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Fishery Communities in Change

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Abstract:

This article discusses relations between globalisation and local capitalism. Despite the increasing globalization in the international economy, firms continue to be spatially situated. We develop a methodological framework to approach the spatiality of globalization and apply this approach in an empirical analysis in a fishery dependent region in Norway. An intensive study of two important fishery communities describes and explains how spatial context influence the integration of fish processing firms in the global economy.

Fishery Communities in Change

1. Introduction

Communities should not be treated as unchangeable. Communities are maintained, constructed and changed as part of continuous processes of social change. At present globalisation interferes with local development through world wide processes of integration. The discussion of relationships between the local and the global has taken two directions. One approach has been dominated by opposite voices defending or offending globalisation. A characteristic of this pro et contra discourse is viewing globalisation as explanan or a phenomenon that explains development or lack of development in communities. The second approach towards globalisation has been to view globalisation as explanandum or as the phenomenon that is to be explained. In the following analysis we argue for an intermediate approach. Our intention is to discuss the consequences of globalisation, but ground our analysis on integration of different forms of economic activities into such processes. The middle way means more focus upon interfering influences from spatial aspects of production systems and the institutional practices characterising the adaptations.

The presentation of the theoretical basis for the analysis in section 2 is followed by a discussion of the methodological approach applied in the analysis in section 3. In section 4 we present some of the factors behind the adaptation and changes in activity level during the 1990s in the fishing industry of Finnmark and particularly in the two fishery municipalities of North Cape and Båtsfjord. The different strategies as favoured by the main actors of the two different environments are discussed in section 5. The article is based on recent research on how Norwegian fish processing firms and communities adapt to increasing globalisation through international competition and national political liberalisation during the 1990s (Jakobsen & Fløysand 1998, Alvheim 1998, Øvrelid 1998, Fitje 1999, Lindkvist 2000).

2 Globalisation and its implications

«Time-space compression» and «time-space convergence» have been commonly used expressions to describe the processes of globalisation (Harvey 1989). Globalisation then becomes different processes that among many other things, are rooted in technological innovations and constructions of world wide systems of communication. «Time-space compression» implies that artefacts, symbols and social relations cross borders between firms, communities, regions and nations in an increasing tempo.

Thus, globalisation influences most areas of life. Communities take part in economic processes of globalisation that deal with the establishment of more efficient technology in the value added production from resources. Traditionally this process has been connected to industrialisation and the subsequent building up of Fordism and large-scale production as the dominant modes of organisation. In recent times, time-space compression has encouraged corporate restructuring and functional integration of internationally dispersed economic activities. New technology, increased international competition and liberalisation in world trade have opened up for specialised consumption and niche adapted production. In this process enterprises make use of flexibility and local creativity alone, or in collaboration with other firms. Regional and institutional flexibility of production (Storper and Walker 1989, Amin and Thrift 1994) seems attainable through relations at different geographical levels, in small and peripheral as well as in central communities. Flexibility and competitiveness have been strengthened in industrial clusters consisting of producers and sales companies, financial and research institutions, backed up by official authorities and others (Porter 1990). The strengths of these clusters are then able to influence the economic practice in even the most peripheral community through, for example, remote ownership, geographical division of labour at different spatial levels and labour migration. The outcome at community and firm level seems to be the result of increased competition between companies or regions, with winners and losers in the struggle for economic influence (Storper & Walker 1989).

There is a close relationship between economic change linked to time–space compression and changes of political regulation regimes. Political modernisation refers to the many-sided tendency towards regulation of activities in modern society.

Political regimes influenced by Keynesian theory of regulation supported Fordism, a dominated mode of organisation under Western capitalism. In the Keynesian strategy the controlling agency in the process of economic growth was the state rather than the market. Industrialisation and large-scale production were also supported by regulating regimes as represented by the Soviet model or other state capitalistic strategies (Hettne, 1995). A common characteristic of the regulating regimes was the focus on the national state that was assigned different roles according to ideology. In connection with economic globalisation as functional integration of internationally dispersed economic activities, regulating regimes have changed towards neo-liberal regulation regimes and market perspectives. International companies would perhaps not choose to settle down in communities governed too strictly by non-business players. Decisions in political and economic relations have been rearranged to higher geographical levels and in recent years executed as market transactions (Lash and Urry 1987, Jessop 1990, Sayer 1995).

Finally, communities take part in cultural modernisation linked by time-space compression. The economic, political and cultural changes linked to "time-space compression" set in motion dialectics characterised by flexible specialisation, political deconstruction and reflexive individuals in search for particularity. Time-space compression means accelerated flows of people, and it disturbs culture's settled contours. Established traditions and customary way of life are rearranged by integration of communities into world wide systems of exchange of knowledge, information and markets for goods and finance. Some observers argue that production of culture and identity to a large degree have changed from being a concern of communities to an individual affair characterised by reflexive individuals in search of economic and political power and cultural identity (Giddens 1991). Increased internationalisation of the world economy and liberalisation of world trade encourage global consumerism that is seen by many commentators to have a profound influence upon cultural norms and values, influencing on-going economic, political and social practice (Hall 1995, Jackson 1989). This implies that there seems to be a dialectical relationship not only between economic and political change and practice, but between all the three above mentioned processes of change. People, firms as well as communities are integrated in social, political and economic relations of larger extent

than before, and practise these relations in new contexts of meaning (Hansen & Selstad 1999).

This complexity of globalisation is reflected in the discourse of the phenomenon in social science. It is discussed if «time-space compression» has a homogeneous or heterogeneous impact on social and economic practice and thus on the development of communities (Fløysand 1999). Giddens (1990) argues for deterritorialisation effects of globalisation. His argument is that social integration, or intimate relations are replaced by system integration or absence of the intimacy in relations. Such system integration implies a «lifting out» and disembedding of local spatial context as space of reference. Accordingly, we should expect economic practice to be disconnected from local conditions and standardised in the process of globalisation. On the other hand, new institutional perspectives in economic geography seem to increase its focus on local conditions in times of globalisation by stressing ”tacit knowledge” or ”cultural embeddedness” as an important factor of explanation (Lee & Wills 1997). Theoretical concepts such as “industrial districts” (Hirst and Zeitlin 1992), “new industrial spaces” (Scott 1988), “localised industrial complexes” (Amin and Thrift 1992), “local milieu” (Crevoisier and Maillat 1991) and “learning economies” (Lundvall and Johnson 1995), all express this tendency to focus upon institutional aspects (Jakobsen 2000). However, theories that debit and credit influence of local conditions in the globalisation process, acknowledge economic practice to be embedded in some kind of contexts (economic, political, social and cultural of different scales and through different historical periods). This article will demonstrate the need for a methodological framework to approach the socio-spatial contextuality of globalisation.

3 Approaching the contextuality of globalisation

A contextual approach towards globalisation means putting more emphasis upon socio-cultural space. In economic geography local knowledge and path dependency have been connected to the concept of context. Path dependency has been used to illustrate how local knowledge influence economic development by structuring the development into special ”trajectories”. The argument has been applied on firm level as well as industry level. The claim has been that firms will build on existing routines and knowledge when developing new strategies for adaptation and also that ”...the condition of the industry in each time period bears the seeds of its condition in the

following period" (Nelson & Winter 1982:19). Massey´s (1979) geological metaphor stressing the influence of local investments, underlines a close relationship between the locality of a firm or an industry and its strategies of development. However, it seems to be convenient to stress that the concept of local knowledge is of limited value if it continues to be "tacit" in our analysis.

For this study we shall take on a field analytical perspective. The main theorem of this approach is that economic actors are "embedded" in a spatial system of relations that can be observed (Grønhaug 1978, Fløysand 1996). Different concepts have been used to describe such spatial relations or the socio-cultural space where economic actors are participating. Grønhaug introduced the concept of social fields as "a relatively bounded interconnected system of social relations stretched out in socio-space" (1978:118). The number of relations involved and their extension define the scale of a social field in time and space. DiMaggio and Powell apply the concept of "organisational field" consisting of: "those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organisations that produce similar service or products" (1991:64). Scott underlines that "The notion of field connotes the existence of a community that partakes of a common meaning system and whose participants interact more frequently and fateful with one another than with actors outside of the field" (1995:56). This means that such fields consist of "embedded" relations that structure the practice. The members of a field need to share common ideas and values in order to keep the interaction between them going.

The notion of culture can then be a helpful theoretical abstraction in the analysis of economic practice. Culture can be defined as an intersubjective system of meaning that people use to interpret experience and social practice and to generate new practice and meaning (Sayer 1992, Lindkvist 1996, Fløysand 1997). If this definition of culture is connected to the concept of social fields, it can be argued that organisational fields contain «pattern of behaviour» in form of cultural knowledge. In such fields agents like "key suppliers, resource and product consumers, regulatory agencies, and other organisations that produce similar service or products", take on conduct that are legitimated through shared expectations (intersubjective meaning) of role performance

(Lindkvist 1996). This means that culture can be more directly confronted in our analysis of economic practice.

An analytical perspective based on the concept of social fields implies that economic actors take part in various fields (fields of family relations, community relations, economic relations, political relations, etc.). In sum the events and processes of fields function as ”constraints upon and opportunities for action” (Kalberg 1994:39) of economic actors. The fact that economic actors take part in a variety of social fields also means that economic practice can influence and be influenced by events and processes in fields of different scales. This implies that the cultural knowledge in the field system of economic practice does not have to be "local", but situated in time and space.

The most important implication of this approach is that the spatial scale of events and social processes under study become an empirical question. The fields and scales of an economic activity have to be discovered through time consuming empirical studies. In the following we point at important events and processes in fields of different scales that characterise the globalisation of the fish processing industry in the case of North Cape and Båtsfjord. The data are gathered through a post enquete covering all fish processing firms in Finnmark and through intensive case studies in the communities.

4 Globalisation of the fish processing industry of North Cape and Båtsfjord

4.1 Events and processes of international and national scale

Technological innovations and constructions of world-wide systems of communication have caused tremendous changes on large scale fields of economic- and political relations with strong influence on economic activities in fishery communities all over the world. Communities have suffered the consequences of declining resources caused by over-exploitation made possible by the construction of large deep-sea fishing-boats. Functional integration of economic activities influences some communities to flourish, others to decline. The growth of neo-liberal regulation regimes and more of market perspectives challenge economies dominated by

governmental controlled institutions, but stimulate economies dominated by private capitalistic institutions.

During the 1990s the European fish processing industry faced an increase in international competition, as well as political liberalisation. The liberalisation of the international economy was reflected in the Norwegian policy of fisheries. In Norway the fish processing industry had been less profitable than other industries. Legal adjustments in the political regulation system were introduced in order to increase the profitability. The adjustments included cancellations of arrangements regulating the raw fish market as well as the market for processed products (for further discussions see Jakobsen & Fløysand 1998). The long-term political tendency behind these changes was to create a political framework stimulating more market oriented strategies in the industry.

In general terms it can be argued that time-space compression has made market forces and the socio-spatial conditions more influential, while political regulation and closeness to fish resources, seemingly, have lost some of its influence. Competition on the international markets for fish products has increased. This increases the possibility for firms, communities and regions to take advantage of specific socio-spatial conditions, but also the possibility of suffering the process of marginalisation. In the late 1980s Finnmark seemed to be close to the latter situation.

4.2 Events and processes at regional level

Finnmark is one of the most important regions of the Norwegian fishing industry. The freezing sector of the industry has been the dominant one. This sector faced increased competition of its main product (frozen blocks of cod fillets) during the 1980s and 1990s. The resulting decline in activity was also related to the resource crisis in the fisheries in the Barents Sea at the end of the 1980s. Between 1980 and 1990 the decline in employment was close to 60% and, not surprisingly, the rates of profitability in the industry have been under the national average during these years. The fish farming industry was poorly developed in Finnmark. The highly specialised fish processing industry was therefore unable to avoid the crisis in traditional fisheries by using raw materials from the fish farming industry, as was the case in some of the regions further south. Ownership of the regional industry also seems to have

influenced the situation negatively. In the 1970s and 1980s many of the major production units were owned and controlled by the state authorities. The main strategy used by the authorities towards resource and markets fluctuations was capital transference to the private businesses in order to keep them going in periods of market depression and resource crisis. This strategy to a large degree cemented an old fashioned and rigid industry structure and did not encourage the introduction of more efficient modes of organisation.

The crisis of the freezing sector, and a gradual liberalisation of the policy of fisheries, triggered off a radical restructuring of the industry in the late 1980s and the first part of the 1990s. A majority of the long established firms, including state controlled firms, vanished and was replaced by newcomers. The newcomers were both local and external entrepreneurs. Many of them are innovative companies introducing new production processes and new products into the region. The result has been a more homogenous industrial structure at the level of the county of Finnmark where the industry as a whole is concentrating on different cod fish products. Though the white fish sector in this way dominates total production more than before, the sector's internal structure has become more differentiated. Increased production both in the fresh fish and conventional sector (salt fish production) changed this part of the industry structure. At present, fresh, frozen and salted products have a balanced share of the total regional production. In addition the processing of frozen fish is still important, but much less dominant than in the 1970s and 1980s.

However, the restructuring process linked to globalisation has taken different directions at community level. In the following we will try to illustrate how restructuring is embedded in contextual spatial system of relations, structuring the development into special "trajectories". This we will do by comparing the cases of North Cape and Båtsfjord.

4.3 Events and processes at community level

North Cape and Båtsfjord are the two major fishery communities in Finnmark, Northern Norway (Figure 1). Both communities have experienced radical changes in their fishing industries as indicated by Tables 1 and 2. The changes in both municipalities were triggered off by the increased competition of frozen fillet blocks

from early 1980s, by political liberalisation and crisis in the fisheries in the Barents Sea at the end of the 1980s. Though these processes shook the industry, the break down of the Soviet System and the changes in the Norwegian regulation system

Figure 1 The North Cape and Båtsfjord municipalities

affected the industry in a positive direction. The two fishery dependent communities increased their import of fish from Russia. This new supplier of raw fish became vital for the development of the local industries. *In 1989, the 18th April, when announced over radio that the cod quotas were cut, life was quite dark here in Båtsfjord. But we acted quite quickly and started to buy fish from Russian trawlers. We started in August 1989. It is not an exaggeration to claim that without, throughout the first part of the 90s, given the horrible low quotas existing in Norway during this period, a*

single firm would not have survived without access to Russian fish.... (Industry manager quoted in Fitje 1999:60). Even with increasing Russian cod landings, the total landings were drastically reduced during the 1980s (table 1). The main explanation behind reductions was connected to crisis in the fisheries of capelin and herring. The resource-intensive production of fish oil and fishmeal vanished more or less in both communities. When concentrating on landings of codfish only, the situation afterwards has been slightly different. Landings declined during the first part of the 1990s and thereafter increased substantially.

Table 1: Landings of fish in metric tons in the municipalities of North Cape (NK) and Båtsfjord (BÅ) from 1980 till 1999.

Year and species of fish	North Cape	Båtsfjord
1980 Cod fishes	***14045***	***25356***
1980 Total	133064	95777
1990 Cod fishes	***9599***	***12758***
1990 Total	9796	19265
1995 Cod fishes	***25006***	***40502***
1995 Total	25434	43532
1999 Cod fishes	***31113***	***32944***
1999 Total	33265	37722

(Source: Fiskeridirektoratet & The Fishery Data Base)

Another common characteristic of the restructuring process in the two communities was that the state-controlled enterprises were taken over by local entrepreneurs. North Cape has experienced a slightly different development than the neighbour further east in Finnmark. The prawn production closed down during the 1980s. The landings of cod, the most valuable fish for processing in the industry, more than doubled from 1980 to 1999 to this municipality (Table 2).

Table 2: Production and employment in the fishing industry in North Cape and Båtsfjord

	North Cape	Båtsfjord
Landings of cod 1980	14045 tons	25356 tons
Landings of cod 1999	31113 tons	32944 tons
Number of workers 1980 (man labour years)	314	502
Number of workers 1999 (man labour years)	148	540
Landings of cod per employer 1980	45 tons	51 tons
Landings of cod per employer 1999	210 tons	61 tons

(Source: Fiskeridirektoratet, The Fishery Data Base, Fitje 1999, Lindkvist & Fløysand 2000)

In the same period employment in North Cape decreased from 400 persons to less than 150. In Båtsfjord the changes were less radical. Production of prawns was maintained and the increase in cod landings much lower. Finally, Båtsfjord experienced 8 per cent increase in employment because the filet production was maintained by the take-overs of the state enterprises (table 2). This was not the case in North Cape. Here the former state-owned company was taken over by a private company and a new industrial enterprise was rebuilt during the first years of the last decade. They rejected the concentration of filet production and the labour-intensive filet-production industry was closed down. Instead a resource-intensive, but labour-extensive, modern salt fish industry expanded. Consequently the landings per employer have been more than three-doubled in North Cape while the increase in Båtsfjord was only 10 tons or 20 per cent (Table 2). The collective opinion was in favour of continued filet production in North Cape because of its impact on the local employment situation: *It was fillet that qualified the refinance of the enterprise, they even projected the new factory for production of fillet. They got it financed and reconstructed it as a fillet unit, they have access to the technology, but without using it, ...There have been complains since the restart, from the politicians among others, they wanted the fillet production to be rebuilt ... many feel it this way, but at present it is run very well as a conventional firm producing salt- and fresh fish, so....* (local informant)

In practical terms this means that production of fillet has vanished and been substituted by production of salt and fresh fish in North Cape, but that the fillet production continues to be the most important industrial activity in Båtsfjord. In theoretical terms it demonstrates that the theory of path dependency at industry level, seems to be confirmed in Båtsfjord, but contested in North Cape. In North Cape externally controlled units have been dominating the industry to a very large extent. Local capital controls a 50-50% share of one of five firms and less in another company. External companies totally control the three others. Except for one company, none of the fish processing companies were operating in the 1980s, but they localised in North Cape as a result of taking over bankrupt local factories. These external companies are hardly affected by the local fillet culture in North Cape. Traditionally they have concentrated their efforts on salted fish. So they have

introduced new competence to the community in the production of salted fish. Consequently the present production structure of the North Cape industry to a far degree reflects path dependency of the external firms. This has been introduced to the local production environment during the restructuring processes. The salt fish producers have profited from the positive development on the international market for this product in the 1990s. As reflected in table 2 the production of the relevant fish products has increased significantly.

In Båtsfjord local controlled firms have come to dominate the industry during the 1990s. Four of the five remaining production units are locally owned. The external relates to a corporation from Western Norway. The majority of the firms represent local economic units that were able to survive the crisis during the late 1980s. The Båtsfjord firms and their managers have protected their competence in fillet production and support local interests and opinions. Summing up this indicates that the restructuring processes linked to globalisation have integrated the industry in North Cape into large-scale corporate-fields of economic relations dominated by external economic actors. In Båtsfjord the restructuring processes seem to have consolidated and strengthened a small-scale community-field dominated by economic actors of local origin. Meanwhile both adaptations seem to be influenced by events and processes in a shared Barents Region field.

4.4 The socio-spatial contextuality of the firms and repercussions at community level

4.4.1 Input relations and the Barents Region field

The structure of input and output relations of the production units in both municipalities partly confirms this field dynamics. The external dominance of firms in North Cape reduces the number of economic functions performed in the local plants. Decisions of investment and change in production strategy are externally decided or controlled. The main objective of the local plant is to organise the relations with the raw fish market, purchase catches from the local coastal fleet and the trawlers.

In this context cultural and social capital locally is transformed to economic capital in two ways. First, the local coastal fleet to a certain extent is loyal to their port of origin;

one consequence is the need for local knowledge and cultural insight among managers of the industry to gain confidence among local fishermen: *it is important that he (the manager) speaks their (the fishermen's) language. It soon becomes frustrating if a manager arrives who immediately makes it clear that he is the boss, that he is the buyer of the fish and pays whatever he wants to pay, and that he keeps the factory open for landing at his own decisions,... then we will soon have trouble* (Leader of Finnmark Fiskarlag). Consequently, the managers of local factories are characterised by their socialisation into a Barents Region field coloured by coastal cultures; they have all been socialised into communities dependent on fisheries and gained embedded knowledge through professional experience as fishermen, workers in the fishing industry, etc. Thus, the external firms operating in North Cape obtain the quotas of the fishermen partly by locating plants in peripheral ports and partly by engaging managers with Barents Region Field background.

In the globalisation process local plant managers have revitalised and expanded the social networks of the Barents Region Field. Important embedded knowledge about the Russian market for raw fish is accumulated in the two municipalities. Russian trawlers have increased their landings in the regions and are responsible for almost 50 per cent of the total landings both in North Cape and Båtsfjord. In this process the local plant managers have achieved valuable information about the industry structure, firm relations and the political situation in Russia. Local managers have been capable of establishing formal and informal contacts with Russian trawler companies. The competence to take actions with Russian partners on this international and unpredictable market, has strengthened the position of the communities. The local embedded knowledge in these networks is internalised directly among the Båtsfjord companies. In North Cape it certainly has exerted influence on the decisions of the external actors where to localise, as external corporations are short of such locally controlled social and cultural capital.

The local context also affects strategies of vertical integration by the fish processing companies. By promoting local economic activities both external and local companies may achieve a substantial share of licences for trawler fishing if they are willing to organise the activities from Finnmark. As an environment consisting mainly of independent local companies, Båtsfjord has taken advantages of this. The locally

owned companies have been able to organise a new company for large fishing boats. The local firms are controlling a major part of the licenses of the region of Finnmark.

4.4.2 Output- and inter-firm relations: The field dynamics of community- and corporate fields

The field dynamics of externally controlled production units in North Cape reduces the output relations and inter-firm relations at plant level to a minimum. The mother-companies and their export departments outside the community take care of the marketing relations. Only one partly-owned plant in North Cape has established its own export department. The organisation of output relations in Båtsfjord follows traditional trajectories within the Norwegian fishing industry. National sales organisations handle the main export activities for the Båtsfjord companies. Only one firm has internalised the marketing and export function (Fitje 1999).

The partly locally owned company in North Cape has an "independent" position in the regional production environment. The company co-ordinates exports of fresh fish also from the other production plants to allow them to concentrate their efforts on salted fish only. Consequently a local division of production has been established. In other aspects inter-firm relations in North Cape are poorly developed. An old conflict between external owners excludes all forms of collaboration between two of the plants. The activity in the local “fiskerigruppa” (the association of local fish managers) is paralysed: *There are two members left, and we have meetings every third year* (local manager). Altogether the large number of externally controlled production plants reduces the number of functions carried out at the local plants. This leaves the input relations of the local managers and the R & D activities for environments outside the community. The owner structure or events and processes in the corporate-field of the local plants seem to be an obstacle for development of strategic alliances and a production milieu at community level in North Cape.

The production environment of Båtsfjord is different from the North Cape environment. Since all but one company is locally owned, the ties between the firms and between the firms and the community are close. Båtsfjord Handelsstands Fiskerigruppe dates back to 1946. In 1978 a partnership between the industry (49% share) and the municipality (51% share) resulted in an establishment of a storehouse

for raw fish and processed products. At present all firms are members of this *fiskerigruppe* and they meet frequently (2-3 times per month). This association of the fish processing companies increased its activities during the 1990s. A joint venture, Båtsfjord Industrier A/S, was established in 1995. Equal shares of the three local firms established local control over it. This joint venture is engaged in fishing (66.6% share in a trawler), fish processing industry (100% share in the fourth local controlled production unit producing salt fish), a service centre for fishermen (49%), and a housing co-operative (50%). Inter-firm relations include a joint training centre for newcomers of the labour stock. Its collaborators are the local authorities and even national associations of the fishing industry. This local development strategy also includes collaboration to solve demand for landings of raw fish: *If we lack raw fish for the production of the day, we can contact one of the others. Can you lend us 10 tons until tomorrow, then we receive a trawler? Then they send us 10 tons of fish, and like this the year passes. And we all save very much from this system* (manager quoted in Fitje 1999:78)

A substantial number of formal and informal inter-firm relations and relations between the firms and the municipality characterise the economic activity in Båtsfjord. This dynamic is based upon inter-personal relations at the local level, but with repercussion on regional and even national levels. The managers of the firms and the local politicians take part in a community-field governed by local embedded expectations for conduct. The expectations include loyalty to the community, but also role performance that stimulates collective entrepreneurship: *It is a very open society, you might say that they (the managers) get excited together. You are open to the possibilities. One company triggers the other off, then you stimulate development continuously* (informant quoted in Fitje 1999:95). Collective learning processes and R & D activities taking place in the local production environment explain the enthusiasm expressed by the quotation. Expectations toward the manager's role in the community-field have encouraged the firms to learn the art of networking or the operation of inter-organisational relations. Through collaborations and strategic talks the local company environment has been able to set up a trawler company, to introduce "flow lines" in the factories, to establish input relations to Russian trawler companies, etc. There are examples of incremental innovations in the production milieux, as well. A local IT-firm has developed production software for the industry

by collaborating with one of the fillet production factories. The new computer system individualises the orders of raw fish at the flow line. The system has been a success and has been exported.

5 Inter-field dynamics and the future challenges of globalisation

The fact that economic actors are embedded in different socio-spatial field dynamics means that the development strategies of firms develop in different directions during the process of globalisation. The discussion has demonstrated that local socio-spatial conditions represented by field-embedded knowledge and path dependency influence the globalisation processes at community level. In both cases local embedded knowledge within fields at local and regional levels seems to be of importance for the development of the industry. Membership in small-scale local community-fields and a Barents Region field under re-construction seems to be vital for organising the input relations of the raw fish market for both municipalities. But, confronted with a similar resource situation and exposed by the same external processes, the development has still taken different trajectories in the two communities. In Båtsfjord, path dependency at industry level and the strength of the community-field have structured firm managers to defend strategies the locals see as most sustainable for the development of their community (figure 2). In North Cape the observed path dependency is linked to firm level of the external companies and the field dynamics differ. The field situation is dominated by external ownership and corporation-fields that limit development of co-operation among branch plants in local industrial networks which are outside the influence of the mother-company (figure 2). This implies that the production strategies at plant level are adjusted to the interests of the mother company, and not necessarily to the demands of the local communities. The dynamics of such socio-economic fields stimulates development of a geographical division of labour with primary processing functions in the periphery and marketing, power and development in the centre. The Båtsfjord case demonstrates a different reality. In Båtsfjord they are confronted with a similar resource situation as in North Cape and the same globalisation processes expose them. Here, local ownership and influences from the local community-field stimulate development. Events and processes in this field have encouraged internal collaboration among the firms. For this reason the Båtsfjord community has, as mentioned, managed to integrate competence in

computer services, marketing and other types of services in the local production environment. The result is that the development of externalities is certainly larger in Båtsfjord compared to the North Cape municipality.

A local discourse linked to the so-called “resource tax” is illustrative of the different field dynamics in the two communities. During the winter of 2000 the Chief Provincial Commissioner in Finnmark suggested that all fish should be taxed when being exported unprocessed out of Finnmark. The idea of the resource tax was that most of the raw materials for the fishing industry should be processed at the plants used by the industry in the region. This would stimulate local employment (filet production) and help forward an increase of all other relational activities of this sector of the industry at regional level.

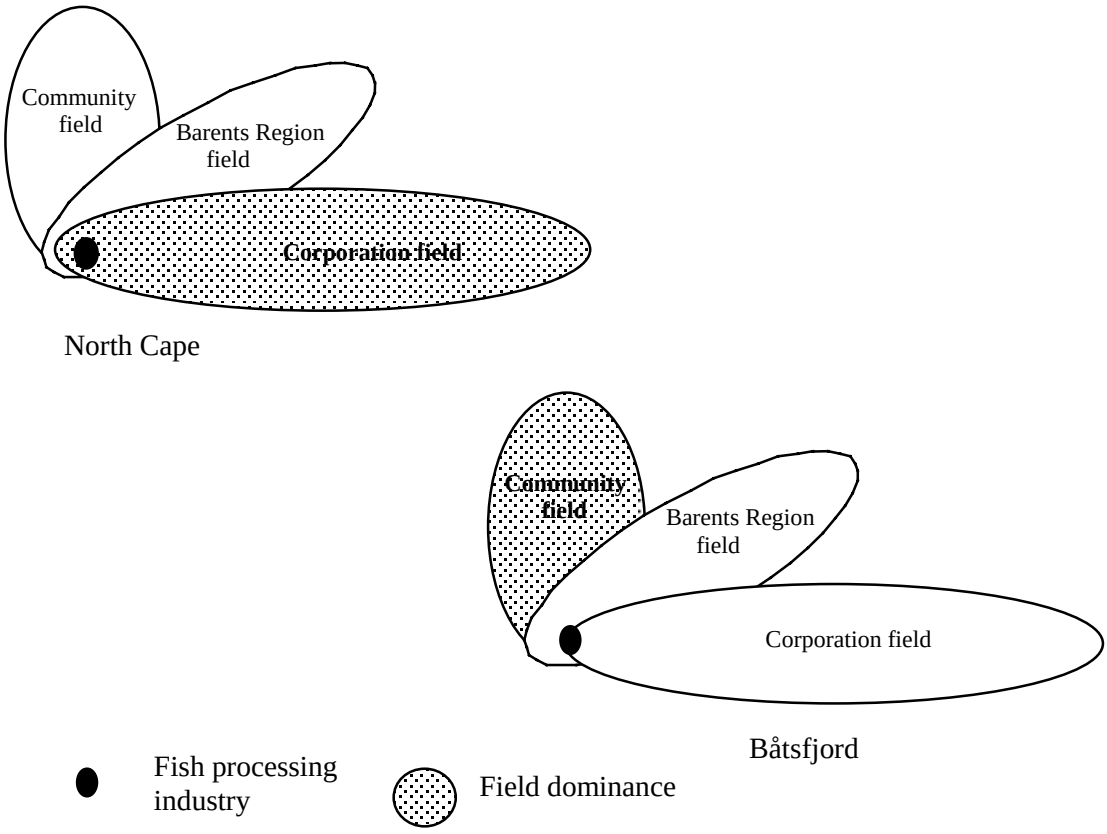

Figure 2: The field dynamics of the fish processing industry of North Cape and Båtsfjord

The two plant managers Mr. Hagbart Nilsen from Båtsfjord and Mr. Bjørn Ronald Olsen from Honningsvåg and North Cape presented during their discussion different

views upon the ’resource tax’. Mr. Olsen from North Cape reacted against the resource tax proposal. In his opinion a ’resource tax’ would twist the production away from salted fish and unprocessed fish, the normal product mix in North Cape. Not surprisingly Mr. Nilsen from Båtsfjord supported the proposal, claiming that the coastal communities would be de- populated if the fillet production industry continued to lose its importance as an employer in the regional fish industry. Mr. Olsen used the liberalisation of the fishing industry (free access to Russian fish, abolition of the export monopolies and a safer access to the markets through the agreement with the EU) as his main arguments. He argued that these global processes as a matter of fact, had increased the possibilities *to concentrate upon the combination of salt fish production and the sales of fresh fish on the export markets. For this reason we have the necessary flexibility both to take care of other species than cod, and to use the landing capacity of our production plant in a more efficient way. ”We must have the liberty to produce the products which are profitable on the future markets. This will secure both the firm and the employment”, Mr. Olsen writes to the Ministry of Fisheries, according to* Finnmark Dagblad (29.02.2000).

Economic processes of globalisation deal with the establishment of more efficient technology in the production of resources. The test of which production system is best suited for challenging future globalisation, will depend on which actors are successful at producing seafood for changing markets on a profitable basis. The question is which attitudes, those represented by Båtsfjord actors or those represented by North Cape actors promote local solutions and present a reasonable answer to development problems of the peripheral districts. The main reason for positive reactions towards external owners by the leaders of the fish processing plants in North Cape may be that the structure of the local fishing industry is rational and reasonable. Perhaps the production of salted fish is a wise premise for future regional growth? Could it be that the restructuring performed in North Cape has been necessary for the fishing industry, and that the new structure is for the future, even with its negative consequences relating to restructuring and loss of functions? Could it also be that the different context of the Båtsfjord players and their activities with positive consequences for local communities undermine their adaptations in the long run? And that this conclusion holds even if the local externalising is promising for the local community.

The question is whether beneficial activities locally undermine the competitiveness of the local actors on a more international level.

The fillet industry in Finnmark is competing with filet products produced from other fish species, much cheaper than cod. There are indications that fish fillets are products in the declining phase of the product cycle. As long as the volume of fish offal is considerable (the fillet represents about 50 per cent of the raw fish) it has been more profitable to produce the finished products close to the fishing grounds instead of carrying offal through half of Europe at a high cost. This situation is now changing in the globalisation process. Development of more efficient technology has made the industry trawlers able to make use of the whole fish in their production. “Time-space compression” has made world wide diffusion of the fillet-industry possible and brought forward easily available substitutes from other productions far below the Finnmark prices of cod-based products. Finally, fresh cod and salted products have experienced rising demands during the last years. The result has been better profitability in the salted fish industry, while the fillet industry has met difficulties. The ability to restructure the production systems will be the ultimate test of which system in the peripheral economy that is sustainable in the long run. At present, the North Cape fishing industry environment seems to be more rationally adapted to the global processes than the Båtsfjord environment.

The final question is now if the positive externalities in the Båtsfjord municipalities in fact undermine the prospects of the region in a global world. The local production system concentrates upon a production mix, which is not competitive at the international level, but very much beneficial at the local level. Concentrating upon activities in the local community fields will perhaps undermine future prosperity. If this is the case, the future destiny of peripheral communities are ominous if they want to develop from a basis of independence and of self-secured innovative production systems.

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