. The simple reason is that *these families make stability in a locality characterised by high mobility.* So when one of the "stable families" leave, this is a situation that must be taken seriously.

As argued in the introduction, the decline in population cannot just be explained as a direct consequence of the decline in the fisheries sector, but has to do with the process of modernisation in general. There is of course some truth in the fact, as one of my interviewees explained, that when things are booming in the south (as they did in the 1980's) and there is a crisis in the north, the situation becomes extraordinary dangerous. But we also need to take a look at changes in other socio-cultural features to understand the seriousness of the situation. Youth cultures and in particular the question of education and gender and how they are handled are in my view crucial elements for the future of any fisheries dependent locality (Hovgaard 1998b).

Despite the fact that the fisheries dependent localities still lag behind the regional and national levels, it seems that there is a break through towards the educational revolution even in these places, especially in the late 1980's (Vambheim 1993). The trend towards education in Northern Norway and a simultaneous disinterest in the fishing industry is well documented (Gerrard 1993; Paulgaard 1993; 1996a; 1996b; Arbo 1998a; 1998b). In localities like Båtsfjord youngsters seem to leave at an still earlier time in their life, and this makes a real difference. The earlier you leave, the less is the association to a specific place, and the worse for the place to regain these human resources. In many cases the parents choose to follow their children. This may be one of the issues in which distance really is a crucial matter in modern life. Furthermore, we should not underestimate the role of the media-revolution and the extended demands on cultural activities and other modern forms of services in which a remote locality will have difficulties to conquer. An investigation on

youth conditions in Båtsfjord in the late 1980's clearly shows that they miss services related to leisure, they miss interesting work conditions and educational possibilities above primary school (Johansen 1988). These factors are comparable to the situation in the county in general (Aase 1982). Furthermore, the work in the MOST-team clearly indicates that these features can be generalised to youth conditions in the whole Circumpolar region (Bjørndahl and Aarsæther, 1999).

It follows that the situation during the 1980's was a serious one, not just from an aconomic or industrial point of view, but clearly also from a socio-cultural perspective. Modernisation simply had overtaken the developmental paradigm of (simple) Fordism.

7.3. Towards the strategic knowledge based network economy

At the time of the events, the paradox in Båtsfjord during the 1980's was that people migrated and there was a simultaneous decline in the fisheries sector, but the factories also lacked labour. This fact, and the loss of well-established families made it clear for the decision makers of the locality that the industry did not, in itself, ensure stable settlement, hence something extraordinary had to be done.

Over the next pages I will describe some of the most important strategic initiatives taken in the Båtsfjord locality during the latter part of the 1980's and the 1990's in order to improve the economic and socio-cultural standards of the locality. As mentioned earlier, several steps have been taken, but I think it is fair to say that we can distinguish between two different periods in the transformation. These periods do of course overlap, but contain distinct characteristics. The first period is the one in which strategic initiatives are oriented towards the "spiral" downwards in order to stabilise economic and social life of the locality. This phase, which I will refer to as the stabilisation phase, is characterised by single initiatives and a certain spontaneity. The second phase is more characterised by goal ori-

ented action towards the diversification of the local economy, partly based on knowledge intensive development[68].

7.3.1. Stabilising the locality – phase I.

To begin with the problems in Båtsfjord were handled via political mobilization. The municipality council had to take extraordinary steps that could *counter* the trend towards a declining population and be *proactive* towards attracting newcomers, as the leader of the administration explained to me. Not surprisingly, the steps taken were oriented towards cultural issues and, in particular, youths. The building of a sports centre in the mid 1980's was a great event, but special initiatives were also oriented against health, education, the elderly (e.g. care and meeting places) and cultural arrangements. The cinema has been kept artificially alive for several years, because it is considered as vital for the local well being.

To finance the initiatives taken the municipality took advantage of the liberalisation of the credit markets in Norway in the 1980's, but it meant that they ran into a debt-crisis later in the decade as the general decline in the fisheries seemed to continue and the cod-crisis set in. For the same reason, the expected tax revenues did not materialise, and the debt has been a drag on their freedom of choice in the 1990's.

With regards to the business system, the interesting issue is that the general decline turned into a promotion of local entrepreneurship. In 1981 only one processing plant was a truly local one, but at that time the smallest plant was taken over by a local. Though, the new owner had been its manager for 16 years, and the plant has been in his ownership since then. In 1990, after the old Frionor plant (Frionor-Polar) had gone bankrupt, this old state-company in the locality was taken over by a local resident. By this initiative, the present basis of a strong local business-milieu was determined, and since then a very interesting form of co-operation between these three companies has constituted the back-bone of the local economy, a point I will return to.

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[68] The interesting issue here is that the situation in Klaksvík was quite the opposite. The stabilising phase was clearly characterised by an collective consciousness in the critical period, while the following period has been

In respect to ownership of the processing industry Båtsfjord is very different. Today outsiders dominate the general structure of ownership in Finnmark, hence the owners clearly are less committed to the locality as such, of which there are several "worst-cases". The story of the engagement of the Danish company Foodmark at the Nordkyn peninsula exemplifies how wrong things can go if the local engagement is totally missing and vertical integration is the one and only receipt[69]. Local ownership in its "modernised" form is therefore a factor that must be seriously taken into account as an element in explaining the successful business ventures in the Båtsfjord locality. At least I will claim that this is a factor that helped to stabilise the local economy and the locality more generally.

The third factor that helped to stabilise economic and social life in the locality were events on the international political scene. Back in 1987 an extraordinary strategy changed the situation for the fishing industry for recruiting labour. The Båtsfjord milieu, i.e. the main economic agents and the municipality authorities together worked out a plan to have Tamil refugees sent to Båtsfjord. I was told that people in the ministerial corridors got something to think about when Båtsfjord municipality in the mid-eighties applied for their legitimate number of the refugees. To send refugees that far north had probably never entered their minds. Nevertheless, the basic elements for successful integration were there in the form of housing facilities and work. And today (i.e. the time of my visit) around 10% of the population in Båtsfjord are Tamils, of which the large majority work in the fishing industry[70].

Changes in the international system were also fully utilised as the Båtsfjord-milieu found a way out of the cod crisis in Finnmark. There was a certain tradition for local co-operation with Russian interests since 1987, but as the Soviet Union was falling apart, and the borders opened, this became a way out of the dramatic lack of raw material. The Russians came in desperate need of hard currency, and in Båtsfjord the processing plants discovered

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one of spontaniety and feeling one's way through (see later chapters).

[69] This story is told in a student-report from the univeristy of Tromsø with the expressive title "Bankrupt at last". It is an unpublished report, but does unfortunately not have any author-description. See under "unknown" in the bibliography. For other recent examples, see for instance Apostle et. al. (1998).

that dollars could be changed for fish. A whole new market was created as the Båtsfjord plants began to buy cod from Russian trawlers. Soon the idea spread all over the region, eastern Finnmark especially, and at least at the beginning this idea became a way to overcome the stagnation in the fisheries in the region (Arbo and Hersoug 1994).

The policy initiatives of the 1980's, the changes in the structure of the business system, and international events helped stabilise the locality. The Båtsfjord milieu started to become known as a locality that managed, and the locality also attracted people from other crisis-ridden fishery dependent areas in for example Denmark and the Faeroe Islands. At the beginning of the 1990's the population seemed to stabilise at around 2,500 inhabitants. Maintaining a population size around 2,500 inhabitants has since then been a crucial issue in the policy of the Båtsfjord municipality, as this is seen as a precondition for maintaining a dynamic and attractive social environment[71].

The spiral downwards was broken around 1992, and the size of the population increased again, but it is still a difficult task to maintain population around 2,500. On the other hand, if we compare Båtsfjord to other fisheries dependent localities in Finnmark, it must be considered successful just to maintain population size. As described earlier, many fisheries dependent localities have been deserted, and for many different reasons. One comparable locality to the situation in Båtsfjord is the locality Berlevåg. It is situated at the same peninsula as Båtsfjord, and in 1950 these two localities had approximately the same population size (1400), and both localities profited from the expansion that took place until the beginning of the 1970's (though Båtsfjord grew more than Berlevåg). Both localities reached their population peak in the mid-seventies, and both suffered from a serious decline in the 1980's. The crucial issue is that while the decline in Berlevåg has continued during the 1990's, the situation has stabilised and also improved in Båtsfjord. In 1997 the population size in Båtsfjord was twice the size as that in Berlevåg (2547 against 1273)[72]. In this re-

[70] Today the situation has changed again, as many of the Tamils have left. One reason for this is that the youngsters now move for education, and the parents typically follow. Many have put by, so they now can afford houses in central areas.
[71] Mayor of Båtsfjord in his speech in a MOST-conference in Isafjørður, Iceland, march 1998.
[72] Figures from Båtsfjord municipality.

spect Berlevåg is a typical representative of a fisheries dependent locality, while Båtsfjord is the clear exception.

The initiatives made in the 1980's have been crucial for the stabilisation of the locality, because they made it possible to carry out further initiatives in order to improve the situation. What has happened in Båtsfjord during the 1990's is the interesting issue in order to understand its present success, and in particular business strategies were crucial.

7.3.2. Socialising business strategies

As should be clear from the above, the dynamic element in the Båtsfjord locality is clearly centred around the activities of the processing plants. Their success is the foundation for investment in other areas, and this is particularly important for the co-operation between the three local ones. The Westfish-Aarsæther plant is to some extent involved with co-operative initiatives, but it is owned by outsiders and is primarily part of a larger concern, and it is the interests of the concern that counts. Though, they see the advantage in co-operating on specific issues, and they do so, as for instance in the fish-net project (see later). This section concentrates on the activities of the locally owned plants, because the ways in which they have managed is crucial to understand the social dynamics behind the local economy.

The plants primarily work as single entities with respect to the national and international markets, by which I mean that *they have independent strategies of vertical integration.* By vertical integration I mean that all the plants have bought shares in trawlers and coastal boats to secure the intake of raw fish. There are of course differences in the forms of vertical integration between the companies, and these seem to be a matter of scale. The largest company invests most heavily in trawlers, while the small plant relies more on the coastal fisheries. Nevertheless, the Båtsfjord economic environment has through their purchase of concessions and their investment in vessels managed to build up the biggest maritime business environment in the Finnmark region. Each of the companies have strategies of their own in relation to the international market, i.e. they have different major products, they

have different purchasers, and they have different relations to sales companies, as also described in chapter 5.

A second issue of great importance that should be repeated here is that the companies improve their products by *improving technology*. All the processing plants have improved their physical surroundings and invested considerably in new equipment, e.g. in new freezing technology, in new advanced flow lines and new forms of process-management. The investment in new technology is a recent phenomenon, at least in the two smaller plants. As they explained to me, they did not invest heavily in order to overcome the recession in the 1980's. They see this fact as one main reason why they are the only plants in Finnmark that have never gone bankrupt.

These examples of vertical integration and technological improvement clearly show that hard capital is not directly a short supply in the locality. Furthermore, these plants manage to build up a surplus that is a precondition to extend activities beyond the central activities (i.e. fish-processing). But the way in which the hard capital becomes extraordinary productive for the business-system of the locality is through a process of social capital building that builds on principles of *horizontal integration*. Horizontal integration between the business parties is crucial to understand how the locality works, and it is performed by mutual co-operation and networking, which the companies have managed to build up as *supporting functions towards each other*.

One of the first and best examples on this form of supporting structures is the exchange of raw material between the companies. The situation for a processing plant, simply speaking, is that sometimes you have to much raw material of for instance one specific kind of fish, or you may miss some specific sort. This can be troublesome, since you may easily get into a situation where you can not meet market demand. But, when you are in trouble because you miss 3 tonnes of some particular sort of fish, or because you have 3 tonnes you can not process, you phone your neighbours and asks for help. And they usually can! The next time it may be you that is the supportive one. And so the process goes on. This exchange of fish goes on as a pure informal activity, based on the principles of reciprocity, because, as they

say in the business-system, things turn out to be rather equally distributed in the long run. Furthermore, the mechanisms of unconditional trust involved in this informal system saves expenses to build up a bureaucratic control-system.

This tradition of reciprocity is also useful when you for example misses spare parts. The processing plants use the same Danish/German/Icelandic equipment, and therefore it is a clear advantage to cooperate in purchasing spare parts. Or when your truck is broken when it is most needed, one can probably be borrowed from one of the other plants, etc. Some of these relations have developed into formalised co-operative projects, especially by utilising the advantages of IT. An IT-network called "Fish-Net" between the companies has been established to formalise the supporting structures as for example in the case of a common spare part store, on a mutual security system between the companies, on initiatives to promote health-issues, etc.

The activities mentioned are a part of a larger story, but the point to make here simply is that *the supporting functions are based on simple mechanisms of trust and reciprocal interaction.* Due to the positive experiences from the first informal supporting functions the companies today have built up a *tradition for mutual co-operation* that helps to cope with market pressures. In this *process of institutionalisation,* they have learned that *the market is something out there,* not inside the locality. This means, that there are some clear rules for when you compete and when you cooperate. Furthermore, these mechanisms also explain why the Båtsfjord-milieu is doing extraordinary well in taking advantage of the Schumpetarian state. And they are also the basis for what has happened in the second phase of differentiation and knowledge based development.

7.3.3. Differentiation and knowledge based development

The tradition for mutual co-operation, trust and reciprocal interaction among the companies is one main reason that further steps towards a knowledge-based and differentiated econ-

omy have been taken[73]. Around 92/93 the local economic infrastructure is clearly more stable, and the tradition for co-operation and mutual interaction is heading in another direction. It has diffused around the locality, and several of the concrete initiatives now involve larger parts of the economic and social structure of the locality. In particular there seems to be a stronger interconnection between economic and political strategies[74]. In this section I will continue to show the progress of the local economy, by pointing at the initiatives taken during the 1990's, which clearly indicate that the local economy now is more stable and is being differentiated by post-fordist initiatives.

Two concrete initiatives have proved to be extraordinary important for the development towards a more knowledge based and differentiated economy. The first one is the founding of a local educational and development unit in 1993, "Båtsfjord Opplæringssenter AS" (BOAS). The other one is the establishment of "Båtsfjord Industrier AS" (BI), a common local company that began to operate in 1995.

Båtsfjord Opplæringssenter AS (BOAS) is organised as a co-operative organisation between several local agents. In 1993 they started with 19 shareholders, and today they are 22, and besides the municipality, all from the local trade and industry. The municipality began an educational unit back in the beginning of the 1980's (called Bårut), in order to improve the poor local standards of education. This initiative did not work as well as intended, but at the time of my fieldwork, the person in charge was in principle the leader of both these initiatives. In practise they seemed to work as one unit, and they will be treated as such in the following.

The primary activity of this centre is to prepare education, in-service courses and projects in order to rise competencies in the local economy. In 1998 I had the pleasure to meet the leader and the 'entrepreneurial spirit' behind the centre, Torbjørn Tangen. At that time he

[73] This was clearly confirmed by my interviews, and it is interesting and confirmatory that the forms of reciprocity are used as important arguments when the business-milieu for instance is applying for capital in national development programmes. Some of these projects were kindly presented to me by my informants.
[74] This does not mean that for instance the economic agents in the locality are satisfied with the situation and how the municipality works. In many instances I found that there was dissatisfaction with the situation and that the municipality did too little for improving business.

was the only full time employed. My interview with him was one of the most interesting, since it provided very detailed examples of how the flow of the local network actually worked and was maintained. The activities were numerous, and since my visit they have been vastly increased. Today three people work there full-time, and they still have plans to expand.

Under my visit, much pride was put into explaining the new "Filleting school" in the locality. The filleting school is a 6 week long standardised course in the theory and practice of working in the fishing industry. For this purpose the school has one assembly line at the Havprodukter company at its disposal, and during these weeks newcomers learn about elementary biology, cleanliness, cutting, filleting etc. No one works at the plants, unless they have completed this course. The "filleting school" received a great deal of praise from my interviewees, because for them there were no doubt that these courses had raised the quality of being a worker at the processing plants, the quality of the work itself, hence improved the quality of the product substantially and lowered complaints.

An interesting issue concerning this local centre is its widespread activities on very different levels, and objectives. For one they arrange very different short-time courses as data-courses and courses for truck licenses. At the other end of the scale courses are arranged in co-operation with higher educational institutions, most recently with the University of Tromsø as partners in a project on higher education. This co-operation with the University of Tromsø has the objective to develop competencies within management, administration and project management at the companies. Another example is an inter-municipal project being undertaken in order to advance the recent national reform in in-service training and advanced studies. An inter-municipal project is also under construction in order to rise competencies for immigrants, and they also apply for project money from the Norwegian research council, for instance by applying to be a part of a larger national project on promotion of information and knowledge technology. An international inter-municipal project is undertaken in co-operation with the Russian fishery locality Teriberka. The aim is to raise competencies for Russians who can return and use their skill acquired in their home-town.

As mentioned, most of the courses at BOAS are arranged in order to meet the demands and interests of the economic agents in the locality. To take one example, the Teriberka-project is clearly related to the interests of Jørgensen-Holding (running the largest company, Havprodukter), which has started up a fishing industry there. Who will benefit most by this co-operation, Båtsfjord or Teriberka, still needs to be proved by practice, but this form of internationalisation is new in the local economy, and witnesses the extraordinary activities there.

The use of modern information and knowledge technology is vital for the success of this initiative. The centre has invested heavily in modern communication systems, as in multi-media equipment and a two-way communication system to improve the possibilities for long-distance education. It is also a good promotion for the locality to have its own public homepage run by the BOAS (Internet address: "www.baatsfjordnet.no"). At this address links are to the most vital parts of local life, i.e. public institutions and companies. At the Internet address there is also a link to the local radio initiative, which puts the daily news out on the net.

The BOAS-initiative is a genuine local initiative to rise competencies in the locality, and it works. The size of its activities is impressive, and so is BOAS ability to set new things into action. The same argument counts for the initiative "Båtsfjord Industrier AS", which has as its main purpose to develop and finance ideas of common interest for the industry in Båts-fjord.

The three local companies in the locality founded Båtsfjord Industries AS in 1995, and its very first task was to operate a fish factory that had went bankrupt. This company is "Aar-nes-Bruket", which has the production of salt-fish as its main activity. Aarnes-bruket is run as a subsidiary company of Båtsfjord Industries, and this form of organisation is used in several other instances too. Båtsfjord Industries does, for example, run one trawler, in which the majority of the shares are equally distributed among the three locally owned plants. Båtsfjord Industrier is also a main motive power behind a local service company

(Båtsfjord Havsenter), the main task of which is to operate services for fishermen, e.g. washing-room, café, harbour-facilities and rooms for rent. Another company is a company of building contractors, which runs departments and houses for rent and sale.

In 1997, at the time of my fieldwork, Båtsfjord Industrier had just started a new subsidiary company "Fiskeindustriens Teknologi Institutt", with the primary objective to accomplish development, research and competence projects in relation to technology, and processing development. Part of this initiative is the IT-network mentioned at the end of last section, and is a very clear example of how the informal relations between the "mother-companies" turn into formalised organisations, and furthermore, as in this case, also involve other companies in the locality than just the processing plants.

The interesting innovative idea this company had begun to develop at the time of my field research concerned technological solutions for the processing industry, and they have already considerably improved these ideas. Though, what is important to point at is the philosophy behind this initiative. The words of one of my interviewees were representative of the thoughts behind: "why should Baader or Danish companies continue to make the equipment in our plants, when we can easily do them by our self and probably also better?"[75]. This witnesses how important confidence and self-reliance is for social and economic action, and it also shows what the collective "spirit" has achieved during the 1990's.

The company "Fiskeindustriens Teknologi Institutt" was just starting up at the time of my visit, and it had only one academic employee. It is clear that the innovators behind this institute had great ambitions, and this can be seen from the fact that the institute has initiated and co-ordinates the first phase of a nation-wide initiative to invent a satisfactory technical solution on fillet-cutting. Another idea worth mentioning is an initiative for keeping saithe in sea-cages. The problem with saithe fishery is that it usually is caught in enormous quantities and the quality of the fish at the same time is not at its optimum. The idea is that by

[75] Comparable, it was interesting for me to mention this idea to people in Klaksvík. The reaction typically has been that it was far out to think in these directions at all.

preserving the saithe in large cages, the intake of fish can be better organised and the quality, via an estimated fodder program, can be optimised.

The company "Miljøprosess" is another example of a locally initiated business project, in which the two of the local plants and the municipality still own some minor shares. The production at "Miljøprosess" began in 1993; it is based on by-products of the fishing boats and the processing plants, and they have their intake from large areas of the Finnmark region. Their processing is split between fish-meal, concentrate of protein (main production), fish-oil and fodder for the fish-farming industry, and the company clearly aims at developing new products on the basis of fishery bi-products. Furthermore, by its production, the company helps to solve the adverse effects of the fishing industry.

However, it is not only the big projects that count, if we are to understand the dynamism of the local economic environment. A vital part of the well being of the industry is the undergrowth of service companies that have been popping up in the locality over the last years. Some of them are started by other entrepreneurs, while others are done "the usual way", i.e. as common initiative between the industry or the industry and the municipality, because they are considered vital for the local economy in general.

An example of the first type of initiative is the IT-company Sim-Guard, which delivers ready made technological solutions to the local fishing industry[76]. It has proved the advantage and usefulness of information technology in the fisheries industry by combining the practical problems in the industry with their theoretical skills in order to invent new solutions. As an example, the company has improved the processing lines at the fishing plants in several respects. It has, for example, made a computer based program that improves the intake of fish so the processing is rationalised. As a larger project, the company has developed a programme to improve the piecework at the plants. This program works as an effective piece of control, as it, practically speaking, registers every cut that is done and every piece of work can be registered back to the single cutter. It is clear that such an intensive mechanism of control can be discussed from a human point of view, but it clearly had im-

[76] And the national market too, of course, but this is not the point here.

proved efficiency[77]. Store control and a temperature tracer for the control of the products during transportation to the purchaser are two other examples of IT-solutions ready-made for the needs of the local industry. These are clear examples of a dynamic relationship between the needs of the core-industry and the possibilities of modern technology, possibilities which are locally derived but do off course also have a sales potential outside the locality.

Examples on the other form of service-initiatives are the establishment of the Båtsfjord Health service in 1993 by the local industry and the municipality. The Health Services works with preventive initiatives, information, etc. The local laboratory, which was under construction at the time of my fieldwork, is another example, in which a common initiative by the industry and the municipality is advantageous for all the parties involved. As with most other initiatives, also these companies extend their activities outside the locality, but these activities first of all involve and are based upon specific locally initiated projects.

This rather long description of the "Båtsfjord milieu" clearly shows that this locality is more than just at place adapting to its structural surrounding. The Båtsfjord case exemplifies a highly pro-active business milieu and the advantage of mutual co-operation between business, policy and the locality at large. With only 2,500 inhabitants Båtsfjord contains many of the characteristics of a dynamic innovative environment, i.e. a basic industry (the fisheries), new high-tech companies (Miljøprosess) and an undergrowth of service-companies (Simguard etc.). As stated early in the chapter, in Båtsfjord business is important, and as a passing remark it is of course in Båtsfjord that you can find a home-page created in a fishery dependent environment with the only objective being to discuss inventions and how to complete them[78]. Anyway, my description makes clear that besides a dynamic business environment, policy plays a crucial role. But it is a complicated mix, and this is

[77] As I visited one the processing plants I was introduced to this programme, and I must admit that i disliked the control-mechanism that it contained. I also discussed this issue with the manager, but his contrary argument was that the people who made the cutting in general were satisfied, because they had the extra wages. And if they wanted to quit on the cutting-line there usually were room for them at other tasks within the company. He told that it was not unusual that some people consciously took some years along the cutting line, simply to put by.

[78] See http://www.ideopp.no

precisely the idea, because what is created is a dynamic network of interdependent but mutually cumulative social resources.

7.4. Flexible Fordism - the new social organisation of the local economy

What do the many strategic initiatives described in the last sections tell about the locality of Båtsfjord? First of all they tell the story of an extraordinary pro-active local milieu that goes far beyond any logic of economic orthodoxy. It also tells that during the 1990's Båtsfjord locality has rejected (simple) Fordist modernisation, and is by now heading towards a differentiated and knowledge based economic structure, a transformation that is clearly based on flexible solutions in social forms of organisation. But I would consider it wrong to state that this is flexible specialisation, since *the rejection of Fordist modernisation does not mean the crowding out of Fordist production.* Despite its more sophisticated equipment and specialised products, mass production in the processing plants is still the backbone of the local economy. But it is also more than just Neo-Fordism, since there is room for flexible and innovative capabilities to nourish and grow. Anyway, it is important to catch the essence of this new complicated social organisation of the economy. Therefore I will here further elaborate upon how the economy is organised into a complex network of mutual local interaction.

Before I go on, a short train of thoughts should be entered. I need to make clear that we shall not overestimate the general level of knowledge based development. Båtsfjord is not Silicon Valley, and will hopefully never be. The local standards of formal knowledge are well behind national average in several respects, and it is not at all my ambition to prove or calculate any enormous rise of competencies in the locality. The point I intend to make in this section is simply that there are genuine innovative processes going on, and here I speak of innovations in two senses the word. There are innovations and prospects for innovations in the more restricted technical or management sense of the word. These are simply based on a combination of traditional industry (the fisheries) and new forms of knowledge that are turned into new business initiatives or products by entrepreneurs. In the broader sense, and as indicated above, there are clear innovations in the social organisation of the econ-

omy (social innovations). To some extent these two forms of innovation simply support each other, but it is clear to me that the latter process basically provides the social and cultural resources for the first one and makes it work. Therefore I will concentrate on this one.

As argued earlier in this chapter, the three "basic" companies are first of all entities on their own with independent strategies of vertical integration to manage immense competition at the national (raw material) and the international markets (products and raw material). On the other hand they have learned that co-operation on issues of mutual concern, i.e. horizontal integration, is a way to match market demands. In practice this means that *the leaders of the processing plants have learned networking as a rule of conduct.* My investigation shows that this fact explains much of the successful ventures, and what this means is that *co-operation and competition in the business environment is like two sides of the same coin.* "We have learned that the market is something out there, not in here", as one of the industrial leaders explained to me.

As should be clear from my description in the foregoing section, it is one of the characteristics of the local economy that new organisations or projects are made in common by different other organisations. The co-operation between the local plants is the important starting signal, while the learning capabilities of the plants have become advantages of the locality at large because *the same principles of vertical and horizontal networking explained in section 7.3.2. are simply transferred into the other initiatives.* Therefore, the recipe of a network which works well, is that it is based on an independent organisation in the sense of freedom to manoeuvre, but knitted into the network as a *provider and receiver* of common resources. It is clear that the larger companies are important centres of the network, but what seems to matter for the functioning of the net is the *purpose* of the initiatives and how they fit into the network at large. New centres, for example the laboratory or the Båtsfjord Industrier to mention two very different cases, are put into the network because of their purpose for the social organisation at large. And what seems to matter here, is that *new centres turn by as common initiatives by other centres.* Just to exemplify this, the saithe-project can be mentioned. It is first of all a co-operation between nine different centres in the local network, secondly it involves policy-levels (municipality and county)

and national institutions (science; capital)[79]. But the basis is in local reality, the local organisations/institutions and the combination of these (network), which furthermore ensures that the economy continues to be locally embedded. The advantage of this is that you get a wealth of structures and centres in the network that work in co-operation and independently from each other at the same time. This gives enormous room for flexibility of action and interaction, which again is a precondition for local knowledge to flourish, but also gives the network a certain strength. The strength is that the network can tolerate that one of its centres is broken without itself being dissolved.

Thus I have demonstrated the importance of the network to get the local economy work. Its basis is Fordist production, combined with an impressive ability to create new, flexible and technologically advantageous ventures. The best term I can find for this new form of local reembedding is *Flexible Fordism*. Flexible Fordism is made practically workable by the local network, and in foregoing sections I have given a wealth of examples on how its practice works. The more substantial question of why it works will be extended in the following.

7.4.1. Båtsfjord Inc. – The coping-strategy of Båtsfjord

In the locality of Båtsfjord there has been build up a dynamic social environment centred around a core of local entrepreneurs and a pro-active municipality, made strong by a wealth of different coping-strategies, ranging from innovative business initiatives as already argued, but also to the buying of a hash-dog or expenses for common local happenings to mention some initiatives not said before. To stay with the net-metaphor, it is obvious that the net in Båtsfjord catches fish. But we should not only be concerned with the fact that the net catches fish. As a matter of fact, all nets do not catch fish, so the interesting question is why this particular one does.

The answer is that behind the wealth of initiatives there is something in common in the form of a "collective". There exists a common agreement or understanding among a domi-

[79] According to papers kindly given to me by "Fiskeindustriens Teknologi Institutt AS".

nating group of people in the locality concerning what basic values to build local initiative upon. It is in this particular usage that it makes sense to use the phrase of a collective coping strategy. What is this coping strategy then? Here the statement of one of the business leaders in the locality is expressive. A few years ago, in the newspaper "Finnmarken"[80], he stated that:

> "our plans are to serve Båtsfjord Inc. We intend to make a common lift in which no individual only earns. This, to maintain the activity of the locality" (my translation).

The statement is in full harmony with the content of my interviews and confirms the impression of Båtsfjord as first of all a "business-community". But there is more than "pure" business in this, as I here mean "community" in the classical sense of the word (cf. chapter 2), i.e. as a local fellowship in which "A/S Båtsfjord" simply is the purpose and main idea behind successful practices. To serve A/S Båtsfjord is not something that one thinks about in every instance or action made. It refers to the "coping-part" of coping-strategies, as coping refers to the inbuilt and often tacit experiences of the people within a locality (cf. chapter 1). In other words, the many different strategies in Båtsfjord have a common fixpoint in the form of collective identity and tradition. The dynamic network is kept going by an active building up of genuine local institutions and identity, based on concrete social experience. This experience is the forms of reciprocal interaction, or social capital building, that have proved to be successful for business life in the locality. In the following I will argue why this has turned out to be a successful strategy.

7.4.2. The crucial factor – building linkages

In chapter 5, I argued that the past did not play any major role in the constitution of Båtsfjord locality, which in particular could be explained by the high mobility of people. So it may be paradoxical to state that tradition and identity actually have a crucial role to play. But this depends on the ways in which traditions are created and recreated, as argued in chapter one. What I realised in my discussion with leading personalities in the locality was that, at least, the nearest past did actually have a crucial role to play.

[80] Finnmarken 12/07-1997, here cited from Fitje (1999).

Many interviewees pointed at the fact that people had always moved in and out from Båtsfjord to make business (to create their own businesses or just to earn some good and fast money). In other words, they made a virtue of these historical social occurrences. They also typically referred to collective experiences of importance for the locality in general. For instance did many point to the fact that the construction of the main road and the local airport was based on local mobilisation in a period when national authorities were not willing to make the needed investments. And they also pointed to the importance of the construction of a common freezing-house as the first really good example of local co-operation between businesses, and between business and policy. Most of these initiatives took place in the late 1970's, a period in which dramatic changes occurred at all institutional levels.

The events just referred have created the first experiences of successful collective action, and the referring to these events exemplifies the active interpretation of the (nearest) past as a source for contemporary action. The wealth of examples given in previous sections exemplify the further active institutionalisation of a common local identity and tradition. And this institutionalisation works as a common source and guiding line for contemporary social action.

The decentralisation of the state is clearly one element in this, but it still is the way in which the re-organization of the economy has worked that best exemplifies what kind of logic is behind local strategies. The important successful experiences with co-operation between the companies were based on the informal relations between the companies, which later on were turned into real organisational structures. The crucial issue here is that the reciprocal forms of social interaction have continued within the organisational structures. One example is that the decision makers meet often, simply because their interests overlap greatly. They meet at board-meetings, at project meetings, at specific events or arrangements or at specific meeting forums (Friday-lunches for example). In these for a information flows, common problems and initiatives are discussed, criticised, and also decided upon.

Of specific interest in all this is the old organisation of "Kjøpegruppa". Båtsfjord Handelstands Fiskeriforening (Kjøpegruppa) was originally established in 1946 as the common organisation for fish-buyers in the locality, but is now more a common interest organisation for local business life in general. It is in Kjøpegruppa that the important decisions regarding the future of the locality are made, probably also more important than the ones made in the municipal council. The municipality is represented in Kjøpegruppa, but first of all it is dominated by the leaders of the local plants (one of them is chairman). Kjøpegruppa works as the central forum for the exchange of meanings, ideas and common decision making among its members. Despite the fact that the members of the group claim its informality in planning and initiatives that turn by, it is both expensive and binding to be a member of the group. It is clearly expected that members follow common decisions, and it can be rather expensive to participate. It is in Kjøpegruppa that the "big" decisions are made concerning new business initiatives, but it clearly has a wider objective too. Kjøpegruppa has been actively involved in many cultural initiatives in the locality, as they have invested much in local sports life; they have financed festivals and put money into social purposes. I will not try to establish the picture of a good Samaritan, because business is a tuff game, not the least in Båtsfjord. I simply want to point to the fact that the business-milieu has realised the dynamic relationship between economic action and wider local affairs to be successful. Kjøpegruppa is the manifestation of these interests in the one and same organisation. But Kjøpegruppa is also an institution, as it is representing the dominant collective identity between the different interests and parties in the locality, and it seems to be the only institution with a long-standing local tradition to build upon.

The dynamic reciprocal relations between business leaders, municipal authorities and other leading personalities make sure that their form of conduct is continuously reinterpreted, while, at the same time, the central binding to the immediate past is maintained. The central bindings to the immediate past concerns the importance of local ownership, local decision making and control, and now also the reinforcing experiences that self-reliance itself creates. In this processes the "Kjøpegruppa" has turned into a vital institution.

What the many strategic initiatives in Båtsfjord also prove is that internal linkages do not make any difference them selves. The many initiatives made by internal linkages are only workable by linkages outside the locality, partly ignored in my description. In the following I will therefore try to exemplify the important of these outside linkages.

The first and most vital outside linkage is the Schumpetarian State (cf. chapter 5), which the Båtsfjord-milieu seems to have been particularly good to take advantage of. Institutions like SND, SIVA and NNV play a specific important role in the local development towards a knowledge based local economy[81]. To mention some important examples, SND and NNV have put a considerable amount of money into the company Båtsfjord Industrier. The most recent building in the locality, which was on the drawing board under my field-work, the "House of Industries", is financed by means from SIVA. For ordinary banking the fisheries is typically too risky a business to get involved with, so these institutions first of all provide the needed hard-core resources (money) to get things started. But they also provide assistance on many different issues as technical skill, administration, knowledge, etc. Though, what I will maintain as a basic argument is that these national or "objective" resources still need to be activated by social action at the local level to be productive at all. Also in this respect outside linkages seem to important.

One reason is to be found in the attitude of the business leaders. They are themselves not highly educated, but they have clearly seen the advantage in attracting highly educated personalities and have managed to attract educated persons around them and their respective businesses. Furthermore, this seem to be an cumulative process, since one highly educated person is a good source to attract others. One example of this is a hand-picked personality from the university-milieu in Tromsø, who himself has convinced at least two others to come to Båtsfjord. I had the pleasure to meet some of these people, and it was obvious that they were attracted by the content of their work, not the locality itself. They had considerable freedom to work independent within a team or a group, at the same time as they had interesting and innovative work-tasks.

[81] SND is Statens Nærings- og Distriktsutviklingsfond; SIVA is Senter for Industri Vekst Anlegg; and NNV is Nord Norsk Vekst.

Another important aspect is the position of the local leaders in the national and international community. The local business leaders have managed to get rather important positions in different national organisations regarding the national fishery-system, and they have good personal contacts in many different national and international forums. These positions and contacts are important, because they provide vital information and personal influence which easily can become a comparative advantage. Interviewees both inside and outside the business environment clearly mentioned this influence as a part of the success. Story also tells that central government people speak as much with the industrial leaders in Båtsfjord, as they do with the municipal authorities. As an example, the influence of the industrial group was unquestionable for the recent rebuilding of the local airport. The national authorities were unwilling to continue regular services to Båtsfjord, but the leadership of the "Kjøpegruppa" arranged meetings with the minister of transport, and they were a main motive power in the extensive job that was done by many locals to legitimise the usefulness in extending the capacity of the airport (see also Fitje 1999). The new airport was completed in 1999.

7.4.3. Future prospects

This chapter has gone trough at wealth of examples on how the local economy in Båtsfjord has managed to be restructured and also extending its activities in a Post-Fordist direction. An extraordinary entrepreneurial activity within a complex network of business interests, municipal authorities and other local interests have made an extra strong local business milieu. I will not repeat the arguments already made, but only make clear that the institution of community has strongly improved its importance for the survival of the locality. The reciprocal bonds of community have been particularly important to nourish social and cultural capital, and they work particularly in linkages with the institution of the state (inside as well as outside). But there are dangers in any well-being, and the community of Båtsfjord still has many obstacles to counter.

The first set of problems to mention is the dispersed social environment, pointed at in chapter 5 and earlier in this chapter. I think this is a consequence of the functioning of the local economy, as it seems to be rather dependent on having a great deal of causal labour as a buffer in the economy. This is witnessed by the great flow of people that come and go. Such economic mechanisms can have as their unintended consequence that people are marginalized. One example is the Tamils, who clearly were economically integrated, but it can be questioned whether they were socially and culturally integrated. But the worst case clearly is the situation of the youths. The material from the MOST-group clearly has Båtsfjord as some kind of "worst-case" (Bjørndal and Aarsæther, 1999). I have particularly interpreted the material from Klaksvík and Båtsfjord[82]. In Båtsfjord there seem to be a pretty large group of youngsters who feel comfortable and like their home place, but it was striking how dissatisfied and even marginalized another large group of the youngsters seemed to be. In my interpretation of the material I found it striking how little they related their own experiences of life to those of the same "Båtsfjord-milieu" that I have been investigating in this thesis[83]. The downgrade could also be witnessed by the standards of the schools, who compared to the general Norwegian standards, were claimed to be in a pretty bad shape. The municipal council did not seem to have any clear strategy to contradict the strong tendencies towards violence and criminality in the village, a tendency that clearly was reflected in the youth material. It rather seemed defensive in its planning, as for example in their plans to close down the youth-house, as was a theme at the time I was there. This says that youth-policy and the integration of youths into the larger community is probably the most urging problem to settle in the years to come. The investments in sport activities are good, no doubt about that, but I am not sure that these kind of socio-cultural investments reach the marginal groups.

Another set of problems concerns the functioning of economic life itself. The strong integration between the different parts of the Båtsfjord-milieu ensures that resources do not unhampered flow out of the locality, but it may work protective towards market pressures and changes. It can also prevent new agents to enter, or exclude those within locality who

[82] I would like to thank Bjarni Mortensen for helping me decoding and interprete these data.
[83] This was also clearly a feeling I also had with me from my visit there.

do not fit the dominant coda. This was something that I clearly had a touch of was apparent in the local milieu. Furthermore, a too strong dependency on "fund-raising" from the state may also prevent one from seeing changes and demands in the markets. The danger is the one of 'lock-in'; i.e. one in which the local environment becomes too occupied with a certain predefined path of development. A danger in this same vein is the adherence towards local orientation for the working of the local milieu. This became visible when one of the companies had decided to sell a great deal of its shares to an outsider to get assets for other investments outside the locality. This clearly made the environment 'nervous', and people feared that the local synergy was threatened and starting to break up. Until now these dangers have mostly been unfounded, but the examples witness the weakness of a young tradition to maintain stability, but at the same time constantly be ready to create change.

Though, the crucial problem in Båtsfjord by now is to break the distance between those "integrated" and those who are marginal in the community, in particular the marginal youths. This requires a deliberate policy in which new links are created between economic life in the locality, the school system and the municipality. Many of the cultural projects that I have mentioned have been oriented towards the development of technical skills or "safe successes" as sport activities, for instance. What I would propose is an inward-oriented long term strategy, in which local youths learn more about the prospects and possibilities in their own environment. The recruitment of people for the "exciting" jobs is oriented out of the locality, which probably has to do with the fact that youths leave at an early stage of the their life-time. One obvious direction would be to establish an upper secondary level, for instance in co-operation with other municipalities in the area[84]. But still, it is important that the process starts at the primary level. The ideas mentioned here are of course at a very preliminary stage, but the point is that one precondition for the young dynamic tradition to maintain its synergy is to involve broader strata of the population more actively.

[84] Surprisingly, this is actually what seems to be happening, and not surprisingly as an initiative from the "Kjøpegruppa".

Chapter 8
From hierarchy to flexibility
The case of Klaksvík

8.1. Introduction

Today, nearly eight years after the collapse of the Faeroe Islands' economy, it again seems to have recovered. The debt burden is considerably lower than it was only a few years ago, and people are returning to the Islands in ever greater numbers (Rådgivende Udvalg 1999:40f and Hagdeildin 2000). As with the rest of the Faroese economy, the local economy in Klaksvík has recovered too, though it is still undergoing a phase of uncertainty and "feeling its way" towards a new form of economic organisation. But from experience we know that heavily dependent fishery-economies are unstable and have great up- and downturns. The present period of progress therefore only provides a breathing space of reduced uncertainty, e.g. by differentiating the economy, creating anti-cyclical mechanisms, improving education and learning capacities, etc. My contribution to this broad issue, as argued earlier, is to extract knowledge from the actual practice and experience of social life. And even though the eight years of transition and crisis badly affected the social structure and social life, they are also stories of new prospects, new possibilities and new ways of socio economic organisation. This latter objective is the concern of this chapter.

The locality of Klaksvík tells an extraordinary story on how local coping strategies become activated. This story is in particular interesting in the sense of the dynamic mutual relationship that originated between economic action, policy and community in managing the pressure to restructure. The following sections is my analytical estimation of what happened in the locality during the period of recovery, and in particular it examines *what* kind of initiatives made the economy recover, and it intends to analyse *how* these initiatives took of and *why*.

8.2. From hierarchy to flexibility

As shown in chapter 6, the local economy in Klaksvík has shown stable and continuous growth throughout modern history. The economy has been centred around the activities of a few classical entrepreneurs right up to our times, and the same companies survived their founders up until the crisis-years around 1990. The most fundamental changes in the local economy happened with the introduction of the Fordist structures in the 1960's and 1970's especially, however this did not change the economy from being a basically local one. In this period political entrepreneurship replaced the autonomous entrepreneur as the central agent in local development, while the local economy still remained centred around the activities of the same few companies, especially the Kjølbro-concern. The hierarchy of the autonomous entrepreneur was replaced by the hierarchy of vertical integration, as exemplified by the tying of vessels to the Kjølbro-concern and the integration into a central sales-company.

With the general recession both political entrepreneurship and vertical integration disappeared as the important linkages of the local economy. And despite the fact that the local economy recovered rather quickly, the social costs in Klaksvík were noticeable, as in every other locality around the Faroes. Many families emigrated to other Nordic countries (especially Denmark), there were several personal bankruptcies, and the effects by misuse of alcohol were apparent[85].

One usual reaction to a general collapse is apathy and inability to act, as seen in so many other cases. But this was actually not the instance in Klaksvík, and the situation was, instead, turned into a mutual strategy between vital parts of the local economy with a broad support and engagement throughout the whole community. This shows a strong case of local self-consciousness, and there are some clear reasons that explain this. To show this, this part of the chapter will concentrate on an analytical description off what actions were taken in the locality during the process of restructuring.

It was the closure of the processing plant in the last month of 1993 that finally made people realise the seriousness of the situation and, at least temporarily, Klaksvík was paralysed. Haldrup and Hoydal's (1994) analysis is, in this respect, particularly interesting, because it is undertaken during some of the worst months of the crisis and analyses peoples first reactions to it. They mainly concentrate on how the situation in Klaksvík (and Vágur) affected ordinary people, their hopes and prospects during the worst period. My methodology differs from theirs, obviously in part because my interpretation was arrived at later, but in particular because I have concentrated on questioning those people at the centre of the decision-making.

Even though the strategy of destructive competition was allowed to survive until it, practically speaking, collapsed, one reason why Klaksvík recovered was that the seriousness of the situation was rather quickly realised. Furthermore, they also quickly realised that things could not be managed by the usual methods. Here we need to remember that there was a fundamentally new situation, since there was no way to get the usual public transfers or private loans to get things going. The important external linkages were irretrievably lost, and nor was there a single local entrepreneur, i.e. the typical way of doing local business, that could take over. Despite this fundamentally new situation, the absolute strength of the situation in Klaksvík was that new structures and new initiatives could replace the old ones rather quickly. *This situation was managed by initiatives based on the mobilising of wider parts of the locality*. Internal ones replaced the external linkages, and this became especially evident in the reorganisation of the processing plant, simply because of its enormous importance to the local economy.

My judgements in the following will in the first instance be based on the story of the reorganisation of the processing plant. Thereafter the story will be extended to an evaluation of how the local economy in general has been restructured, and how it actually has turned into a basically new form of social organisation. But even though the social organisation of the economy has changed fundamentally, I will argue that the strong case in Klaksvík was that

[85] The question of social and cultural disruption during the worst period of recession was a theme that was touched upon in many of my interviews, but especially informative was to discuss this issue with people

they based restructuring on an old strategy. This is what I will term as *the coping-strategy of sheer defiance*. This generalised local strategy is, as argued, clothed in a new form of organising the economy which, at its present stage of development, is best described by the term *flexible traditionalism*. What these rather paradoxical statements mean will be explained in this chapter.

8.2.1. Exemplifying coping-practices - the story of the processing plant

From the point of view of the locality, the old strategy of destructive competition was exhausted and only two alternatives turned out to be realistic. The first one was integration into a new company, United Seafood, which was constructed on the basis of agreements between the Danish government and the Faroese home-rule government (Haldrup and Hoydal 1994:188ff; Johansen 1996:5ff). United Seafood actually took over more than twenty of the processing plants diffused around the islands, but they only reopened eight of them. Since then United Seafood has been far the biggest processing company on the Faroes. The other strategy was the *autonomous* one, i.e. a strategy in which the plant was reopened as a truly local one. And practically speaking there was never any doubt that this was the strategy to follow. The question here concerns how this strategy actually was so quickly and, consequently, possible.

As argued in chapter 6, goal attainment is always easier when basic values are settled by common regulation, and this proved valuable in the first dramatic period of restructuring. What happened was that a general agreement among all relevant decision-makers was made that the plant had to continue in local hands. *This common agreement was the starting point*, and most importantly, it became superior to all other alternative arguments. Other value conflicts such as the religious division typical to the socio-cultural system in the locality became clearly subordinated to the common goal. This was not an agreement decided upon in a conventional sense of the word. It should rather be seen as a tacit agreement embedded in a common understanding among the locals on the basis of which actions

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engaged in social work activities.

were performed, i.e. based on historical experiences and local tradition, as will be explained later.

The common agreement concerning the basic purpose meant that local leadership could concentrate on rational planning procedures, i.e. how the autonomous strategy could be managed in practice. For the people involved with the restructuration of the economy the situation was clearly unusual, and unusual steps had to be taken. In a municipality with a long tradition of "independent" economic agents, the first "untraditional" step was that the municipality council took over the role of central co-ordinator of the restructuring process. The municipality simply was forced to do this, because no other 'natural' institution was there to handle common affairs, which in itself proves the importance of a local political system. But they first did so *after* the leadership of the Kjølbro-company clearly had stated that the company was unable to recover by itself. The leadership of the municipality then took the initiative to invite the unions, local entrepreneurs and other local leaders into meetings to discuss the seriousness of the situation. It was this and the following meetings that put a rescue plan into action.

An urgent issue for the decision-makers was the needed to act quickly. Experience told them that the longer activities are closed down, the worse it is to get them re-established. Furthermore, the quicker they acted, the fewer possibilities there were for other interests to get their fingers in the pie. Getting the plant to run again was especially important in order to escape the intense attempts that were made to integrate it into United Seafood.

It was in order to manage the problem of time that the second very "untraditional" step was taken. Namely, the local labour unions rented the plant from the Danish credit association "Nykredit", which had bought the building at the compulsory sale. For the first time in the history of Klaksvík, the labour unions were directly involved with industrial production in a larger scale. But it was also clear that this was only a provisional solution until a more permanent one could be established. The immediate rescue plan had the expected effect, and the plant reopened temporarily after only being closed for a few months.

The temporary solution provided the local network with the time needed to find at more permanent one. The result of this part of the rescue plan was that the two worker-unions in the locality invested 3 million D.kr., a foundation made by the local saving bank invested 2.5 million D.kr. and two local entrepreneurs together invested 1 million D.kr. Though, more capital was needed, and now the whole local community was activated. A collection was made around the local households, and people here and there invested a few thousand DKr each. In sum, one and a half million DKr. was raised by this endeavour. Now the capital investments were into place and a new local company "Kósin Seafood" began to operate. The three main investors took the A-shares in the new company, while the many small holders were B-shares. One of the investing entrepreneurs became managing director of the new company.

Compared to the old company, the new "Kósin Seafood" had a very different strategy. Vertical integration disappeared with the compulsory sale of the company's vessels, and – to begin with they had to return to reliance on the large fleet of coastal vessels in the locality. Now also a large amount of the raw-material is bought from the new fish-stock markets that were introduced to the Faeroes as a result of the reorganisation of the regional fisheries system.

During the first two years the "Kósin Seafood" sold their products through the sales company Faroe Seafood, but after Faroe Seafood went bankrupt in 1995 they carried out their own marketing, as they actually always had planned. Now the old integration into one sales-company was also broken, and the company implemented a whole new strategy which included close market contact. The new marketing strategy was closely tied to the personal relations and activities of the two private investors on the international market. In 1995 they bought a substantial number of shares in a former Faeroes Seafood company in Grimsby, and their link to this company, as the managing director told me, clearly was an advantage for Kósin. It made possible a direct and stable contact to the international market and some of the big operators such as Marks and Spencer's. This was simply a comparative advantage that came into being because of the reciprocal relation between strategic actors, in particular regarding the sale of the main products as cod and haddock. In addition to

Marks and Spencer's, the marketing department at Kósin also has contact with purchasers in USA, France and Germany.

In sum, Kósin made the leap from being a heavily vertically integrated company to being an autonomous unit with a clear and distinct global strategy. The first years of its new operation have been turbulent, some of them with a minor deficit, others with a minor surplus. The situation actually still is the one of lack of net capital for reinvestment purposes, to manage market-changes and to improve business substantially. This fact shows that there still is a long way to go to ensure stable progress in local industrial production. This fact also applies to the situation for the local industry, and is also comparable to the situation of the Faroese fisheries in general. Nevertheless, it is important to state, and this was the crucial idea behind local mobilisation, is that the plant remained a truly local company, organised in co-operation by distinct local interests. The interesting issue to follow is how this restructuration actually became possible, but first we will present how the autonomous strategy became a principle in the reorganisation of the entire local economy.

8.2.2. Autonomous restructuring

Even though the reorganisation of the local plant took some time, the fact that it did not stay closed for more than a few weeks had a very positive effect on the surrounding locality. It was not the least important for local self-confidence, and the solution that took shape in each single case were clearly tied linked to the snowball effect that the restructuration of the plant set into being. In some instances the municipality played the role of being "morally" supportive of the initiators, for example by arranging meetings to discuss their plans and the situation in general. But, as a rule of thumb, people engaged in each individual business made their own arrangements with lenders, partly encouraged by the process that was started.

As shown earlier, the Kjølbro company, after the restructuration in the late 1960's, five legs, the plant, shipping business, the slip, the timber-store and the wholesale store. As with the processing plant, the four other legs were reorganised one by one into independent

firms. The fleet of long-liners and one trawler that had been integrated into the concern were taken over by the fishermen themselves[86]. The employees at the local slip had one professional local accountant to help them organise the take over, and it now runs as an independent company owned by the employees. The timber-store was restructured into a family-company, off which some of the family-members had been employed there for years. The wholesale-store was the most troublesome to get restructured, since no-one seemed to have interest or the ability to take over. The result was that the former leader of the Kjølbro concern took it over, simply to avoid that the business was closed down. After having run the whole-sale store for a few months a local entrepreneur showed up who was interested in taking it over. This person still holds the majority of the shares, while a few them are owned by some of the employees. The same principle was used in each case as with the restructuration of the processing plant, i.e. that if you do not start the firm again immediately, then you will probably never do. Others will come in, and then you are out of business.

While I have concentrated on the restructuration of the Kjølbro-company, simply because of its importance to the local economy, it should not be forgetten that the locality, as a fishery-dependent one, is fairly big. There is no doubt about the centrality of the Kjølbro-concern for the economy in Klaksvík, but there has always been a number of other fisheries companies, some of these nearly as old as the Kjølbro-company itself. They have all, by Faeroes standards, been rather large and organised around one person, or two, at a maximum. These companies also had to close down around 1990. They were off course hit hard by the general recession on the Faroes, but for a number of them the situation in the international fisheries also had a decisive effect.

As discussed in chapter 6, vessels from Klaksvík maintained the tradition of operating in international waters, also after the national exclusive zones were established in the mid-seventies. And the serious recession in the Newfoundland fisheries took the foundation away from the small fleet of long-liners that used to fish there for a large part of the year.

[86] The two very important sources of income, the long-distance trawlers, were divorced from the mother-company as soon as the leadership of the concern realised that a bankrupcy could be the outcome, i.e. before

Things turned out differently for the local long-distance trawlers that were used to exploit the Barents Sea. First of all, the Barents Sea never had a resource crisis of the dimension seen in Newfoundland. And, as mentioned earlier, these trawlers were reorganised in good time to escape the closure of the Kjølbro company. The result of a compulsory could easily have caused that they disappeared from Klaksvík, but now they operate as a part of the local company "JFK-Trol". This company has become a true power factor in the locality, since they recently have bought a large number of the shares in the processing plant, i.e. the shares of the two entrepreneurs mentioned earlier. This company has recently adopted a rather offensive strategy in buying up vessels and quotas in different areas of the fisheries in order to increase their activities. Whether this, in the long run, turns out to be a new strategy of re-establishing a system of vertical integration still remains to be seen. But, for the legitimacy around the locality, the important issue seems to be that the owners of this company are "true locals".

Though, the most expansive business over the last years is aqua-culturing. One expanding company is "Faroe Salmon", producing salmon for the European market. They have quickly expanded production, and are now nearly reaching 10000 tones annually. Another fish-farm company with a more vertically integrated strategy is East-Salmon, which besides farming, also has its own hatchery and breeding station. In quantitative numbers, the annual ton of production in the aqua-culture business is today higher than the one in the traditional industrial sector. The smokehouse "Pure Water Seafoods", which has some years behind, has specialised in improved processing from especially the farming industry. They smoke salmon for the European market, but also have a lot of experience in smoking haddock. Now they rely still more on other salmon products, as portions and the like.

Other minor, but more traditional companies have appeared. For example has one company specialised in selling fresh fish, and another is producing salt-fish. A common denominator of all these companies is that they have all been started up in the period after 1992; though some of them on the remnants of an older company.

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the bankrupcy.

All the companies mentioned heavily rely on the international markets, while there, in principle, is no regional/national market to utilise, and as such it can be compared to the situation in the 1930's. The local economy has returned to being a purely local – international one, and all the companies mentioned are within fishing and the fishing industry. Though, one interesting exception confirms the rule, and that is the small brewery "Føroya Bjór", producing mineral water and beer primarily for the Faeroes market. They have tried some minor initiatives to go on the international market to find a niche there, but this is of course a troublesome and dangerous strategy for a "micro-company" in a world dominated by multinationals such as Carlsberg and Heineken. Besides the quality of their beer, the interesting thing about the brewery, compared to the fishing industry, is that they are now enforced to consciously undertake a non-local strategy. In former days, i.e. from its commence in 1888, they were a Klaksvík or Northern company. But, as the present managing director explained to me, "to day this would be our death". The simple reason is that they are not dependent on the international, but the national market, and therefore a strict local publicity as utilised by the fishing industry would have very different consequences. Apart from most fishery and fishery related companies, the brewery has never been bankrupt, but the pressure from the global market is always there and also more urgent. One way to innovate could have been to produce, for example, whisky, which uses the same raw material as beer. But to produce liqueur doesn't fit into the general moral code of the Faroes.

In itself, our description shows an extraordinary degree of entrepreneurial activity among local people, and these entrepreneurial activities have had their effect. The local economy is now back on its feet again, and therefore unemployment is low. The external conditions have been very good, since both catches and prices have been favourable. The positive economic situation has made the debt burden for the municipality less pressing, even though it still is considerably high.

My belief is that the general situation of the local economy is still a very risky and insecure one. The entire industry still relies on the same resource-base, hence it is still heavily dependent on the fluctuations of the international markets and the moods for the resources at the sea. One main problem, as I see it, is that the lack of growth of service-companies only

provides basic support functions to the industry, relying heavily on imported technology, standardised reparation tasks, etc. A major problem for the economy of Klaksvík is that on the product and processing side it is still a strictly non-innovative one. This has partly to do with the less positive side of adopting a conservative strategy as the one in Klaksvík, which I will, of course, return to. My investigation also shows, as argued in the introductory section, that the economy is still in a phase of consolidation and feeling ones way forward. They have not yet reached a second phase, as I argued in the chapter on Båtsfjord. But my argument is that there are some bright spots, on which the local economy can prosper. Only the future can tell how this will turn out, but this reasoning behind this unsteady situation should not prevent us from predicting the direction in which things are going. This is the objective of the next section.

8.2.3. Building networks – towards a new localised business system?

In the previous section I made it clear that the economy in Klaksvík was reorganised in a totally new fashion during the transformation that took place after 1992. Forty years ago its was an economy strongly based on the activities of a few independent firms. The form of organisation was the vertical one, centred on the single entrepreneur, but – especially with the activities of the Kjølbro concern – it was a versatile economy with a widespread spectre of production. During the Fordist period vertical integration continued, but now in the form of a specialised economy, concentrated around the production of a few goods, and – again particularly the Kjølbro concern – with the affiliation of a service-base. Today the economy has taken the leap from being centred on a strongly vertically integrated industrial structure into a structure of small or minor autonomous firms. Klaksvík has turned back to the old stable order in the sense that all business life is localised and based on autonomous entrepreneurship, but everything else has changed and a new local economy is under construction. This is what I will term as flexible traditionalism, and the relevant question concerns the prospect for this new local economy.

I do not doubt that the successful restructuration of the local economy to a large extent is based on the experiences and tradition of the locality that goes decades back. Local people

have managed the old way, i.e. based crisis-management on a strong local devotion and a strong local tradition for entrepreneurial activities. Even though there are some signs of a more stable and innovative economic base, the prospects of the local economy are still bleak. Paradoxically, the reason for this can be found in the same cultural tradition that saved the local economy during the bad years, the arguments for this are outlined in the following.

If we take a look at the composition of the economy, Fordist production is still the dominant one, while other companies have returned to the old modes of production, as e.g. salted fish. Some features of other more modern forms of production are present, and the aqua culture business seems especially promising, including the production at the smokehouse. And, as mentioned earlier, the share of vessels and quotas has also increased in the locality, As such, this is a more diversified and diffused economy than the one dominating the business structure during the period of expansive Fordism. One problem arising from the industrial structure is that Fordist production is still too heavily relied upon, and a decline in catches or prices may have bad consequences, due to the importance of, but insecure situation at, the local plant.

The industrial sector now seems rather healthy, but it is a problem that this situation is not used to perform a more innovative line of conduct, and this, in particular, is a my concern. The simple reason is that the companies in my view are much too small to innovate on their own, and on the other, that they do not utilise the possibilities they have to take advantage of their smallness. One reason for this is that they have not yet learned the art of mutual co-operation beyond simple crisis-management. And since the regional system of innovation is extremely weak, mutual co-operation and mutual learning capabilities is probably the only way forward. It is my clear impression that the companies to a large extent fear each other, and they seem to be afraid of sharing knowledge, experience and other mutual support functions. They do not yet seem to have fully realised the possibilities in building social capital performance, and this fact has also to do with tradition and experience.

As one person explained to me, referring to the experiences of the restructuring of the plant: "Klaksvík was rebuilt on idealism and this idealism proved strong. But as soon as usual reality returned and other difficult decisions were to be made, idealism disappeared". In fact, it can be argued that the same local patriotism that proved strong in order to manage an external pressure, may be a block towards further progress.

One reason for this can be found in the culture of local entrepreneurship. The local culture of entrepreneurship is, as I see it, very much like the classical one. They still have the imagination of an independent "Gründer", who is building up his business around himself and the supportive functions of kinship and friendship. This situation is increased by the situation at the local fishery markets, which is very tough. All the producers are exploiting nearly the same resource-base, and for the same reasons they simply see themselves as competitors against each other. For the same reason they have difficulties in co-operating on for example other issues of common concern[87]. Networking between the companies, at least at the time of my investigation, was actually non-existent.

The more pessimistic view on the local economy can be balanced by pointing at some of the more recent trends in its development. Some optimistic signs concerning the economy can be seen from the period after my field-work, since I have had the possibility to follow the events at close quarters. In this process there seems to be some changes towards the creation of a local business network. Its creation must be seen as a process in its very initial stage, and there still are many paths towards failure. The creation of this network is clearly based on the experiences had during the downturn in 1992, and may turn into a new frame of reference for local economic action, an own phase two as argued in the case of Båtsfjord.

As discussed earlier, the municipal council had an important mediating role in the process that set off in the restructuring process. And even though critical assessments of the ways the policy level is operating can be made, experience told the council that some initiatives

[87] This is contrary to the situation I found in Båtsfjord, in which there clearly was an agreement between the producers on which issues to cooperate and on which of them to co-operates (cf. chapter 7).

had to be made to stabilise the situation. The municipality has for example initiated unofficial meetings among business people in the locality in order to create a common forum for the exchange of ideas, opinions etc. Though, until now it is rather doubtful how successful this initiative has been. Another example is that the municipal council, among others, has put considerable resources and support in attracting an initiative to establish an institute on local and regional research. This initiative has now begun to operate, mainly by means from the Faeroese government[88].

A more visible step was that the municipality in late 1997 employed a returned local personality, with academic background, to work on "development-issues". One of his main objectives has been to start a process of network-building between the different businesses. The most important result of this work is the creation of the association "Klaksvík Export Group", in which ten autonomous firms are integrated in a larger local web. By this joint company, the industry has a forum for the interchange of meanings, ideas and co-operation. Furthermore, now they have a joint forum for common drives towards the international market, e.g. by representing the industry in international business or making arrangements at marketing meetings, etc. The company is a new one, and it still remains to be proven by practice whether it is a way to build up new and healthier organisations to manage the market. The success of this initiative will in my view not only depend on the concrete results of a common drive, but to which extent this initiative may cause further construction of social capital by common networking initiatives at the local level.

From the arguments made her, we can analytically derive at the conclusion that the relation between business and policy is changing, slowly but steadily. Business and policy is not fragmented in the same fashion as it were 15 years ago, since policy is no longer subdue to the destructive logic of the 1980's[89]. But in my view they can be heavily criticised for their lack of political-administrative ingenuity, since common policy goals, priorities and clear localised strategies for the development of the locality are missing, I will return to this in the last section.

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[88] This is a three year starting up project, after which an evaluation will decide on the future of the initiative. And to keep record straigth, it should be mentioned that I have an personal engagement in this project.

8.3. Sheer defiance - the coping strategy of Klaksvík

In the former section I have tried to analytically derive an explanation of what happened in Klaksvík during the process of restructuring and, also outlined an evaluation on the state of affairs for the local economy. In this section I will argue why Klaksvík managed and why things happened as they did. Some clues towards an answer have already been given, but the ambition here is to move one step further in analytical judgement.

The reorganisation and later progress in the economy was, and is, based on changes in the social organisation of the economy, not on genuine innovation in new products or technologies. People in the locality have managed in "the traditional way", i.e. kept the control of economic affairs on local hands. The recovery of Klaksvík clearly shows the fertility of a place in which tradition is crucial. It is for tradition, and in particular the extremely strong adherence towards "the local" that has made the Klaksvík milieu famous and workable[90]. This strong adherence toward the local clearly becomes active when vital functions or issues become threatened, as proved by history and the process of restructuring in the period 1992 – 1996.

Characteristic for the coping-strategy in Klaksvík seems to be, as an interviewee said to me – himself referring to a local personality - that "Klaksvík always works at best in sheer defiance". This is of course a vulgarisation of a complicated reality, but for some reason or another this actually seems to be a common denominator that goes through all of my interviews. Therefore I will argue that *the coping-strategy of Klaksvík is the one of sheer defiance*. What I mean by this is that the activities taking place have to fit into some kind of local code to be workable, and this argument will be extended over the following pages.
The paradox seems to be, how one can survive on "sheer defiance", while everything else seems to have changed. We need to remember that the old vertical order has been replaced

[89] As argued elsewhere, the importance of the informal sector should not be underestimated in this process.
[90] Johan Galtung, who probably has visited so many places on the globe that most others only can dream of, pointed at the strong local spirit in Klaksvík as one of the most impressing on him. This he said at a lecture on Roskilde University in april 1997, 20 years after his visit on the Faroes.

by an autonomous diffusion of independent firms. The subjugation of policy under a destructive economic logic has disappeared, and also the old dividing lines in the locality based on religious congregation has diminished. Paradoxically it seems fair to say that nothing seems to be 'as it was', but still it is. The case of Klaksvík actually shows the strength of locally grounded and traditionally bound institutions which manage to keep their fundamental task, but also keep the capability to adapt to new circumstances. Defiance can be for the good and for the bad, but it exemplifies the "coping" part of coping-strategies, as it shows the tacit or hidden resources that become activated under certain circumstances.

From this follows that my understanding of what happened in Klaksvík during the transformation is that *they based local restructuring on tradition, but they did it an innovative way*. Still, this may seem contradictory, but here we need to remember that tradition is not just something static. What actually turned to the surface during the period of restructuring was the interpretation of the normative dimension of tradition. In essence, this is an example of stability within change, which will be explained more closely in chapter nine. In the following I will concentrate on some other issues of particular importance for the local restructure.

8.3.1. Coping the market - building linkages

No modernised locality works without vital external linkages to the outside world, and it is also clear that the rather large element of the public sector in the locality was an important and vital source of income in the bad years. Here I am more interested in industrial development, and my description of this feature has, until now, mainly been centred on the new internal linkages in the locality. But, actually it was some of the external linkages that made the strategy of sheer defiance workable at all. In my view, four of these external linkages were specifically important for the recovery, two of them rather incidental and workable before the collapse.

The first of these was a parliamentary decision made before the collapse, but it proved extremely important for local management during the period of restructuring and afterwards. This was the change in the financial system on the Faroes in 1990, by which a new law of financial activities made it possible for saving banks to be engaged in the finance of private business (Mikkelsen 1996)[91]. This gave the local saving bank a freedom of action it did not have until then, and this proved helpful in compensating for the collapse of the national financial market. Also in other instances the importance of the local saving bank in local restructuring out of any discussion, and we will return to this issue in a while.

The second issue worth mentioning concerns the year long rights that the long distance trawlers had in the Barents Sea. They were an important source of safe income and employment in hard times.

The two others linkages were specifically vital as they had to do with the sudden appearance of the international market at the local scene.

The first of these was created towards the Danish credit institution Nykredit. Nykredit was financing large parts of the activities of the Kjølbro-concern, and some way or another they were willing to support the local initiatives. This was crucial, because the ways that the restructuring should go along was heavily dependent on the approval by Nykredit. They had financed all the vital buildings, and their decisions therefore were important for the further course. Actually there was a provisional agreement between local decision-makers and Nykredit on the course of action already before the compulsory sale. And as far as I am able to interpret this situation, the *personal relations of trust and confidence between some local leaders and the creditors were of specific importance*[92]. This fact shows how important reciprocal relations are, also in highly market-based system, because this creditor-solution was the ultimate precondition to further the process of restructuring the plant from the initial stage.

[91] This was also clearly confirmed by my interview with the leader of the local saving bank.
[92] I will not go deeper into this discussion because of the sensitivity of the question.

The second issue of importance was the external linkages of the new leadership at Kósin. One of the entrepreneurs had knowledge and experience of the international fisheries' market, which were vital for the establishment of an independent sales organisation at "Kósin-Seafood" and the contracts that they reached. In short, also in this case personal contacts were vital.

As the most vital regional linkages disappeared with the collapse in 1992 the international ones became crucial and were fully utilised. These linkages were created with the international market, by which the local economy actually had been protected until the collapse. The importance of managing the market has not diminished since then, rather the contrary. But the market was, first of all, managed by collective local action, in which regional structures did not have any part. This was made even clearer as the locality of Klaksvík chose to stay outside the establishment of the new fishery system. The locality was left to itself, or rather, chose to stay by itself to restructure. For the same reason, the internal linkages became more important than ever, and the following sections show why this could be done successfully.

8.3.2. The crucial factor – stable institutions

I have already argued that it was tradition that made Klaksvík recover, and my discussion in chapter one made clear that traditions are cemented in institutions. But what do we, practically speaking, mean by this? To provide an answer I will briefly turn back to the interviews.

As argued in chapter six, it was large scale industries that went bankrupt in 1992, while the tradition for small scale solutions and local mobilisation turned out to be the rescue. Both small scale solutions and local mobilisation have a long and intriguing importance within the locality of Klaksvík, and despite the fact that tradition can easily turn out to be an obstacle to change and improvement, it is obvious that it worked innovative in the period of restructuring from 1992-1996.

For me the question of why they managed was an obvious one to rise during the course of my interviews and certainly also in informal discussions around. The answers that I received had the common denominator that they typically referred to the past, i.e. to the historically derived experience of the locality. And it was not just referred to the situation a few years back, but all the way through modern history of the locality. This exemplifies the very strong feeling towards the locality itself, and especially from local leadership. And the important "feeling" or "devotion" is centred on the idea that local development first of all has been built up by genuine local initiatives and local mobilisation. When I asked some of the locals to exemplify these arguments, they typically referred to the important initiatives for the successful modernisation of the locality. They are for example the hospital, which was built on local initiative in the last decade of last century, which in the 1950's involved the locality into a strong international conflict just to protect local rights to decide (Hovgaard and Johansen 1994). They are the constitution of the locality as an independent municipality in 1908, the beginning of the local savings-bank in 1919, the construction of the power-station in 1931[93], the construction of the harbour in 1937, and so on. And typically these initiatives were materialised in the initiatives and foresight of the independent entrepreneurs, especially the business built up by Kjølbro, but certainly also others.

My judgement of this typical reference to history is that mobilisation and personal initiative has become an inbuilt part of local culture and local conduct, and this tradition is actually what became manifest in the period of restructuring, which I will try to exemplify more concretely in the following.

Tradition became an important part of the entrepreneurial activities that turned by in the process. Many of the people investing in local business life had the experience from earlier times, so for some of them entrepreneurship was a natural thing to do. Others made the investment out of simple necessity, as was the case with some of the boats that were taken over by the fishermen and the example of the slip. They were turned into entrepreneurs out of simple necessity, because it was a precondition to maintain their jobs and pay for their

[93] Which costed several annual budgets, but initiated only 2 years after Wall-street as one informant explained to me to express local willingness and initiative.

houses. Some of these have managed to improve their business, but my general impression is that they have difficulties in making further improvements in their businesses. They simply miss the innovative drive in their activities. Anyway, I find this kind of autonomous entrepreneurship important, simply because it was a part of local tradition and could be utilised as a source of action when it was most needed, i.e. to get things to run again. The large fleet of small coastal vessels, in which the "independent" fisherman becomes equal to the autonomous entrepreneur, also expresses this tradition of autonomous entrepreneurship. It was a rather easy affair to restructure the vessels, partly because the capital investment was low, but indeed because this was a natural thing to do. The local fleet of smaller coastal vessels became vital for the intake of raw-fish to the local plant, and therefore the interdependence between fleet and production could be re-established on the basis of horizontal rather than vertical principles.

As mentioned, the tradition of autonomous entrepreneurship was undoubtedly an important source in the restructuring process. The problem – as I see it – is that autonomous entrepreneurs seem to be satisfied to re-establish the old order and manage the usual way. It is not because they do not want to do the best for their locality, but this also has to do with tradition, expressed in the very slow process of building networks and mutual support functions beyond "crisis-management" as argued earlier in this chapter. In global competition and an extended local awareness of "the world around" this can turn into a mental and physical block against further improvement. As I argued earlier, it still remains to be proved in practice in which direction the economy is heading.

Entrepreneurship is important for the survival of any locality, and it also proved important in this case. But the reason why entrepreneurship was successful was because of the network-structure that was created and the presence of a common goal-attainment, as shown in previous sections. The recovery of Klaksvík must therefore be seen as the result of local mobilisation created by an intermix of different forms of actors such as the municipality-council, the unions, the entrepreneurs, the local savings bank, local personalities and also the community at large. To some extent they were all equally important, because a network with many equally strong centres makes structure, which in this case was the embedding in

local tradition. Traditions are also embedded in real formalised institutions (organisations), and two of them are of specific importance.

The first one is the municipality, and the reason for this is already mentioned. The municipality council is an institution for the common affairs of the locality, and history has proved the importance of this. When Faroese Fordism collapsed, the municipal council was the only institution who had an overall responsibility and representativeness for the locality at large, hence for collective action. For the same reasons, policy is crucial, and indeed crucial for a place like Klaksvík, despite the fact that also the politicians there seem to prefer to diminish its importance.

The second institution is the local saving bank. Its importance in the locality was something that I had not at all realised until I made my investigation. I realised this as I detected that it turned out to be a centre in the network that was created in order to restructure the Kjølbro-concern, but also was involved in nearly all the single initiatives made around the locality. Its importance for the local industry is of recent date, made formally possible by the changed legislation mentioned in the previous section. The immediate reason for its importance was that the local savings bank became the only provider of hard capital. This was crucial, because no other credit-institutions at all on the Faroes were interested in, or able to, get the local economy to recover via their own means. Via the fund that invested in the local plant, via ordinary loans and credits the local savings bank made the local economy workable. The simple reason behind all this is that local well-being is deeply rooted in the practice of the savings-bank, and of course it was in the interest of the savings-bank to get the local economy to recover. It was involved with the financing of large parts of the private building stock, and they knew of course that people needed work to pay their debts. But there are some extra dimensions to this too. The first is that a local savings bank does not make locals bankrupt until every other alternative is utilised. I had some clear examples of this fact, but due to the sensitivity of the question I will not go further into this matter. Another example was expressed to me by a local entrepreneur who did not have the savings-bank as the main connexion. He stated that the presence of the savings-bank clearly was an advantage for him for managing his affairs with his own bank with a non-territorial

obligation. These cases exemplifies an extraordinary dynamic relationship between the bank and the society as a whole, and it seems to work, because the repayment of personal debt is very good, and people pay if they can afford it, while the few black sheep in the flock are easy recognisable. Personal trust between the bank and the wider community is simply the key-word to its successful management. The genuine local embeddedness of the savings-bank does not change with globalisation, but it is clear that a savings-bank of the micro-kind must consciously work on its advantages and disadvantages in the global market, and they obviously do so. Until now they have proved that it is possible to make a well consolidated small business, which has survived for decades in a world of large actors. Furthermore, they are an important piece of evidence on the fact that local embeddedness and successful business is not necessarily a contradiction[94].

8.3.3. Future prospects

Now it is possible to recapture what happened in the locality of Klaksvík during the process of restructuring, and how these processes could work. I have - as in the chapter on Båtsfjord - pointed at the importance of locally embedded interaction by "entrepreneurs" in localised networks, the crucial importance of genuine local institutions (as providers of conventional, social and cultural capital) and a common adherence towards the locality itself. Furthermore, also this case proved how important external linkages are for local coping-practices. And it proved that local re-embedding practises are a multifaceted phenomenon in which there is no predefined direction of good strategies. These are the preliminary assessments of why the strategy in Klaksvík succeeded, and they will be utilised for further analytical interpretation in the comparative chapter still to come.

I will here concentrate on one aspect of tradition in relation to the changes in the socio-cultural system of the locality over the past two decades or so. The relevant question I want to turn to is whether the coping strategy in Klaksvík can survive in the long run. I surely

[94] The role of the savings-bank in local development is clearly an issue that should be investigated more in-dept. In their investigation on Vágur locality Mørkøre, Skaptadóttir and Riabova (1999) also point at the specific importance of the local savings bank in the restructuration of the industrial village of Vágur.

think it can, but some basic points need to be stressed to argue in favour of some missing links in empowering the tacit social capital of the locality.

As with all strategies, the one in Klaksvík has its obvious weaknesses, and it is clear to me that its strengths are also its weaknesses. One danger that I can see is that to some extent the logic of the situation in the 1980'shas been readopted. By this I mean that local policy now again seems to be something that can be managed from case to case, not a matter of wholeness and planning. Furthermore, the improvement of business does, once again, seem to be a question of "hard infrastructure" rather than the nourishing of social and cultural capital. There are some exceptions to the rule, as already argued in the examples of e.g. the fishery association and the local culture house. But, if we take the immense pressure of local cultural values and beliefs from global processes into account, there clearly is a need to counteract these by a far more conscious utilization of political and social resources. I do not believe one can continue to base strategic action on a rather unquestioned support (i.e. normative tradition) from the wider social context, simply because of globalisation.

What local leadership does not seem to have fully realised is that people are not bound to places in the same way they were just a few years ago. The reason for this seems to be the tradition for autonomous action and the dispersed relation between economy and community. During the economic entrepreneurship in the 1930's or the political entrepreneurship in the 1980's, the duty of the municipal council was to provide the best conditions for business, and otherwise leave socio-cultural activities to the private sphere. This is not valid under the reality of globalisation, but in my view only a few minor mechanisms would clearly improve the situation.

To exemplify this, I can point to my investigation among local youngsters in Klaksvík. These findings clearly show two things. First, that they feel very much attached to their locality. Second, that they do not see themselves as a part of that same locality in the future. For example, only one or two boys out of around 20 intended to become a fisherman, and none pupil of more than 30 planned to work in the local fishing industry. Of course this does not mean that they will not be part of their locality in the future, but it says something about the global reality they live in, because they are fully aware that it is up to themselves

to decide whether to stay, leave and/or return. What surprised me a bit was how many of them actually were fully aware that they did not intend to come back, even though they would like to do so. What they intended was to get an education, but they did not see how they could use an education in their locality.

The only way forward, as I see it, is to further diversify the economic and socio-cultural basis of the locality. And in my view, the missing link in getting at this goal is the subordinate role of policy. By this I mean policy as a media for common action beyond "crisis-management", and as a forum for extracting and inventing local initiative to improve local welfare and business. In this respect I find the potential of the municipality strongly under-utilised[95]. One recurrent problem is a well-ordered day care structure, which is a precondition to attract people into the locality, not the least people with a ballast of cultural capital.

The pressing issue is to establish a common policy-framework within some of the most obvious policy-fields as economy, education, youth-policy, welfare-policy. The idea in making such arrangements is not to create a planned society, or just a more dynamos local state, but simply to activate the tacit social and cultural capital that clearly is present within the locality itself[96]. The validity of such a strategy would be that it extends peoples contacts with each other and by this strengthens the power of combined action beyond simple "crisis-management". I see this as a way to build up a new "community" in relation to the global reality, i.e. an inclusive policy that does not abandon the past but actually one which more extensively includes the new territorial reality to further continuity in time. This can diminish the weaknesses of, for example, the small business sector as a relatively open system towards the flows of resources by the strengths of an integrated policy. An obvious part of such a strategy, would be to extend the service-base of the locality, which is only one way to create a more dynamic relation between the further viability of small business system and community.

[95] Another problem, off course, is the extremely weak regional/national political system on the Faroes, but I will not touch upon this discussion at the present time.

[96] But I would like to points at John Friedmann's book on Planning in the Public Domain as an very inspiring source of knowledge to an alternative idea of public planning than the usual rational and functional imperatives. See Friedmann (1987) and even Friedmann (1992).

Chapter 9
Comparing evidence – Explaining local coping strategies

9.1. Coping Strategies in the North – theory and evidence

At the beginning of this thesis I stated that my work concerned the ways in which local people in remote areas of the Nordic welfare states adapted to the pressure from global structures. My argument was that they, despite the penetrating power of the global processes, had the opportunity to choose their own way of modernisation. They were not just non-resisting individuals who passively adapted to changed circumstances on the behalf of some rational calculus. Instead, my argument was that by studying successful practices, it was possible to extract knowledge of what kind of factors made a positive difference, how and why. Important steps in that direction were taken in the two historical chapters, and hereafter by the two individual case studies already carried out. In this chapter I have now reached at the level of comparison, which was the main purpose, outlined in my methodology, i.e. *the level of comparing strategies*.

When I first began my analysis of the coping strategies in the two Northern localities of Klaksvík and Båtsfjord, their similarities were conspicuous. It was easy to see that they shared some general characteristic. They were both known as rather dynamic compared to so many other fisheries-dependent localities, which was the main purpose that I chose them as my case-localities. They were their own independent municipalities, they were both rather large, and both highly modernised. By studying the two localities from the perspective of coping strategies a world of difference was made apparent. The reason for this simply is the way in which an interpretative analysis works, as a marked distinction between most similar or most different cases is rather meaningless. The essence of making comparison is the confrontation between similarities and differences, and it is this confrontation that has made it possible to concretise how and why coping practices take place.

By comparing these very different strategies, we can begin to comprehend why local re-embedding practices work indifferent from national contexts and global processes. The comparison of strategies is achieved by reference to the three factors of coping strategies

analytically extracted in chapter 1 (section 1.4.1). There I stated that a coping strategy is founded on 1) innovative solutions in the economic organisation of the localities, based on 2) intentional and reflexive practices in localised networks and 3) the intermingling of local tradition and new forms of localised experience. By this explicit reference to both continuity and change in the social structure of the localities, I argued that successful coping was obtained in localities that maintained *continuity within change*.

The purpose and ambition of making comparisons can vary. The ambition in this chapter is not just to compare evidence, but also to reach analytical generality, i.e. reach at a theoretical level of abstraction to explain the content and objective of new local coping strategies under global restructuring. To do this I will first return to what is explained as the breakdown or phasing out of the old strategy and the new agenda the localities had to face. Thereafter, I will outline what factors make a positive difference in contemporary coping strategies, by making analytical generalisations out of my findings. Furthermore, the question of the new conditions of local development under global or reflexive modernisation will be discussed.

9.1.1. Changing conditions, changed strategies

The analytical scheme outlined in chapter 4, made it possible to state that Northern localities have gone through some long historical traits, each of them dominated by one institutional order. In the pre-industrial (traditional) period, the community was the dominant institutional order for local integration. It was replaced by the market as the dominant institution in the period of classical liberalism; a period that ended with the outburst of world war two. In the post-war era, until the crisis of the 1970's, modernisation was secured by the stability of Fordist modernisation, in which the state was the main institution for local integration. Today, global transformation has changed the balance between the basic institutional orders, as the state is withdrawing and the market has risen to prominence (cf. chapter 1and 4). This analytical scheme was utilised to make a historical account of the coping strategies dominating the evolution of these localities from traditional to modern communities, and their present transformation into reflexive communities (see 9.1.7). The

analytical generality in the framework made it possible to make clear that *Båtsfjord and Klaksvík have followed very different paths towards modernisation.* Båtsfjord locality represented the analytical abstraction of change, while Klaksvík represented continuity in time and space. Furthermore, in both cases, the dominant institution in each period was to a large extent *balanced* by one of the others. This is especiallye evident in the Fordist period, in which Båtsfjord can be viewed as a model of Fordist modernisation from the above, while Klaksvík exemplified Fordist modernisation from below, due to differences in national institutionalisation of the fisheries, welfare and local policy. The two different ways of modernisation clearly involved different conditions and forms of local coping practices.

In Klaksvík, it was argued, the important institution has always been the one of community. The long historical roots back to traditional society, its tradition for local mobilisation that predates the full introduction of classical commercialism, its continuing economic structures as primarily local ones, the recruitment of people mainly from the surrounding area, the continuing strength of religious congregations and the long intrinsic role of the municipality are the important elements on this fact. Fordist modernisation in the post-war period did not radically change this, as modernisation remained embedded in these same local structures. In the Commercial period, the important balancing institution was the one of the market, while in the Fordist period it changed towards the state[97].

In contrast to the situation in Klaksvík, the institution of community seems to have been rather weak in Båtsfjord, which can be seen from the late settlement of the locality, its very high mobility of people, its rapid changes in commercial geography and its weak traditional institutions, religion for instance. In contrast to the stability in Klaksvík, the historical evolution of the locality is very much characterised by "change". By this I mean that its economy has been predominantly characterised by the features associated with the institution of the market, i.e. the rational and individualised behaviour of economic actors. Also the weak threads of local stability in time seems to be joined to economic ventures, as exemplified by the earlier mentioned "Kjøpegruppa" who has had a living history back to 1946. It is also interesting to see that the company Nils H. Nielsen, which began to operate

[97] Or rather, towards the weak or fragmented state.

in 1945, at that time took over one of the first companies in the locality (Solhaug 1985:32). In the commercial period, the market institution seems to have been balanced by a rather weak community, while it was balanced by the strong proactive modernising state in the Fordist era. It is actually first in the contemporary period that the institution of community seems to have grown markedly in importance in Båtsfjord.

As I have argued earlier the distinction between continuity and change is an analytical one. That Båtsfjord is characterised by change does not mean that stability, or the institution of community, is non-existent. A strong territorial dimension has always been an important part of Norwegian policy, and this fact explains much of the reason why the Norwegian society is less publicly centralised than most other countries. An important facet behind Fordist modernisation was also to create stability in both an economic and social sense of the word. And even though the Fordist system in the fisheries did not prove to be as stable as its proponents had hoped, its fluctuations could somehow be balanced by deliberate social policy. The introduction of Båtsfjord municipality in the 1960's and the decentralisation from the central towards the local state has had the effect that the local political level has grown in importance, and is clearly one main factor in the successful restructure of the 1990's.

Nevertheless, both models of modernisation changed due to the pressure of global processes. In the case of Båtsfjord there was a strong state, which could counterbalance the worst effects, while the weak or non-existent Faeroese state broke down nearly over night. No matter how we in the wisdom of hindsight may view these two ways of modernisation, they were both based on a decentralised industrial structure, which actually contradicts the general trend found in most other western European countries. Herein, probably, lies one explanation of the fact that Northern Norway and the Faroe Islands have managed to maintain a certain level of decentralised habitation.

In Norway Fordist regulation was in the 1990's replaced by a new Schumpetarian strategy at the national level. This new strategy is rather different from the pure market-oriented policies in the Anglo-Saxon countries. The tradition for incorporating the local territorial

units still an important part of Norwegian politics. This is for example illustrated by the diffusion of national institutions as the SND and others, and for instance the territorially oriented technology-programmes. Government, therefore, still is crucial, but the new national strategy clearly contains hard-core liberal elements, which for instance means that competition between localities and regions have greatly intensified. Compared to the situation in most fishery dependent localities, this competition has clearly selected Båtsfjord as one of the winners, while others still suffer from their faith as typically one-industrial towns. As shown in chapter 7, the business community in Båtsfjord has managed the restructuring process by adopting or developing a rather new but distinct localised strategy, a strategy in which a new combination of both inside and outside (global) linkages are crucial to understand the state of affairs.

On the Faroe Islands the Fordist structures collapsed rather recently, and despite the fact that there have been some good years since then, the economy is still weak. So is the political system, and one reason is the still obscure and unsettled relations to Denmark, which furthermore is strengthened by the inability to establish a joint Faeroese offer. After the collapse, the vertical industrial structure between processing and fleet was replaced by another one. As the strong links between fleet and industry were cut off, the large majority of the processing plants became integrated into one company, United Seafood. For obvious reasons of economic rationalisation United Seafood only reopened a few of these. The vessels were permitted to sell their catches freely to the fisheries markets, directly to the industry, or abroad[98]. This model constitutes a neo-Fordist regional strategy of industrial development, which until recently has only survived due to considerable economic support[99]. As already argued, at the same time as the economic sector was re-established by the intervention of the Danish state, the territorial dimension in Faeroese politics disappeared.

[98] Some regulations are in this general rule, but they are insignificant in this connection.
[99] The United Seafood has went through two or three restructurations, which off course has given the company an advantage compared to the locally based industries. Nevertheless, the company seems to day to be rather well-consolidated and may hopefully in the future turn into a motive power for a knowledge based development in the fisheries, an development that a range of small autonomous companies will have very difficult to promote.

The localities that either were left to them selves to recover (as Vágur) and consciously chose a strategy of their own (as Klaksvík) may constitute a new territorial model of development. In these villages we see a diffusion of small independent companies, which mainly produce traditional fisheries products and therefore are in immense competition with the United Seafood. In a few cases we see Faeroese companies which have managed to build up a small business based on innovation in the technical sense of the word. Especially around the Tórshavn area a new industry of service-companies has appeared over the last year with an innovative potential (Hovgaard and Thomassen 1999), and in particular the recent development on the southern part of the island Eysturoy seems to be promising. A more concrete analysis of the potentials of this new small business sector still remains to be done. The point to make here is that we once again witness a fragmented economic organisation, in which there is no integration between territorial and sector interests. The independent strategy in a town like Klaksvík was clearly de-coupled from home-rule policy, and there is still a great deal of work to be done to improve territorial integration on the Faeroes. But, the crucial issue, which needs stating here, is that Klaksvík still seems to be a place that manages anyway. Development is, as it always has been, first of all a local matter. But, as argued in chapter 8, the old strategy was managed in fundamentally new ways, also here by creating new linkages, inside as well as towards the global market.

The brief reproduction of the historical evolution of these two localities clearly shows differences in local legacy and experience, but similar orientations in the ways that new strategies are founded (e.g. local – global linkages). What these different features and similar orientations mean for contemporary coping strategies is what I intend to discuss over the next sections.

9.1.2. The innovative practices of local coping strategies

Despite the two very different models of development outlined in the previous section, it is possible to extract a few common factors that both localities had to face due to the new agenda.

First of all, it is fair to say that after the phasing out of Fordist structures, the importance of "the local" has grown substantially. Local effects and experiences were differently derived, as the crisis turned out to be far more explicit in Klaksvík than in Båtsfjord. In Båtsfjord, the state was only withdrawing (not disappearing), as for instance made visible by the sale of the state-owned plants, the liberalisation of the fisheries sector and the financial sector. These changes in national structures did all strongly influence upon the conditions of local adaptation. In the Faeroes the regional system did not withdraw, but actually collapsed. The Danish state appeared and enforced a neo-Fordist solution[100], but without any explicit territorial consideration in this new "national" strategy.

In both examples, the crisis had to be counteracted by extraordinary internal powers. And we can say that the crisis turned into Schumpeters famous notion of creative destruction. Both my cases exemplify that after a period of crisis and adaptation a new local economy emerged, made workable by extraordinary local powers. Characteristic for both local economies is that their new foundation was not based on genuine innovation in the restricted technical sense of the word, i.e. as changes in production or systems of production. These elements came by in the latter phase of the process, as argued in the case of Båtsfjord. The interesting common feature in both localities was that the coping processes first and foremost were based on *innovations in the social organisation of the economy*. The following concerns what happened in this direction and how.
In both cases it was clearly exemplified that the localities themselves took over the role of the state as "crisis-managers". In both cases the considerable importance of having a local political system clearly came to the surface, but through very different initiatives.

The municipality of Båtsfjord choose to invest in cultural initiatives as a means to maintain the population in a period when things were specifically bad. But in particular it was the realisation of common interests between policy and business that is the main explanatory factor, why the first reorganisation of the locality succeeded. These merging interests came fully into use when the parties realised that people did not anymore prefer to work in the

[100] By Neo-Fordist solution I simply mean the reconstruction of the old mode of production without the interferent role of government, and without any explicit territorial policy.

fisheries industry, also if the jobs were there. One example is the initiative to have the Tamils to come to Båtsfjord, and another is that the business-milieu, together with the municipality, has engaged much in improving the social standards. This is exemplified by the building of the new sports centre in the mid 1980's, and several initiatives have turned by since then. Economic reorganisation did also improve substantially because of the positive experiences of informal reciprocal relations between the companies; an experience they have now developed into a complicated network of locally embedded organisations and institutions. A complicated network in the locality has developed, which was crucial to improve the situation considerably. This network structure is the one that also makes a dynamic relation between economy and community.

In Klaksvík the municipality also undertook the role as "crisis-manager", but from a very different perspective than in Båtsfjord. We need to remember that the former strategy of destructive competition, outlined in chapter 7, collapsed rather suddenly. There simply was no alternative than to invent a new solution to have the local economy stay local. In fact, the entire locality was activated and this clearly exemplified that there was a local "immune-system" rooted in the local socio-cultural system. Local people returned to a very traditional way of doing things, clearly illustrated by the role of the municipality. It only acted as a provisional crisis-manager; and deliberately kept away from interfering directly with business. The municipality worked as some kind of business-assistant, in the sense of creating a social or cultural infrastructure for doing business. This is its historical role, and it had great experience to draw upon. This historical role is most clearly illustrated by the importance ascribed to specific events in the locality, as the local hospital, the power station and others. This historical trait and experience has created the "local immune system", which becomes activated in periods of crisis to re-establish the institutional order so that control and power of the economy remains locally embedded, as shown in chapter 5 and 7. And this strategy also worked in the most profound crisis in the modern history on the Faeroes. The ambition was to recreate things as they had always been, and they succeeded in the sense that the municipality stayed out of business; and that the economy was reorganised on local hands by what I have termed autonomous entrepreneurship. But the restructuring also exemplifies that old ways of doing things are not the same as conservation. The

new role of the savings bank, the new role of the unions and the split-up of the Kjølbro Company exemplify this. One could say that the paradox in Klaksvík is that at the same time, as everything seems to be as it was, everything has changed. The fundamental issue of keeping the local economy local remained, while the social organisation of the economy basically changed.

What do these events tell about the social innovations that took place? First of all, they tell us that the locality, or rather, the local milieu itself plays a very crucial role in what initiatives are taken and how they are managed. In both cases this is most clearly exemplified by the fact that the crucial issue was and is to keep the control of business in local hands. But keeping business in local hands is not in itself a precondition for things to work and be successful. So the question now is: how did things actually work?

Considering their very different traits, it is strange to realise how similarly the order in which the more acute crisis was handled in the two localities. In both cases the first precondition was that there was a common grounding in which the crisis situation could be absorbed and managed. Here the local political system was, not the only, but of specific importance. Furthermore, there was the activation of a network between key actors in the localities, in which the common idea of keeping the local economy as a localised business system was and is crucial. The third interesting feature is the extent to which the broader social system of the locality was involved in the process, i.e. how the strong network relations between the centre groups of local leadership was diffused around the localities.

My argumentation in the previous points at three explanations of specific importance for the positive coping strategy: common local institutions, a localised – or socialised – leadership, and networking. And once again the two localities represent most different systems in the sense that the ways in which these explanations are mixed in each case are very different. To explain this is important to get at the basic points.

As already argued, there were local institutions that could take over as "crisis-managers" at a time when the localities were left to themselves to recover. The interesting issue is the

importance of what I will consider as genuine local institution, represented by "the local savings bank" in Klaksvík and the "kjøpegruppa" in Båtsfjord. Their direct role was that they could act as suppliers of hard currency, which in both cases was hardly needed. They acted not just as rational market agents, but also with a specific and rooted meaning for their respective localities, i.e. as genuine local institutions. They represent an economic supplement to policy, but a supplement, which is workable because of the merging identity between economic and political goal-attainment, as already argued.

It is clear to me that institutions are not actors, but rather represent "the formal and informal rules of the game" to cite North (1990:4f). Within the rules, agents have a certain room to manoeuvre to change existing conditions. In both cases we saw that there were some people who acted in accordance to the rules there were to follow, but they did not follow rules in a restricted sense of the word. Instead, *they interpreted the situation and on this background they took some decisions, which recreated the economy satisfactory from the point of view of the institutional order*[101]. These people represent what I will term as local leadership, i.e. situated strategically in the important organisations, personified by the entrepreneurs and other local personalities of specific importance. What they did was to create a local network, constituted by both strong and weak ties. The network was in both cases created in totally new ways, and it worked as a mutual source of information and common action to improve the situation. In both instances the network within each locality was supplemented by distinct linkages to the outside world, national (in the Båtsfjord case) and international (in both cases)[102]. The importance of the networks and how they were created is extensively explained in the preceding chapters, while a more general explanation to why the network did function will follow in coming sections. At this point I will go into a few very clear differences between the two kinds of networks made, as they have great consequences for my arguments, but also for the future improvement of the localities.

[101] One example on 'the institutional order' is the idea to keep local business local.
[102] This means that a "localised" business is not the same as one delinked from national and international interests, but rather one in which the national and international are constituted on local premises, i.e. locally embedded.

In both cases we saw the importance of external linkages, and especially their widespread interconnection in Båtsfjord. The advantage in Båtsfjord, compared to Klaksvík, is that in Båtsfjord they can utilise the organisational structure of the Schumpetarian state, and they are actually very good at it. Klaksvík did not have the same degree of linkages to the outside as Båtsfjord, and there are some clear reasons as to why. The economy has always been locally embedded, and the external linkages had, for a long period, only been the vertically organised sales system and the home-rule government. The entrepreneurs in Klaksvík managed to develop new and own external linkages to the international market, which replaced the ones that collapsed. What is clear is that Klaksvík has a much weaker economic structure than the one in Båtsfjord. The reason for this is, besides the differences in national structures, the system of autonomous firms, as already argued in chapter 7.

What in both cases seems to be the innovative capability is the simultaneous strength in creating outside linkages, while at the same time a local balance between business and community is created and re-created. From the strict economic point of view, the economy in Båtsfjord is far more innovative in both production and organisation than the one in Klaksvík. But whether this also means that the locality will be better equipped to meet the future depends on many other things, as I will return to. The analysis in chapter 7 made clear that in Klaksvík the strong adherence towards "the local" is a powerful source for managing crisis and transition. This can be turned into a much stronger strategy, as also argued in chapter 7. At this stage I will only state that to further explain why coping strategies appear, it is necessary to more closely investigate the role and content of local institutions, localised leadership and localised network. This analytical extension will be presented in the following sections.

9.1.3. Different localities, different strategies

Even though the restructuring processes in the two localities were characterised by many different initiatives, I argued that the majority, or the most important, of these initiatives were based on one single coping-strategy. The two strategies of "Båtsfjord Inc." and "Sheer Defiance" respectively are, of course, an analytical generalisation of the complexities of the

social world in the two localities. That the many social processes at work to manage crisis and transition can be generalised into one single strategy is in my view a very important finding. Obviously, localities do not act, but my findings show that localities matter in social action. The question is how?

In my analytical work, I clearly pointed at the general strategy as a kind of "guide line" for social action. In other words, the people who acted did it not from scratch, but they did it because they had a basis upon which to make their judgements. My argument is that a substantial number, but certainly not all, of *these judgements and actions were derived from shared local experiences*. Once again it is possible to point to very important differences in the ways that local experiences were created and recreated in the two localities.

In Båtsfjord the creation of the common strategy was founded on the experiences of the three companies, or rather, the leaders of the three companies, and between the companies and the municipality. The first positive experiences of informal trust between the companies turned into a real network, and then these experiences became institutionalised, i.e. became a norm or rule of conduct for further action. This is manifested by the role that the Kjøpegruppa has obtained. The local leadership realised the importance of having local control of the economic system and at the same time improve conditions by mutual interaction. The Båtsfjord strategy is a recent creation, despite the fact that the municipality council and Kjøpegruppa are institutions with a long tradition in the locality, and only to a little extent is its meaning based on the distant past. Here is one explanation to the dynamic character of the strategy, because it is a system rather open to new, both external and internal, linkages, at least as long as newcomers accept the rules of the superior strategy.

In Klaksvík, the situation was very different. The "strategy" was already there, and it came, as argued, from a very long historical experience in the locality (i.e. continuity). This was seen by the strong adherence to historical experiences in fighting for certain privileges, and not the least in the strong support from broader strata of the population. This strategy is less open than the one in Båtsfjord, because it is more clearly oriented towards the establishment of things as they were (that they in reality turned out to be very different, is another

story). This may also be one reason that it is less dynamic, as especially the openness between local actors seems only to be maintained as long as the outside pressure is manifest. Only recently have a few steps towards a real network economy seemed to provide a fertile ground upon which to build.

The two strategies mentioned are not a distinction between good or bad, but simply point to the fact that differences in legacy create different experiences for common action. And my answer to the question as to why it is possible to extract one single idea or argument as decisive for the economic reorganisation is that *the coping strategy constitutes a generalised expression of the dominant collective identity in each locality*. As argued in chapter one, identity is about tradition, and it is *the young tradition* of mutual networking in Båtsfjord, to provide an example, which has proved to be a viable economic advantage. In Klaksvík *the old tradition* of "sheer defiance" proved viable in a period when it was most needed. The differences in strategy can be interpreted as follows: *the strategy in Båtsfjord is one in which they are building a tradition*, while *the strategy in Klaksvík is built on a tradition.* The arguments behind this were outlined in the respective chapters, but needs now to be analytically extended.

9.1.4. Making sense out of tradition

As argued in chapter 6 and 8, the past is crucial in self-understanding in Klaksvík. As I also argued, in the chapters 5 and 7, tradition did not constitute any important aspect of local life in Båtsfjord, and the personalities interested in the past did of course regret this. Though, my argument is that tradition actually is a crucial element in successful coping strategies, **also** in Båtsfjord. Tradition, as the individual and collective legacy of the past, is simply differently manifested in the ways that each locality works, hence differently affecting the ways each coping strategy works. The question here concerns what role tradition has in successful coping strategies, and by comparing these two very different cases, it is now possible to provide an interpretative explanation of the role of tradition also in a highly modernised composition.

While discussing traditions with my interviewees, they typically referred to it as the inheritance of a longer or long lasting past. And I think my interviewees in Båtsfjord, who regretted the absence of tradition in the locality, were right in this 'traditional' meaning of the noun tradition. But this does not mean that the locality is tradition-less, as they also seemed to imply! In Klaksvík the inheritance from the past meant a lot, and if we for instance compare the tradition for writing, discussing and telling local history, it is far more common in Klaksvík than in Båtsfjord. Actually, it is nearly impossible to find interviewees in Båtsfjord who refer to the past or for example religion as a constituting element for the present. As pointed out before, this has to do with the social and cultural structure of the locality. Båtsfjord is a young society, principally built on the ruins of world war two, and the mobility of people has always been rather high. The population is typically dominated by larger groups of young ones, simply because many move into the locality when they are in their 20's, while others who are getting on in years typically move out. Furthermore, people moving to Båtsfjord have typically come from many different nationalities that naturally will have to invent some new ways to stay together. Things are very different in Klaksvík, which clearly has a more stable settlement structure, and has mainly had its influx of people from the surrounding area. For the same reasons, newcomers have, in contrast to Båtsfjord, easily become embedded in the local structures, for instance by adapting to the strong religious congregations.

To understand how tradition works in these two very different contexts, I will briefly utilise the distinction made in chapter 1 between the normative, the legitimate, the hermeneutic and the identity dimensions of tradition. As shown earlier, the identity dimension is very strong and very crucial for the success of the strategy in both cases. The interesting issue here is that identity is a form of tradition very differently achieved in each case, and my argument is that this can be explained by differences in the other forms of tradition.

Lien (1994; 1989) shows how the food tradition in Båtsfjord is changing with the changes in the composition of people in the locality, but also how the older tradition of reciprocal exchange of food by the more stable population is maintained. This is an example of the fact that there is tradition in Båtsfjord that goes more than a few years back. I showed in chapter seven how the young tradition of mobilisation in Båtsfjord could be a powerful

source of dynamism, as exemplified with the construction of the freezing-house and the airport (see also later). *My argument simply is that normative and legitimate forms of local tradition are weak in Båtsfjord,* and have probably been so for decades, due to Fordist modernisation from the above, high turnover of people, etc. Furthermore, the symbolic material needed for the formation of legitimate and normative tradition has great difficulties to take roots in a fast changing environment as the one in Båtsfjord. Normative and legitimating forms of tradition always need stability in the social system to take root. And stability in the socio-cultural system is what has characterised the development of Klaksvík, and from this point of view it is easy to see that the *normative and legitimate traditions are strong in Klaksvík,* as also shown in chapter 8. This can in particular be seen in the stability of the religious structures and local leadership. One advantage in Klaksvík clearly was that the local leadership did not have to legitimise itself during the process of restructuring.

As argued in the previous section, the main difference between the two strategies lies in the ways identity was created and recreated, and now we are in a position to show how it worked in the two localities.

In Klaksvík I have shown that identity was there when needed and could be utilised as a source to eliminate basic value-conflicts when the locality was under immense pressure. This is the positive dimension of a strong normative tradition[103]. In Båtsfjord things are different, as the normative tradition is weak. The interesting question therefore is where identity comes from in Båtsfjord? The answer can be seen from a simple logic, which is that a locality in which there is a high mobility of people has to continuously interpret and recreate tradition. It should probably not be necessary to repeat that the creation of identity in Båtsfjord is strongly centred around the activities of the business milieu, including the role of the municipal council in this process. The argument here is that *tradition in the hermeneutic meaning of the word is strong in Båtsfjord.* The hermeneutic tradition is based on the continuous interpretation of the forms of conduct going on in the dominant Båtsfjord milieu over the last 20 years or so. By interpreting the situation, the positive practises of informal co-operation between the localised businesses turned into more stable forms of

[103] As argued in chapter 1, normative tradition can be divided into weak and strong.

co-operation. Common practices and common experiences are a precondition for constructing a tradition, and the positive experiences from these practises have now been institutionalised in the local social system and turned into a coping strategy. Precisely as was the case in Klaksvík many decades ago, *positive experiences stiffen and turn into norms and rules of conduct and good behaviour* (i.e. institutions).

The absence of strong normative structures in Båtsfjord has provided the decision makers with a great deal of possibilities for manoeuvre, which were important in what I termed the first phase of the restructuring process. But in order to maintain the strong position, the Båtsfjord-milieu has clearly been in need of establishing rules and norms of good conduct. The most important of these are, just as in Klaksvík, to keep control of economic life in local hands. And herein is one important point to make, because my argument is that they are actually building up a normative and legitimate tradition in Båtsfjord. Their form of collective identity and ways of managing have become a superior frame of reference for how the locality acts as a collective, and they have clearly been in a power position to do so. This has, as argued in chapter seven, been possible due to the dynamic relation been economic life and broader strata of the locality. Business life in Båtsfjord has simply realised the importance of investing in the locality beyond strict economic ventures to be successful at all. To do this they receive cultural resources from the (nearest) past. Once again, the obvious example is the local initiative that built the first airport, experiences which were reused as an important source in creating local unity in the recent local initiative to have the airport renovated. The building of the freezing-house in the 1970's and the historical role of the Kjøpegruppa are clearly other sources in creating this new "spirit of community".

What both cases actually show, and this is an important conclusion, is that in both coping strategies *tradition works as a common guideline for collective local action.* But why does tradition make a positive difference then? It is very complicated to provide an answer to this question, but to me it is clear that we have to look at tradition in relation to the difference that institutions make. Institutions are the materialised expression of repeated social relation and experience, i.e. of tradition. There may be informal institutions, as typically in

normative forms of traditions, but they may also be materialised in the forms of collective organisations as the savings bank or Kjøpegruppa. In both instances they will represent a kind of "collective imagination" or "collective experience", and what these institutions do is that *they create continuity in the local social system but also work as a factor of motivation.*

My argument immediately raises fundamental questions concerning the character of social science. Tradition is normally seen as the obstacle to modernisation and improvement, and even though recent societal thinking has turned down the tradition/modernisation duality, it is important to argue why tradition is a precondition for successful coping strategies!

The simple argument is that tradition is not necessarily an obstacle to change. At least it is important to distinguish between tradition and habit. While habit is a passive and nonreflected form of conduct (maybe tradition in the normative sense), tradition as interpreted here is different. *The successful coping strategies in this analysis show that traditions work as reflexive endeavours.* One common denominator in both localities is that tradition is no longer, if it ever was, legitimised on the basis of shared experiences in local life only. What is recreating tradition in both localities is to a large extent *the de-localised creation of tradition.* What I mean by this is the extensive openness towards the outside world that has occurred over the last two decades. This form of experience is especially strong in Båtsfjord, due to its many linkages in both national and international networks, as shown in chapter 7. But even in Klaksvík it was clear that these linkages have become far more important, for business life, for municipal affairs and in the locality at large. Not the least the global influence has grown extensively, as I will touch upon again in section 9.1.7. My point right now is only that these delocalised experiences are also used as a source in creating new forms of local tradition. Furthermore this does not necessarily mean the abandonment, but simply the recast of past experiences. The formation of the culture house in Klaksvík and the acceptance of the new director at the development department exemplify these points.

Simply speaking traditions are sources for providing continuity in the social system, but traditions do not act, because only people act. But these examples show that traditions maintain to be a crucial source for social action, and we need therefore to look more carefully at the changing elements in the locality to understand coping strategies, i.e. the social agent.

9.1.5. Socialised leadership.

Fundamental for the working of social life is change. Change is created by the action of individuals, which always have some kind of predisposition for their social action (a habitus). In this analysis I have focussed on individuals as parts of larger social systems, i.e. of communities, localities and global interconnectedness. I have, in particular, discussed the role of what we can say are specifically important individuals for the improvement of localities, i.e. business leaders, politicians, cultural personalities, opinion-makers and others. These agents are not better nor worse than others, but they are specifically important in communal life, simply because they are crucial change-agents and positioned in the important centres or nodes of the local networks and institutions.

Recent socio-economic thinking has paid much attention to one of these change agents - the entrepreneur. In both my cases the entrepreneurs have proved to have crucial though different roles in crisis management. There is a clear difference between what Bengt Johannisson has termed community entrepreneurs and autonomous entrepreneurs. Roughly speaking, the autonomous entrepreneur is the one in which the community is a mean for personal goals, while the community entrepreneur has the development of the community as a considerable part of his personal goal. Paradoxically it seems that community entrepreneurs are predominant in the Båtsfjord milieu, while autonomous entrepreneurship is predominant in Klaksvík. Anyway, in both cases they are of vital importance for the running of business, but do only work because of their reciprocal and associative linkages with persons situated in other parts of local networks and institutions. To understand social change as a personal activity within this broader social composition, my suggestion is to use the term social leadership instead of entrepreneurship.

My cases prove that to some extent entrepreneurship and leadership is constituted in one and the same person. In several instances I found that the entrepreneurs are also involved in politics, they sit in local committees and boards (also cultural ones such as the local sports club), and not the least, they represent the locality in national and/or international forums. There are examples of this both in Klaksvík and in Båtsfjord, but it does not constitute a rule. I see leadership as being a broader term than just entrepreneurship, as leadership involves the intersection between the economic and the broader activities of the community. Leadership catches the activities of broader groups in the locality who work for its improvement and, this is the point, the importance of these activities for economic action. If these activities did not exist, entrepreneurship would be much less worth or worthless. Entrepreneurship is a vital part of local leadership, and especially the entrepreneurs in Båtsfjord seem to have realised the vital link between business and culture and not the least the active interpretation of this relationship, as already explained.

In my view this fits well to the "new" reality of local - global interdependence, because *I see socialised leadership as a social activity that is reflexively obtained.* In other words, I want to point to the importance of a specific kind of agents, which I find still more crucial for recent activities in both localities. In earlier chapters I have explained that local activities were centred around the role of the classical entrepreneur (commercial capitalism) and the political entrepreneur (Fordism), respectively. In the period of commercial capitalism there was interdependence between the entrepreneur and locals made workable by their common attachment to the territory, and the strong legitimate position of the commercial via his economic hegemony. In the Fordist period political entrepreneurship was crucial, as the positioning of the locality in national strategies were of specific importance. Local politicians could be seen as entrepreneurs because of their vital link to national strategies, and also in the sense that local development was considered solely as a matter of preparing conditions for business (concrete infrastructure).

My argument is that now a new agent has become specifically important for present coping strategies, and I will use some space to explain this.

Bærenholdt (1998) makes an interesting, but of course theoretically abstract, distinction between two forms of local agents, the locals and the mobiles. The locals are those locally embedded, who for example continue the farmer's tradition, which is so strong in Faeroese localities, not least in Klaksvík. Today they are characterised by the place bound activities in e.g. the fishing industry and the coastal fisheries, but I also see the continuing tradition for autonomous entrepreneurship as clearly an activity of "locals". The mobiles, on the other hand, are those who, for instance, move to a challenging job or good pay. Today mobile people will probably be better educated than before, and for the same reason still less dependent on place-bound activities. For these people the place is not the primary objective, but places will, of course, still be important to obtain their personified goals as long as there is harmony between these. These mobiles can typically be those many who found work conditions under the "Klondike-years" in Båtsfjord during the 1970's. Or those outside entrepreneurs that in former days owned the local means of production. In general, Båtsfjord is a locality very much dominated by mobiles, while Klaksvík is very much dominated by locals. But the picture is more blurred and complicated than this, and we need more analytical precision to catch the local situation under present global conditions.

The question here concerns those many people who carry out activities, which in principle are or can be independent of any local assets (business, education, association), but who still reinvest a lot of time and means in the locality. These are those many who engage in local activities, using a tremendous amount of their time to improve associative life. What I can see from my reasoning is that a growing number of people who seem to be mobile at the same time also put considerable engagement in their locality. These people are typically educated, or as in Båtsfjord, have realised the need for mutual interrelation between business and community. And it is here the importance of socialised leadership comes in, because *this new form of social leadership reflexively combines local and global values.* These agents are neither locals nor mobiles, but what I have chosen to call *glocals*. One could say that this is a personified theoretical expression of what Robertson, Swyngedouw and others have termed as glocalisation (cd. chapter one). This typology of local people into locals, mobiles and glocals is off course still a theoretical estimation of the complexi-

ties of the empirical world. And it becomes even more complicated, as one person can change from one category to another during the course of his lifetime. But how do we characterise the glocals more precisely?

The glocals are not born into localities and stay there for the rest of their lives, nor do they wander from place to place, but *they reflexively decide if to stay, to move or to return.* Characteristic for the glocals is that they combine their experiences at the global scene, education, business, sports etc., with a local commitment. *Glocals reflexively build their leadership or form of conduct on both local and global values*, and they act freely in both local and global contexts. They are living in what Tykkylainen expresses as a duality of community (local and global), which may be reinforced by for instane strong commitments (Tykkylainen 1998:5). This may sound self-evident, but it is not. For example, the attentive reader may think that the entrepreneurs and the highly educated people in Båtsfjord may be the best example for this argument. May be that this is correct, but I actually find the story from Klaksvík as the interesting one.

On my way through this analysis, I have met many former locals in Klaksvík, and many of these would never dream of returning to the place. For obvious reasons they may have an education they can not use in the locality, but actually, a substantial number of them refer to the strong conflicting lines in the locality and its conservatism as one main reason for this. Many still have the clash of interests from the 1970's and 1980's in their minds, and this affects their conviction. They remain mobiles. Others have chosen to return, and what I find particularly interesting is that among these a substantial number of the young "rebels" from the late 1970s and early 1980s. Many of these now perform vital functions in the locality, they are heavily engaged in developing associational life in relation to the global reality, and they do of course maintain a distinct local notion. What also seems to be interesting is that many of these have had their upper secondary in the locality. They clearly seem to have found some tacit peace resolution with their old combats in the dominant political and religious structures. The simple reason for this is that they have changed, but so have their old foes. What they have always shared together is local congregation and affection, but now in new, reflexive, ways (e.g. by a new kind of interpretation of tradition).

What I have intended to show is the importance of mutual interdependency and concerted action within the locality, i.e. of what can be termed social captial. Here the glocal comes in as one who actively is diversifying the socio-cultural structures of the locality. This fact is making the diffusion and density of the local network more intertwined, but precisely this overlap in associations and networks is a precondition to create social capital, as argued by Putnam for instance (Putnam 1993). Local leadership is an expression of personalities situated in important centres of the local network, whether economic, political or socio-cultural, and these people may be locals, mobiles or glocals. In the examples where local action works, it is provided by a mix of these roles. The role of the local may be the one of maintaining the rationality in doing things as they always have been done, the mobile may fill in for example an empty space of specific knowledge (at least until he/she moves again), and the glocal may combine a mix between the value orientation of the two others in his action. My argument is not that the glocals replace locals, but their strength is that they combine things in different and new ways and by this they often bring with them values who turns out to be important for local improvement. To make things simple *the glocals build bridges between the locals and the mobiles in social action.*

To sum up the arguments made in this section, I have argued for the use of the term "socialised leadership" as an adequate one to understand social action in local coping strategies. Leadership refers to those positioned in important centres of local networks and institutions, while the social element refers to their common commitment towards improving the locality as an important part of their own improvement. They are not just economic agents, but are situated in all parts of the disseminated associative life of these localities. For the same reason, we can say that *socialised leadership supplements the rational economic action of the market and the formalised bureaucratic structures of the (local) state.* Therefore, socialised leadership makes the integration between these basis institutions of society possible, and this is what makes an absolute difference in both my cases. *My cases prove that socialised leaders are clearly brokers, but at the same time they are preservers.* To reach an explanation of this paradox, we have to return to the interrelation between personal action and the role of networks and institutions.

9.1.6. Continuity within change

In previous sections, I have showed how strategic social action could form a dynamic alliance, which created and re-created business activities in the two localities under study. This alliance was a broad based one, involving internal linkages between business, policy and broader strata of the localities as well. I also showed how the linkages to the outside world have become far more immense and important for strategic local action. And importantly, these inside and outside linkages did not come out of thin air. Even though the social organisation of the two local economies has changed fundamentally over the last 10 years, these changes were rooted in the very different experiences and traditions at the local levels. In other words, both elements of change and continuity are crucial to understand contemporary coping strategies, and the question that need exploration here concerns the issue of how continuity within change is created, maintained and/or renewed. The answer I want to propose is in the ways that networks and institutions work and are combined.

One of the most intriguing discussions in the academic locality debate has been the question of whether or not there is a 'locality-effect' (cf. Antipode). The investigation undertaken here clearly shows that *there is a locality effect*, which, most fundamentally speaking, is manifested in the specific local culture of these two localities. What this means is that the strategic practices undertaken are embedded within a locally obtained "idea", as already argued. In Klaksvík the strategy was based on a long lasting idea, while in Båtsfjord it was the new practices and experiences, which ended up as a new institutional order.

As also shown, the institutional order was created and recreated by reciprocal interaction and the accumulation of common experience into local association. What these experiences do is that they, via the interaction in mutual networks, stiffen and turn in to a common rule for action (i.e. an institution). To repeat an example, we saw in the Båtsfjord case that the experiences of reciprocal interaction in exchanging fish and spare parts turned into a formalised network of co-operation. Furthermore, these principles of reciprocal interaction (and social capital building) turned into an organisation clearly based on common and

genuine local experiences. In other words *experiences create institutions and become tradition.*

The role of networks and institutions should now be obvious. First, it is via networks and institutions that continuity (tradition) and change (action) meet. Second, these traditions are the sources on which to build social captial performance, because they are sources of "good" or "proper" behaviour, which is oriented towards the local community as a whole. The relevant question is how one can argue that these institutions are genuinely local? Savings banks are for instance well known and generalised phenomenon governed by national legislation, and have to operate at a financial markets in which there are general rules to follow. The answer can be derived from the arguments outlined in previous sections, but need more thorough discussion.

My historical work-through showed that the basic institutional orders of state and market had their distinct national and regional characteristics. An example of this is the history and institutionalisation of the Norwegian fisheries as discussed by Holm (1995). The regulation of the fisheries, just to mention an example, is institutionalised on the national level, but it does inevitably affect other levels of action too, for example the regulation between small scale and large scale fisheries. The national institutions are general "rules of the game", but the crucial thing is that the general institutional arrangements at the national level become intertwined with social praxis at the local level. By this melting together they may or may not turn into distinct local features, which may or may not survive for shorter or longer periods of time. In former days these localised institutional arrangements were typically based on a kind of commonality, as is the case in the normative tradition, but to day they are clearly based on a more interpretative or reflexive order. The best example on this is the "sheer-defiance" strategy of Klaksvík, as argued in chapter 8. It has proved viable over time, and it is constituted as a common but tacit agreement on what to do under certain circumstances. In other words, these traditions or institutional arrangements are constituted by local practice and based on a genuine shared understanding at the local level. That these shared beliefs also contain specific local power relations is self-evident, but every social

context has power-relations, and power is a permanent condition of both continuity and change.

What can be seen from my findings is that *the role of institutions is to create continuity in the locality*, i.e. a kind of established order between the inhabitants of a locality. These institutions may be general, as for example the municipal council which is a nation-wide phenomenon and works as the administrator of an "objective" national policy at the local level. But the municipalities are also the rallying point for conflict and conduct, which are specifically local. This can be exemplified by the role of the Båtsfjord municipality, due to its specific connection and co-operation with the local business. The point is that *general institutions will receive a specific local expression*, and, besides the role of the municipalities, this is most explicitly expressed by the role of the local savings bank in Klaksvík and the "Kjøpegruppa" in Båtsfjord. What these organisations have in common is that they have survived over decades, and by their role and importance to the local economy, have become true or genuine local institutions. As organisations, they have power and influence in the locality, but as institutions they also have a specific role to play for local well-being, a role that goes far beyond their strict organisational tasks. This is continuity within change.

The intermediary between continuity (institutions) and change (action) is the network. Characteristic for the network in these two localities is their dissemination into larger strata of the population, and its simultaneous awareness but nonetheless openness towards the outside world. Furthermore, those who mix between the centres of the network are typically those I have characterised as constituting local leadership. These local leaders, typically placed in the business and policy networks, are typically people in good positions in the locality and they have power. But these people are also disseminated strata of people who are interested in and care about associative life, which in both my cases has proved to be very strong. And if you ask people about their devotion to local life, it is not related to the "business-culture" (for example), but rather to the importance of associative life beyond business (leisure etc), to nature, and to the strong social networks of friendship and family-ties. The point here is that the concrete but different ways in which business and commu-

nity intersect in each of the localities are taken as self-evident, but in practice they supplement and reinforce each other. Also this is continuity within change.

The change agent in the localities are characterised by local leadership, which have the power to maintain stability and to create change. This is a dilemma, which is part of their conduct, because to stay faithful to the norms and rules does also mean that there is a limit for acceptable changes. I have showed that there are specific localised rules, which the change agents usually follow, or at least not breaks fundamentally. When one of the business-leaders in Båtsfjord chose to integrate with a larger company, it clearly was an act in which the acceptable limits came close. The waiting decision made insecurity around in the locality, because the fundamental idea of keeping local business local was threatened (cf. chapter 7). Until now this decision does not seem to have changed the dynamism of the Båtsfjord-milieu, but the example show the importance of trust among central decision-makers in basic issues. The role of local leadership is to argue for change, and they typically base their actions with reference to the past and the importance of maintain continuity. At the same time they use this inheritance to create changes, but they maintain legitimacy by not breaking the order of the local institutions. This is not a well defined order, nor a simple contract, but a complicated mix between past and present, between association and reciprocity, to create multiple futures. Also this is continuity within change.

9.1.7. Towards reflexive communities?

The remaining issue in my theoretical analytical work-through concerns the issue of reflexive communities. In chapter one I argued that we should not overrate the reflexive element of the local–global interdependence, and in particular be aware not to see widened personal freedom of choice and individualisation as the same as less collectivity or community. On the other hand, there is also a social transformation going on, and it is clear that the issue of reflexivity and reflexive modernisation means something new. This is a very big issue to touch upon, but I have given a wealth of examples on the new changed conditions of local development. What I will try to point at here, are some elements that can pro-

vide a mosaic over this new situation of "modern reflexivity" from the perspective of the peripheral community.

In chapter one I defined "modern reflexivity" as a situation in which people decide whether to stay, leave or return to a specific place. In reality, things are not that easy, which has to do with the new structures that are created in global capitalism. The reflexive element has also to do with the fact that the conditions, or structures, of local development have basically changed. Local communities in the North are no longer resource-based in the same sense as they were, and the natural binding to a specific place is gone. They are no longer resource communities only, but also communities of the global information and network society, of the "new economy", of the flow of people and the like. This changes local institutions and this changes individuals, as I have also analytically exemplified earlier in this chapter.

This new situation of a global modernity means that community devotion is a multifaceted phenomenon, in which people identify with many different communities at one and the same time. This identification is not place-bound, as it has been, but can as well be virtual. We know that this creates many problems for social integration, but from the perspective of the remote locality, it can also mean that people now have more interesting things to talk to each other about, as one personality explained to me. In other words, the virtual reality or the information flow can give new meaning and identity on the level of the locality. People also have other things to talk about than each other, as another person said, and this can be a way to reduce gossip and legitimise differences in lifestyles at the local level. The point here is that the world of reflexivity is also a way to renew the existing institutions of local communities. The question is how.

Another point can be made by referring to some of my interviews with youngsters. These interview, and the school essays already referred to, showed that most of the young ones felt very much devoted to their locality, but they did not see themselves as a part of that locality in the future. This is a part of modern reflexivity, because they reflexively think about their personal situation, and the great majority intend to have an education, which

from their contemporary perspective is not in their home locality. But again, I will argue, this can be a way to renew local communities, as these youngsters is a resource that can be an future advantage. Not necessarily because they should be expected to return, but they can as easily be a source from distance. Local devotion in young ages will extend the prospects that they possibly will give something in return. The important question is how this new situation can be managed.

A third point can be taken from my interviews with a couple of women. They were all well educated, and even though they certainly were no reflexive losers, it was an obvious question to ask why they were situated in a remote community. The answer clearly was that they, if necessary, could always leave if necessary, was an important facet in their reflexive choice. On the other hand, they also saw their community as one in which there were opportunities for their personal ambitions, but not the least they saw a good community for their children to grow up. Furthermore, it was a clear aspect, that these women via their education and their experiences from outside the community, also shared something together. It was important that they were, at least a few educated women in the locality. They represent another kind of community within the larger community, and the question is how the different sets of communities in the future will make up a well functioning locality. In other words, they exemplify reflexive choices that have been made, and as 'glocals' they represent important resources for the survival of the locality in the future.

I think that the three examples just mentioned say something about what kind of community is replacing the old one. This community is a much more differentiated community, and this community will depend heavily on what can be termed strategic reflexivity, not only in an economic but also in socio-cultural and political sense of the word. Strategic reflexivity is the question of how people within a remote community are able to interpret their own situation and create a strategy of action, or rather a wealth of strategies, about what kind of community to create. Modern communities will be 'created' and very different communities, and modern reflexivity simply is the new ways in which association and reciprocity are mixed at the local level.

The analysis of economic restructurations in the two localities undertaken, have given a wealth of examples on strategic reflexivity, and they point at the fact that strategic reflexivity will be still more important in the future. Furthermore, my analysis has shown that the answers to how to handle problems of modern reflexivity lie within the communities themselves, i.e. in the creation of new forms of collective action, of learning capabilities (in past and present) and specific forms of networking.

9.2. The content and objective of local coping strategies – summing up.

In this chapter I have shown that local coping strategies is a mix of many complicated factors in local life. I have made clear that the two localities of interest in this study were not modern Silicon Valleys, but they do manage anyway, and first of all they manage because they are flexible and adaptable in their social organisation, which in particular was illustrated from the perspective of local economic life. The innovations taking place in these localities were primarily social innovations, but I showed that to some extent these social innovations were an important precondition for product and process innovations, as exemplified in the Båtsfjord case.

I shall not repeat what has been said above, but three interesting issues have been under examination. First of all, it is clear that innovation in the social composition of the localities was first of all created by the reciprocal interaction between inside as well as outside linkages. Behind these interactions were some central, genuinely localised institutions, which provided the necessary superior identity and resources for common action to reshape the local system by mutual networking and what I have termed socialised leadership. In a period of globalisation, deregulation of markets and the apparent abandoning of tradition, if we are to believe dominant social thinking, this may sound like an anachronism, but it is not.

What is left behind is that the creation of "us", of community, is an important constituting element in social life, also in a global setting. What the inhabitants, or at least the dominant parties, in my two cases have realised is the importance of local control and local institu-

tions. And by this I do not just mean control and scope of the administrative adaptation of local welfare arrangement, but also over the means of production. In both cases a common localised institution that can invest hard currency into the locality was of specific importance. By these initiatives they established a very important balance between the basic institutional orders of state, market and community. These "embedded localities" exemplify that local devotion and economic success are not contradictions. They also show that a continuous confrontation between continuity and change does not make a static society, but a society in which the institutional orders of state, market and community can be rearranged without loosing ground.

I have argued that the coping strategies in these two localities of the Nordic Atlantic exemplify modernisation by own means. The history of these localities is the history of a "we", a "community", which is capable of renewing its economic and socio-cultural base without being overruled by the general pressure of global restructuring. Their renewal, despite their different traits, is based on a genuine understanding of the importance of territorial integration, and in particular the need for keeping control of their own economic affairs without loosing the even more vital importance of outside linkages. They are clear examples of modern reflexive action in high modernity, and their future will to a great extent will be dependent on what can be termed as strategic reflexivity. They also exemplify that a great deal of the answer to this challenge lies within the localities themselves.

Chapter 10
Summary, conclusion and future research

10.1. Introduction

This thesis has been dealing with social transformation within a Nordic Atlantic locality context. By analysing the re-embedding practises of everyday life, it has concentrated on those strategies people in fisheries dependent localities adopt in coping with the structural pressures of globalisation. As an analytic challenge, I argued that this problematic needed a multi-facetted theoretical approach. I did so, because the responses towards global pressure actually vary from place to place, and because local initiative always seems to have a multiplex background. This multifaceted theoretical perspective was outlined in chapter one, and applied in a historical context in chapter four.

Furthermore, I argued that social science misses the tenets that can be learned from experiences in peripheral places that show vitality and dynamism, as well as transformation. The mix of concrete factors that made a difference was outlined within the broader concept of coping strategies. The two fisheries dependent localities, Klaksvík and Båtsfjord, were chosen as paradigmatic examples on successful restructuring, and a qualitative comparative case study was applied. These methodological issues were discussed thoroughly in chapter two and three, dealing with theoretical and practical issues of methodology respectively.

This concluding chapter will briefly summarize the threads of the thesis. I will not touch upon methodological issues, but start by reiterating the analytical points in section 10.2. Thereafter I will recapitulate the findings in section 10.3, which again will be followed by a discussion of the practical consequences of my findings in section 10.4. As the last issue in the thesis, the challenges of future research will be discussed in section 10.5.

10.2. The analytical points

Chapter one of the thesis constructed an analytical framework to answer the question of global pressure and local response, which had to be theoretically applied by:

- an understanding of the ways in which global processes exert pressure on fisheries dependent localities to adapt and restructure;
- an understanding of the fact that, despite their subordinate position, under certain circumstances, these localities are able to improve their economic and social basis in an innovative fashion; and
- an understanding of the multifaceted ways in which locals utilize resources to improve individual and collective well-being.

These theoretical understandings also fulfil some basic requirements essential for the ways in which to see social reality. These requirements meant that the analytical framework also had to:

- reflect the fact that fisheries dependent localities both are differentiated and heavily integrated with the outside world;
- be based on a dynamic perspective of social change, without ruling out the fact that there is always continuity within change;
- and capture multiple factors and processes at the local level that make a positive difference.

The analytic answer to these questions and assumptions was interpreted by the usage of three primary theoretical concepts: globalisation, embeddedness and coping strategies.

The concept of globalisation was first of all utilised as a way of interpreting the world. This interpretation of the world has two basic dimensions: the structural and the strategic. The structural dimension of globalisation concerns the fact that the temporal and spatial boundary of the basic sociological issue, i.e. "the social", is best understood in the form of local – global interrelatedness or interdependence. The strategic dimension of globalisation concerns the ways in which social actors themselves adopt global horizons and awareness. Then, in order to understand the ways in which globalisation puts pressure on fisheries dependent localities, two sources of global dynamics were discussed, one of them in the economic, the other in the socio-cultural domain. These intellectual sources were the debates on Fordism/Post-Fordism and reflexive modernisation, respectively. These two debates basically served two functions. The Fordist / Post-Fordist debate helped to focus on multiple

tendencies in the core institution of capitalist society, i.e. the market. Three tendencies inherent in the present transformation of capitalism were outlined as being of specific relevance when discussing global structural pressure and local response:

- changes from the classical Fordist production towards more knowledge-, information-, service- and /or technology based forms of production;
- changes in policy orientation from the national toward local and international levels of decision making; and
- the promotion of "market-like" solutions at all levels of society, i.e. changes in the social organisation of economic system.

While the Fordist debate is more concerned with the macro-structural dimensions of society, the discussion on reflexive modernisation follows the dominant view that modern social life has become a process of constant institutional and personal reflexivity. People are reflecting on their social conditions outside the ties of tradition, as was characteristic of social life just a few years ago. I argued that this is a fundamental challenge for local development, but at the same I insisted that the dominant notion of reflexivity as "individualisation" and "detraditionalisation" did not mean the same as the disappearance of "community", "collectivity", "reciprocity" or "tradition". Instead, I argued that there is also structural reflexivity, in which cultural systems revive, and that tradition also could be a strong resource for managing the challenges of a distinct reflexive order of modernisation.

One problem in both the Post-Fordist and reflexive modernisation debates is that they downgrade contextual approaches and local distinctiveness. Another problem is that they seem to ignore the elements that promote continuity within change (tradition and forms of reciprocity). These weaknesses are dealt with in my approach by using the concept of embeddedness. By using the concept of embeddedness, it was possible to outline an analytical estimation of the local – global linkage that captures both the strategic and the structural dimensions of globalisation.

The concept of embeddedness, in my usage, has a relational and generic content, in which societies are not either embedded or disembedded, but can be more or less of both, simply because processes and mechanisms, forms and states of dis- and re-embedding are at work

all the time. The advantage in using the concept of embeddedness is that institutions link actors (micro-level) with systemic processes (macro-level) (see Figure 1.1.). By this method, the concept captures multiple processes of both continuity and change in social life. The concrete way in which the concept catches both continuity and change is as forms of integration. Basically there are two forms of integration, association and reciprocity. They both contain many sub-types, but the point is that it is the mix between these two pure forms of integration that constitutes the ways in which localities are embedded. It is the mix of association and reciprocity, by inside as well as outside linkages, that permits the market to be controlled. This mix of factors was outlined in what I termed the RAM-triangle (R(eciprocity)-A(ssociation)-M(arket)) in section 1.3.3. (see Figure 1.2. and Table 1.1.).

The last analytical step was to make the framework capable of handling multiple and concrete factors at the local level. Outlining the concept of local coping strategies, and stressing three key components, will concretise this. These three key factors are:

- Innovation, which is the key factor in economic change. In particular, I argued for the need to understand innovation as social innovation, i.e. as changes in the social organisation of the local economies;
- Network, which is the key factor to see the structured relations between individuals and organisations within and outside an institutionally defined domain; and
- Tradition, which is the key dimension in culture. Tradition has four different dimensions: the hermeneutic, the normative, the legitimate and the identity dimension (see Table 1.2).

The basic arguments on continuity and change also made it necessary to construct a framework for the historical evolution of Nordic Atlantic communities. This framework was constructed in chapter four. This analytic construct made it possible to distinguish between general and particular processes that have shaped the social composition of the two localities. It was this framework that made it possible to outline two very different paths of, representing the analytical construction of continuity (Klaksvík) versus change (Båtsfjord), respectively.

10.3. Coping strategies that make a difference

The principle question that was to be answered in the thesis concerned "*what* strategies people in fisheries dependent localities adopt to cope with the structural pressure of globalisation, *how* these strategies are developed and *why*?" In this section I will answer this set of issues on the basis of those coping strategies that make a positive difference, as exemplified by the two case studies in the thesis. A major part of the answer has been outlined in the respective chapters, and the comparative analysis made in chapter nine. Therefore I will here concentrate, from the perspective of the locality, on answering the questioning in a straightforward way, simply by following the sequences of what, how and why.

1) What strategies do people in fisheries dependent localities adopt to cope with the structural pressure of globalisation?

The immediate answer is that people in fisheries dependent localities adopt strategies which are compatible with what they are historically good at, namely changing their forms of social organisation. The view of peripheral communities as traditionally bound and static is illusory, as was clearly illustrated in the two historical chapters (chapters 5 and 7). A locality like Klaksvík, situated on the political and geographical periphery, was a leading place in the modernisation of the Faroese society. The leading role of Båtsfjord locality in the fisheries sector may be of recent vintage, but they have shown that they can be leading innovative agents in the high-tech sector. There is no rule that modernisation is floating from the centres to the peripheries, only different power relations, in which there is some room for the periphery to make its own route to modernity.

In practice, of course, there were many different coping strategies at work in each locality. However, it was possible to describe the many initiatives and processes as a single coping strategy. The majority of initiatives were based on one single idea within the localities. These I referred to as the strategies of "Båtsfjord Inc." and "Sheer Defiance", respectively (section 7.4. and 8.3). They represented a common understanding among a majority, or dominant group of people within the localities, upon which to build strategies. These values were based on crucial issues for the survival of the locality, as represented by the im-

portance of keeping control and ownership of economic enterprises in local hands. Furthermore, there was a broad based involvement in local economic restructuring, involving entrepreneurs, politicians and other decision makers, and mobilisation of the entire locality. In this sense, the strategies represent a form of "community" in the classical sense of the word.

It is important to note that the strategies adopted were centred on the restructuring of the crisis-ridden Fordist industries. Fordist production is still the backbone of the local economies, but it was reorganised. In Klaksvík, there has been a marked diffusion of economic activities, from the dominant power of one company based around a single entrepreneur, towards a proliferation of small autonomous enterprises in the contemporary economy[104]. For strategic initiatives, it is also important that the economy has remained local. In Båtsfjord, the number of companies have been substantially reduced since the 1970s, but the most marked change is that ownership has largely turned local. In Båtsfjord, the Fordist industries are also the basis on which the economic activities have been extended into a more Post-Fordist direction by common initiative.

In both cases, the local level, and the "community" as a strategic factor had clearly grown in importance under globalisation. Furthermore, the general changes in state policy and market relations have been counteracted by a wealth of initiatives made workable by the intersection and overlap of many different local agents (economy – community dynamic). Leading personalities could agree on one common "idea" as the basis for action, a basis that also had widespread support within the localities. These issues were important for the social innovations taking place in the localities, and created a dynamic capability for mobilising local resources in specific, strategic ways. The further question is how and why the strategies developed.

2) How do local coping strategies develop?

[104] One of these companies seems to have expanded strongly during the last two years. This pattern lies outside the scope of this thesis.

The general answer is that the network of social relations is crucial for how coping strategies develop. But networks are everywhere, and do not by themselves make a difference. My analysis made it possible to outline that a specific kind of network was crucial for strategies that work.

This network is based on concrete experiences of reciprocity, based on informal relations of trust and confidence among locals. This was, for instance, illustrated by the development of the network economy in Båtsfjord, made workable by the relation between the central companies and their leaders.. Functioning networks do not materialize from nothing. They are created on the basis of experiences, and these experiences together constitute an idea or a set of ideas on which all the crucial actors agree. This was probably most clearly illustrated by the acute crisis in Klaksvík, in which potential value conflict was eliminated to attain the common goal of keeping the economy local. This fact also illustrates that the network can be more or less latent, and becomes activated or deactivated in relation to its meaning and purpose.

This network has to incorporate manifold talents inside as well as outside linkages. Key personalities in different institutional domains (economic, political and cultural) learned active networking as a rule of conduct. It was this positive experience of trust and confidence among *different* actors that made it possible to set a dynamic process into action. These experiences may be predominantly recent ones, as in the case of Båtsfjord, or they may be primarily historical ones, as in the case of Klaksvík. What is crucial in both cases is the fact that the overlaps in structures between different agents and organisations make local coping strategies work, because *it is this overlap that creates a cumulative process*. The network has to build actively on outside linkages too, and it was clearly illustrated that these outside linkages have grown in importance as strategic imperatives, both in Båtsfjord as well as in Klaksvík.

While the network is crucial to understand how coping-strategies work, it does not necessarily explain why these strategies work. I have earlier used the metaphor that al nets do not catch fish, so the important is to figure out why some of the nets do.

3) Why do coping strategies work?

Some clues to an answer have already been giving in the previous explanations, so these will only be briefly reviewed here. First of all, it is clear that the two strategies are workable, because there is a dynamic capability within these localities to mobilise and use resources in common, but a common direction that does not eliminate the freedom to manoeuvre. This is clearly illustrated in the Båtsfjord case, in which there are rather well defined rules about competition and cooperation. This rule of conduct is maintained in Båtsfjord, which is one main reason why the milieu continues to be rather dynamic. Klaksvík is rather different, because the dynamic rule of conduct seems to become deactivated when the outside threat is eliminated. This was illustrated as the difference between community and individual entrepreneurship (c.f. sections 7.4.1, 8.3.2, 9.1.5), and also has to do with the stronger normative tradition in Klaksvík regarding what good economic behaviour is.

It has already been made clear that that social relations based on reciprocity and trust are crucial to understand local mobilisation. But why? The interesting thing is that these mechanisms not only work inside the locality, but clearly also towards the outside world (national and international). This also says something about why the net catches fish. It is first of all clear that the network is dependent on a specific kind of agent in order to be workable at all. This agent is personified in the entrepreneur, the committed local politician or the active volunteer who engages in the improvement of associative life. This agent is crucial, because thy are placed in the centre of the local network, and is committed to local well being. The agent constitutes what I have termed as socialised leadership (cf. section 9.1.5.). Further, in both localities, social leadership is scattered, most clearly illustrated by the wealth of functioning associations in both places. I also concluded that, in both cases, it was clear that a new kind of agent has become more predominant. While local milieus have been dominated by locals and mobiles, a new kind of agent has received greater importance for local strategies. This agent is the one I have called *the glocal*, which is the one who links relations between the local (as agent) and the mobile, hence between the local (as space) and the global (cf. section 9.1.5).

Finally, coping strategies basically work because change agents receive the resources and the commitment to use in social action. These sources are of course multiple in character: psychological, biological, social, and cultural. The question is, what are the sources for personal commitment to something local? Section 9.1.5. provided an answer to this question, so it will only be briefly repeated here. These sources are first of all derived from institutions and traditions, most concretely illustrated by the role of the savings bank in Klaksvík and the role of the Kjøpegruppa in Båtsfjord. These institutions provide commonality and identity among people, or at least dominant groups of people. In both communities, it was clear that local tradition worked as a guideline for collective action. The reason why the very different traditions in these two localities make a positive difference is to be found in the role of genuine local institutions. These institutions create continuity in the local social system, while they also provide the cultural resources for good or proper social action and change. Both cases clearly showed that traditions are not static, but sources for interpretation and the creation of new identities, and give social change direction and meaning. Tradition works as a reflexive endeavour, and this has been still more pervasive over the last decade or so, through the influence of what I have called delocalised experiences (i.e. the influence from the outside world and its embedding in local contexts). To some extent these delocalised experiences are used as a source in creating new forms of local tradition by the recast of past experiences. This fact is elementary to understand the direction of contemporary localities like Båtsfjord and Klaksvík, i.e. their entering into being reflexive communities (cf. section 9.1.7.).

10.4. The practical consequences

From the beginning, I concentrated on those factors that make a positive difference in local development. The pitfall here is that one risks underestimating sources of suppression and exclusion. This is a risk one always has to take in case studies, but this risk can be reduced by certain methodological techniques. My justification for this approach is the overwhelming focus on misery that the scientific community seems to put into studies of peripheral areas. To focus on these positive and paradigmatic cases means that they can pro-

vide direction in social analysis, social policy and economic change by pointing out concrete practises.

Of those factors which make a positive difference, the most important isimproving social planning, both at the local level, and between local level and regional/national levels of decision making. This is specifically important on the Faroe Islands, as the separation between centre and periphery is so distinct. This thesis argues that systems of reciprocity are very strong, and serve an important function in both economic change and in social welfare. Systems of reciprocity run contrary to functional criteria and uniform thinking which is typical in public planning. My findings raise the question of how to create a model or principle of planning in which the power of local differences and distinctiveness is not ruled out by functional rationality. Such an idea of planning has to take departure in the following facts:

- that every locality has its own distinct preconditions for positive development;
- that local tradition and identity, manifested in distinct local institutions, is an important source of local development;and
- that organised action in mutual and manifold networks (social capital building) is a way to create cumulative and positive development.

These territorial principles for local development do need to be integrated with regional and national objectives, and this is no easy process. The point is that distinct, territorially embedded solutions have been a precondition for the survival of peripheral localities and regions.

Another important aspect of social action is the need to cross regional and national borders. It is easy to see that fisheries dependent localities have much in common, whether they are Norwegian, Faeroese, Icelandic or Danish, though is the differences are frequently interesting. Differences in social composition, social organisation, institutional settings and the like are vital sources for knowledge about good social practices. Therefore, practical cooperation between fisheries dependent municipalities is an obvious way of eliminating the asymmetric position of being situated on the periphery. If we take Klaksvík and Båtsfjord as examples, these general points can be derived from my work:

- Båtsfjord is strong on economic performance, initiative and networking.
- Klaksvík is strong on local mobilisation and social integration.
- Both localities have strength and weaknesses in their local political systems
- Both localities have strong associative life, particularly voluntary organising.

To put it simply, Båtsfjord and Klaksvík have obvious strengths and weaknesses that could be counterbalanced by greater knowledge about each other's practices. The substantial differences in youth attitudes, as discussed in section 9.1.7., are an important source of knowledge for the possible future of these localities, and for local planning. Networks that cross the Nordic Atlantic can link together knowledge on practices, planning and research.

Better and more cooperative contacts between practitioners and researchers are the crucial answer for such a process to get started. This practical co-operation must not result in undermining basic research; the important thing is the quest to find a proper balance between basic and applied research. There are many experiences to build upon, but they are usually nationally oriented; I suggest that the international comparative perspective needs to be more subtlety integrated. Furthermore, there is also the need to have research and development linked with strategies, also in the smallest peripheral community.

10. 5. Future Research

Case studies are normally characterised by what has been termed "thick descriptions". One problem in thick descriptions is that it gives the researcher a wealth of information and impression, which do not all fit into the constructed framework. Case studies can therefore be a danger, because the researcher can easily start follow too many paths and tracks of research, and risks ending up in an empirical and theoretical morass. One advantage is that thick description provides the opportunity to create many new research agendas when one has come to an end. In this section, I will outline some perspectives for further research which can be derived from the findings in my work.

The most evident step would be to extend the analysis with further, similar studies in Northern localities. This step would extend empirical knowledge, and it would help to fur-

ther improve theoretical sensitivity. The further development of a theory of local development and local community, including the analytical construction of coping-strategies, is greatly needed. One concrete and immediate advantage for my particular investigation is the work within the MOST-team (cf. chapter 2), simply because of the team's common and continuing focus on coping-strategies from the perspective of the North. The focus upon the concepts of coping-strategies is a recent one, but I feel confident that this multifaceted way of analysing social change is a way forward for social research. These are some concrete examples that can be derived from my work.

One of the issues is the notion of reflexive communities. This perspective is clearly in need of further examination. It is important to thoroughly examine how the periphery is also part of, and influences, the process of modernisation. The most obvious field of research is youth. If anyone is the reflexive subject, it is youth, particularly females.. To keep or regain the social and cultural capital of youth will be more important for many peripheral areas than access to conventional capital. For instance, what is the connection between modern youth culture and local peripheral lives? What are the experiences that youth have with coping strategies in peripheral communities? How do we improve the conditions of youth in peripheral areas so that they do become reflexive winners?

Another issue concerns the notion of social capital. One important finding in my thesis is that, under certain circumstances, it is possible to create a reinforcing process which is of vital importance for the survival of peripheral communities. What needs further investigation is how the notion of social capital can be better applied within the broader concept of coping-strategies. The different perspectives on social capital will provide different theoretical answers to this question. Even though this thesis has provided some answers, it is important to extend the empirical basis on how concrete local strategies contain and build up social capital. Building social capital is a very important element for the survival of communities that can not compete on conventional conditions. An interesting question to investigate would be the relationship between different forms of communities and distinct aspects of social capital. How do specific forms of social capital apply to specific types of

local communities? And what role do informal relations and different mechanisms of reciprocity play in the construction of social capital?

A third issue concerns the policy level. My investigation clearly points out the importance of local political institutions in coping with global transformations. There is no doubt that the flaws of centralised policies provide room for local and peripheral communities to become a natural alternative for social and societal integration. They are also a clear alternative to the hyper-flow of people and assets in global reordering. But the challenges for the local political community have changed dramatically, due to the advent of the knowledge society and the prevalence of reflexive subjects. One aspect of this is that the relation between central and local levels has already changed markedly, and will continue to do so. The experiences from these changes are very different. Båtsfjord is a locality, which can be satisfied with the structures of the Schumpetarian state (the are clearly one of the winners), but this is certainly not the case in so many other localities in the Norwegian north. In my view the question here is how central-local relations can be properly arranged according to the very different needs which exist in different local settings.

The last issue I will point out is the need for comparative historical analysis. As I have showed in this thesis, the economic modernisation of the Faroe Islands started in the political and geographical periphery. I have also argued that informal relations of reciprocity and informal economic relations have remained strong on the Faroe Islands. In particular, I have shown how relations of reciprocity can be the important constituent in modern economic change. An important question, therefore, is how these mechanisms and relations have worked over time, and what role they have played in social and economic change across different institutional and geographical contexts.

The different research issues mentioned here reinforce one another. The validity of the coping-strategies concept is that it can be applied to a range of different objectives, while the important idea is maintained: that social life is complex and differentiated, and that our analytical thinking about the social world has to reflect these complexities.

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Supplement 1
List of interviewees and local informants

List of formal interviewees:

Eyvor Eriksen, Båtsfjord	Terji Kjærbo, Klaksvík
Frank Klausen, Båtsfjord	Hergerð Joensen, Klaksvík
Frode Askekjær, Båtsfjord	Jóna Olsen, Klaksvík
Grete L. Jensen, Båtsfjord	Jógvan við Keldu, Klaksvík
Hans Erik Holm, Båtsfjord	Rani Nolsøe, Klaksvík
Jan Roger Nielsen, Båtsfjord	Maria Olsen, Klaksvík
Jarle Nilsen, Båtsfjord	Johan Páll Joensen, Klaksvík
Kjell Olaf Larsen, Båtsfjord	Páll á Dul, Klaksvík
Leif Arne Viken, Båtsfjord	Svend Thulesen, Klaksvík
Nils Grønberg, Båtsfjord	Kristina Lützen, Klaksvík
Ole Bjørkås, Båtsfjord	Frits Olsen, Klaksvík
Stein Ulve, Båtsfjord	Henning Bøgesvang, Klaksvík
Steinar, Båtsfjord	Eyðgunn Samuelsen, Klaksvík
Torbjørn Tangen, Båtsfjord	Jóannes Poulsen, Klaksvík
Workers Union.	Rannvá Joensen, Klaksvík
Leder på Båtsfjordbruket.	Dánjal Ennistíg, Klaksvík
	Eyðfinn Jacobsen, Klaksvík
	Elspa Lutzen, Klaksvík

Many other people, not listed here, have been important informants. Some of these have preferred to stay anonymous, while most of them are informants that I have met and have discussed with under more or less formal circumstances. Some of these I have met during my formal interviews, for example during my visits at the local companies or municipality offices. Other informants have been accidental acquaintances, or from the circle of acquaintances of people that I have been in company with. These people you typically meet at different social arenas in the localities. Last, I would like to mention the importance of local media for a project like mine. The local newspaper in Klaksvík "Norðlýsið" (Northern Light) and the local radio in Båtsfjord (Båtsfjord Radio) have been very important, both to gather information, but also to figure out what goes on in the local public.

Danish summary

Denne afhandling analyserer lokale udviklingsstrategier i et globalt perspektiv. Den rejser spørgsmålet: hvilke strategier udvikler mennesker i fiskeriafhængige bygdesamfund, for at imødegå globaliseringens strukturelle pres, hvordan udvikles disse strategier og hvorfor.

Dette empirisk baserede spørgsmål udspringer af det faktum, at vi lever i en transformationsproces, som grundlæggende ændrer eksisterende vilkår for lokal integration. Generelt set, står de fiskeriafhængige bygdesamfund som værende en del af taberholdet i den globale omstrukturering. På den anden side, så kan denne generelle situation nuanceres væsentlig, om man tager udgangspunkt i den enkelte lokalitet. Mange fiskeriafhængige lokaliteter udviser nemlig en væsentlig økonomisk dynamik og omstillingsevne, og det er lærdommen fra disse eksemplariske tilfælde, som er en anden vigtig motivation for denne afhandling. Med andre ord, så ligger udfordringen dels i at finde frem de sociale, økonomiske og/eller kulturelle faktorer der udgør en positiv forskel. Dels i at forstå hvordan økonomiske handlinger er socialt og institutionelt indlejret. Med andre ord, at frembringe det specifikke i det generelle og det generelle i det specifikke.

Kravet til den analytiske ramme har været, at den skal:

- reflektere det faktum, at fiskeriafhængige lokaliteter er vidt forskellige, på trods af at de deler nogle fælles karakteristika, og samtidig integrerede i et lokalt – globalt spændingsfelt.
- være baseret på et dynamisk perspektiv om social forandring, uden at udelukke den kendsgerning, at der er altid kontinuitet indenfor ændringsprocesser.
- indfange den mangfoldighed af processer og faktorer på det lokale niveau, som gør en positiv forskel.

Disse krav til den analytiske ramme bliver udviklet i afhandlingens kapitel 1, og bygges op i form af en tre-trins model, dvs. i interafhængige trin. Med udgangpunkt i det opstillede problemfelt, er kravene til modellen, at den skal indfange:

- De måder hvorpå globale processer udøver pres på fiskeriafhængige samfund for tilpasning og omstrukturering
- Det faktum, at disse lokalsamfund, på trods af deres asymmetriske situation, har evnen til at udvikle deres økonomiske og sociale fundament i en innovativ retning, samt
- De mangfoldige processer og ressourcer der anvendes til at fremme individuel og kollektiv velfærd.

Denne analytiske ramme baseres på tre overordnede teoretiske begreber: globalisering, embeddedness (indlejring) og mestringsstrategier.

Globalisering anvendes som en måde at analysere verden på, med to grundlæggende dimensioner: en strukturel og en strategisk. Globaliseringens strukturelle dimension refererer til, at den tidsmæssige og rumlige forståelse af "det sociale" bedst forstås i en lokal-global interafhængighed (interdependence). Den strategiske forståelse af globalisering handler om de måder og det omfang hvori de sociale aktører selv antager en global opmærksomhed og horisont. Til at forstå de globale processer der lægger pres på fiskeriafhængige lokaliteter til omstilling, trækkes primært på debatten om Fordisme/Post-Fordisme, samt på teorier omkring det refleksive moderne. Disse intellektuelle kilder har gjort det mulig at diskutere tre tendenser i den nuværende transformation som værende af særlig relevans:

- Ændringer fra den klassiske fordistiske produktion imod mere videns-, informations og/eller teknologibaserede former for produktion;
- Ændringer i den politiske orientering, fra det nationale imod de lokale og de internationale niveauer for beslutningstagen; samt
- Ændringer i retning af markeds- og markedslignende løsninger på alle samfundsmæssige niveauer.

Den analytiske sammenkædning af det lokale og det globale, og som indfanger både den strategiske og strukturelle dimension i globaliseringsbegrebet, bliver foretaget med begrebet indlejring (embeddedness). Som begrebet anvendes i denne afhandling, har det et generisk og relationelt indhold, hvori samfund kan være mere og mindre indlejrede, ganske enkelt fordi processer og mekanismer af ind- og udlejring hele tiden er på spil. Forståelsen af

disse dynamiske processer muliggøres dels ved det analytiske argument, at det er institutionerne der forbinder social handling (mikroniveau, forholdet mellem individer/organisationer) med systemiske processer (makroniveau, forholdet mellem systemer). Denne anvendelse muliggøres desuden ved at operere med to subkategorier af embeddedness. Disse to subkategorier er de to "rene" integrationsformer der eksisterer i ethvert samfund: gensidighed og association. Det er mixet mellem disse to, som helt grundlæggende konstituerer graden af lokal ud- og indlejring (eller forholdet mellem autonomi og integration), og det er via dette socialiseringsmix, at en sociologisk forståelse af hvordan økonomisk restrukturering og "tæmningen" af det globale marked kan opnås.

Det tredje analytiske trin er at udvikle de konkrete samspilsfaktorer på det lokale niveau, som har betydning for lokal mestring og tæmning af markedet. Begrebet mestringsstrategier har en dobbelt betydning. Mestring refererer til den "skjulte" evne i en social kontekst, til at klare social transformation, mens strategi refererer til den "aktive" og reflekterende handling. Dette sammenkobles med de tre faktorer, der har særlig betydning for lokal udvikling (en økonomisk, en social og en kulturel), som er:

- Innovationen, som er nøglefaktoren i økonomisk ændring. Især bliver det argumenteret, at innovation må ses som social innovation, dvs. som ændringer i økonomiens social organisering.
- Netværket, som er nøglefaktoren in den sociale handling, og som referer til de strukturerede relationer mellem individer og organisationer. Med netværk skal både forstås kæder indenfor og udenfor et institutionel defineret domæne.
- Traditionen, som er nøglefaktoren i kulturen. Tradition defineres med baggrund i fire forskellig komponenter: den hermenutiske, den normative, den legitime og den identitetsmæssige.

I afhandlingens kapitel 2 og 3 udvikles afhandlingens metodologi. Kapitel 2 diskuterer og argumenterer for den case-baserede metode, og især argumentes der for feltarbejdets betydning. I kapitel 3 diskuteres den konkrete gennemførelse af studiet, som bliver foretaget i to Nordisk Atlantiske fiskeriafhængige lokaliteter, Båtsfjord i det allernordligste del af Norge, samt Klaksvík på Færøerne.

Selve den empiriske analyse er bygget op i tre trin. Dels er der tale om et studium af den historiske udvikling i de to lokaliteter, som bl.a. baserer sig på en videreudvikling af den teoretiske analytiske ramme. Denne teori-historiske tilgang udvikles i kapitel 4, og som siden følges af en historisk analyse af de to lokaliteters udvikling (kapitlerne 5 og 6). Disse historiske studier har til formål at frembringe de konkrete historiske faktorer der har haft betydning for den omstillingsprocess, som lokaliteterne har gennemgået over det seneste ti-år. Konkret vises der, at lokaliteterne har haft vidt forskellige forudsætninger for modernisering, og at vidt forskellige lokale strategier har været grundlaget for deres modernisering. Som analytisk abstraktion vises der, at Klaksvík repræsenterer kontinuitet i tid og rum, mens Båtsfjord repræsenterer forandring. Dette vises især ved at analysere den socio-økonomiske udvikling, og især hvordan denne betinges i et samspil med socio-politiske og socio-kulturelle forhold, lokalsamfundsinterne såvel som lokalsamfunds eksterne.

Det næste trin er en analyse af lokale mestringsstrategier i en nutidig sammenhæng. Udgangspunkt er taget i de stærke sociale og økonomiske omvæltninger der sker i disse lokaliteter i slutningen af 1980'erne og begyndelsen af 1990'erne. Analysen af de to lokaliteter foretages separat, i henholdsvis kapitlerne 7 og 8. Kapitel 9 udgør det tredje trin, hvor resultaterne fra dels den historiske analyse, dels de konkrete feltbaserede studier, udgør grundlaget for analytisk komparasion af lokale mestringsstrategier.

Analysens umiddelbare svar på problemstillingen er, at mennesker i fiskeriafhængige lokaliteter foretager strategier, som de historisk set er gode til, nemlig at tilpasse og ændre den sociale organisering af økonomien. Begge lokaliteter vidner om succesfuld omstilling, baseret på sociale innovationer. Analysen viser samtidig, at disse sociale innovationer bygger på en kollektiv forståelse og grundlæggende kollektive værdier. Betydningen af af bevare ejerskab og kontrol over virksomheder på lokale hænder, udgør i begge tilfælde et klart eksempel på dette. Desuden, så er lokal restrukturering et kollektivt fænomen i den forstand, at centrale initiativer typisk involverer mange aktører, som f.eks. lokale entreprenører, politiske beslutningstagere og til dels bredere lokale grupper. Analysen viser, hvordan historisk opsamlede erfaringer, institutionaliseret i originale lokale organisationer, får en ganske

særlig betydning i krisesituationer, hvor "traditionelle" og "moderne" forhold smelter sammen og danner grundlag for social handling, en form for strategisk refleksivitet. Traditionen bliver et vigtigt element til at omstille sig imod, hvad der kan betegnes "reflexive communities".

Mestringstrategierne afspejles især i udviklingen af de lokale netværker der opstod i krisesituationen. En specifik form for netværk er særlig afgørende, og det er først og fremmest baseret på konkrete erfaringer og gensidighedsrelationer. Informelle sociale relationer har en afgørende betydning for udviklingen af en dynamisk lokal økonomi, både lokalsamfundsinternt, såvel som når det gælder det internationale marked. Med andre ord, så kombinerer et velfungerende netværk indre (lokalsamfundsinterne) og ydre (lokalsamfundseksterne) kæder, og det bliver et stærkt netværk, når der er en mangfoldighed af overlappende strukturer. Disse overlappende strukturer muliggør en kumulativ proces i form af opbygning af social kapital, og det er også grundlaget for dannelsen af nye lokale associationer (økonomiske som kulturelle).

En central analytisk pointe i afhandlingen, er spørgsmålet om ændringsaktøren. Analytisk argumenteres der for betydningen af socialt lederskab, fordi de karakteristiske i disse lokaliteter er spredt lederskab, der ikke kan inddeles i politisk, økonomisk og kulturelt, men netop er overlappende. Samtidig argumenteres der for, at en anderledes aktør har fået stadig større betydning for den lokale udvikling. I forhold til "den lokalt orienterede aktør" og "den mobile aktør", så har den "glokale" aktør fået stigende betydning. "Den glokale", er den som kombinerer lokale og globale værdier og orienteringer, og som i stigende grad bliver hovedeksponent for hvad der kan betegnes strategisk refleksivitiet. "Den globale" er ikke en bedre aktør, men et relativt nyt og væsentligt supplement for perifere lokaliteters udvikling under nye globale (refleksive) vilkår, dvs. en som kombinerer lokale og ikke-lokale værdier og handlinger.

Grundlæggende, så virker mestringsstrategier, fordi ændringsagenterne har nogle sociale og kulturelle resourcer, som de anvender til at skabe social innovation. Disse resourcer er selvfølgelig mangfoldige, men spørgsmålet er hvor den lokale orientering kommer fra. Denne

orientering kommer først og fremmest fra lokale institutioner og traditioner. I begge tilfælde var de lokale politiske institutioner centrale, men i begge tilfælde var også to helt andre lokale institutioner af mindst lige så stor betydning. I Klaksvík er den lokale sparekasse en sådan institution, mens det i Båtsfjord er den lokale handelsstandsforening. Disse er ikke bare en forening/sparekasse i gængs betydning, men de fungerer som originale lokale institutioner som danner fællesskab og identitet blandt mennesker. Begge cases viser også, at traditioner kan være meget forskellige, men at de har det tilfælles at de skaber kontinuitet i de lokale sociale systemer og samtidig er bærere af kulturelle resourcer som definerer hvad "dygtig" og "forsvarlig" lokal handling. Traditioner er derfor ikke noget statisk, men en aktiv resource for dannelse af ny identitet for fortolkning af lokale situation, og giver således social ændring mening og retning. Tradition i denne betydning viser sig at vokse i betydning, netop fordi at dannelsen af nye former for lokale traditioner og identitet i meget høj grad baserer sig på delokaliserede erfaringer, dvs. erfaringer hentet ind udenfor det lokale sociale felt.