

The Internationalization Process and the Arctic

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The Process of Globalization and Microsocieties - the Case of the West-Nordic Countries

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Introduction

Theoretical discussion of the development of Western societies and the long term development of capitalism, has been preoccupied with the societal impact of the growth of international trade, information technology, automation in production and the process of globalization of culture and society on the institutions of modernity in advanced capitalist countries. According to some scholars, this development is seen as a phenomena of a break in capitalist development leading to postmodern or postindustrial society. Others see this development as merely a phase of flexible accumulation in the development of monopoly capitalism. The centre of attention has been the development of the world capitalist system and/or the emerging global system, presuming that concepts such as the nation economy, nation state and national society have largely become obsolete in economic and sociological analysis. In this paper we will discuss the relevance of the debate on flexible accumulation, postmodernity and the process of globalization for studies of microsocieties such as the West-Nordic countries.

Modernity

Facing the increase in number of former colonies becoming independent states in the aftermath of the Second World War, sociologists and development economists were preoccupied with developing theories of modernization. Drawing on M. Weber's attempts to explain the rise of capitalism (the epitome of modern society) in terms of the protestant ethic, theories of modernization emphasize the key role of belief systems in the development of societies from *traditional* societies to *modern* societies. Traditional societies are considered to be run by traditionally-minded individuals, typically those who are inward-looking, not prepared to innovate and influenced by magic and religion. Opposed to this, modern societies are run by modern-minded individuals, outward-looking, keen to try out new things, influenced by rational thought and practical experience (Sklair, 29). These basic cognitive characteristics are institutionalized in modernity. In the neo-colonial, cold-war era modern society referred to the European societies and the United States as a kind of end state of progress, the hallmarks of which were thought to be representative democracy, bureaucratization of economic, political

and military practices, universalistic claims of instrumental rationality, differentiation of the various spheres of the life-world and the domination of ascetism and secularization (Turner, 6). In Rostows version of modernizism "Third World" countries were promised that if they would roughly follow the stages of industrialization and societal development of Western societies, they would soon join the affluent world of the developed countries.

Modernization theory has few academic supporters today as it is generally acknowledged that it suffers from two serious problems: Firstly, the distinction between *traditional* and *modern* is too crude to be theoretically useful, and that there may well be clear material interests behind at least some 'traditional' as well as some 'modern' attitudes and values. Secondly, modernization theory tends to ignore the role of class and other interests in promoting and hindering development (Sklair, 29). As a consequence, the concept of modernization appears to be useful only as a general taxonomical term with little explanatory power.

This criticism of modernization theory appears to be relevant as concerns the West-Nordic countries. Firstly, although the process of social differentiation has resulted in the distinction of the spheres in which economic, political and social functions take place, this does only tell half the story. Firms are predominantly family firms and/or they are owned by trade unions and/or communes. This economic structural condition breeds powerful networks of family and friendship ties that result in powerful nepotist structures in economic, political and social life that counteract the prescribed patterns of social differentiation as modernization theory would have it. Furthermore, although surveys in Iceland show that Icelanders are innovation orientated in so far as they are open to new technology (OECD 1992), they are at the same time very irrational and superstitious in terms of their beliefs in supernatural forces (Erlendsson). As concerns the development of representative democracy in the West-Nordic countries, it has to be kept in mind that the political system is very unlike the one modernization theory presumes for two reasons. On the one hand representative democracy is undermined by the problem of nepotism in these countries. On the other hand, because of the very small size of the population of these countries it is extremely difficult to implement a neutral administration in line with the 'Westminster model' of clear hierarchical and departmental structures (Jonsson 1991, 1992 and 1993 and Heinesen). Secondly, it is crucial to analyse class relations in order to understand the mechanisms of economic stagnation and hindrances to development due to the role nepotism plays in political and social life in these countries, the weak position of the state vis-a-vis socio-economic forces in policy formation (Jonsson 1991 and 1993) and the predominance of small family firms makes. Indeed, the nepotist determination of the recruitment of owners and managers of family firms and the ruling class as a whole, is to be considered to be one of the most important factor in the mechanisms of social and economic stagnation which is becoming ever more apparent in the face of the crisis of the regimes of accumulation in these countries today.

The process of globalization

The West-Nordic countries are going through a similar process of adjusting to structural change that is taking place in world markets as other countries. They are also facing similar external pressure from increasing globalization of social and economic life. How they will adjust depends on their particular socio-economic structural conditions as well as their geographical position in the world market. Before we will discuss the dialectics of the particular problems of adjustment that characterize the West-Nordic countries, we will first analyse the general features of the process of globalization.

Briefly, in static terms we can highlight the main elements of the process of globalization as: The world capitalist economy and globalisation of investment, production and services; the worldwide diffusion of modern technology, 'systemofacture' and the international division of labour; the nation-state system; the emergence of 'world military order'; culture and social identity. The changing global interrelationship between these elements should be analysed in dynamic terms as a process of globalisation. The process of globalisation is to be analysed in terms of trends of development towards post-Fordism or flexible accumulation and postmodernity. Let's discuss this trend of development briefly.

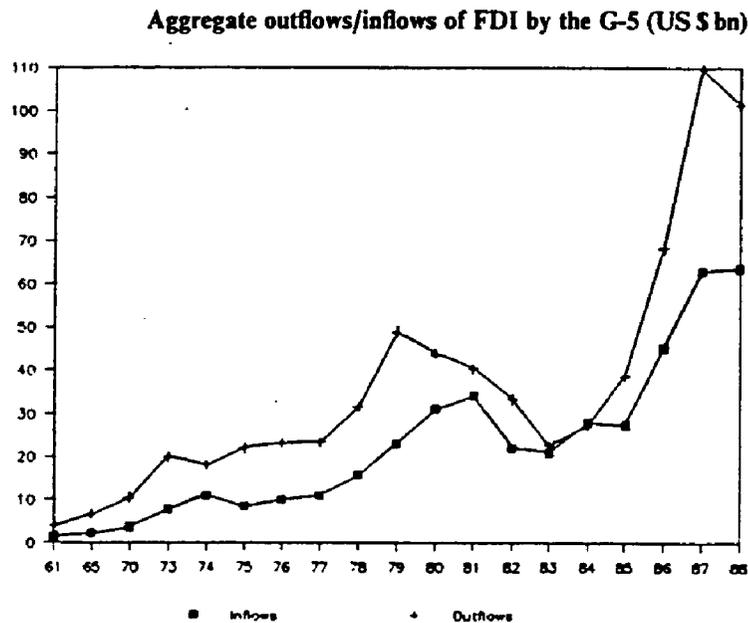
Industrialized Western countries were during the present century characterized by the diffusion of assembly line technology, mass production and taylorist organization of production. Particularly in the post war era these countries were characterized by the diffusion of mass consumption and governmental measures to secure effective general demand for products through the growth of the warfare and welfare states and peak level adjustment of wage increases to productivity increases by organized interests and the state. This post world war regime of accumulaton has been called Fordism. Fordism faced its social, political and techno-economic crisis in the 1970s in different forms in different countries (for a detailed discussion see Jonsson 1989).

Since the 1980s Western societies have experienced many experiments in different countries that aim at puting capital accumulation on course again. These attempts are what we refer to as post-Fordism. Post-fordist development briefly refers to:

- 1) Systemofacture and just-in-time technology. Systemofacture is based on global integration of design, production and marketing through automation and information technology while just-in-time technology refers to webs of sub-contractors working for big companies often on global scale (see eg. Kaplinsky 1984, Hoffman and Kaplinsky, Reich and Jonsson 1989). This development has made structural flexibility more feasible than before (Curry, 106);

2) Global investment patterns and global subcontracting. In some industrial sectors such as the electronics and automobile industries, firms have located investment in different countries, partly through mergers on global scale, and organized production as well on global scale via webs of subcontracting (Hoffman and Kaplinsky and Reich). At the same time as foreign direct investment (FDI) has increased fast since the 1980s as figure 1 highlights, FDI has moved from less developed countries to the advanced capitalist countries according to a 'near market strategy' of investment (Kaplinsky 1985). Two features are particular to this new phase of FDI compared to investment strategies before the war and those in the post war era. On the one side the service sector is becoming more global following increased FDI and on the other side small and medium sized firms are more active in FDI than before (Julius, 23 and 31-4);

Figure 1



Source: Julius, 21.

3) Global organization of design, production, marketing and services has diffused at the same time as labour markets have become more segmented/flexible and labour movements have become more fragmented. This development undermines at least temporarily neo-corporatist structures of interest mediation on national state level (Greenwood, Grote and Ronit);

4) Populist politics, authoritarian forms of the state and increasing emphasis on the strategic role of the state in industrial development ('Japanisation' of the state) has followed the crisis of Fordism (Hirsch and Roth and Reich).

Besides these post-Fordist developmental trends the process of globalization is characterized by development towards postmodernity (Robertson, 175-6 and Smart, 135-145). Postmodernity is part of late-capitalist development and refers to:

1) Diffusion of global communications technology and global cultural production which appears particularly in the form of (Western) transnational media. At the same time as transnational media boosts global homogenisation of culture it evokes counteracting processes of heterogenization through the increased organization of ethno/regional cultural activity (Robertson);

2) Decline in class based political parties and growth of new social movements and civil issue groups;

3) Increased power of supranational institutions at the same time as the powers of nation states diminish;

4) The developmental trends highlighted as items 1-3 above lead to changing social identity undermining national identity while ethno/regional identity and cosmopolitan identity increases.

The crisis of the regimes of accumulation in the West-Nordic countries

Analysis of the meaning of the process of globalization for West-Nordic societies requires concrete analysis that takes into account on the one side the particular constraints of adjustment that characterize these societies as microsocieties and on the other side the present crisis of their regimes of accumulation¹.

As for the present crisis one has to keep in mind that the crisis is both structural and institutional. The structural crisis of the West-Nordic economies results from overinvestment in fishing and fish processing (the F-sector) and lack of investment opportunities in new sectors. Overinvestment in fishing in Iceland is estimated to be around 30% (Arnason, Gudmundsson and Jonsson, 207) while in the Faroe Islands it is considered to be over 30% (Eliassen, 10) and Greenland's trawler fleet is now considered to be too big for the schrimp

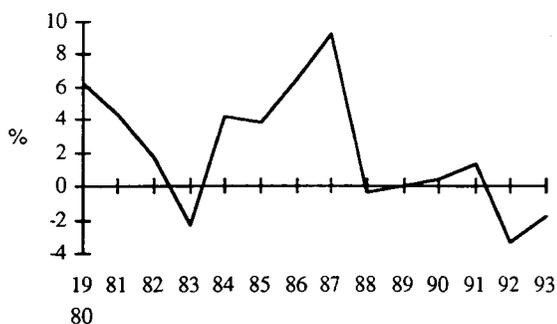
resources as it increased five fold in the 1980s (Friis 1992a, 84). Investment opportunities in new sectors is bleak because of the underdevelopment of the national systems of innovation in the West-Nordic economies. Expenditure on research and development (R&D) as percentage of GDP is among the lowest in the OECD era in these economies. The Faroese people spend less than 0.5% of their GDP on R&D (Kristiansen) while Icelanders tend to spend little over 1% (Jonsson 1991). Greenland has no effective national system of innovation as the bulk of R&D related to Greenlandic firms and society is located in Denmark (Friis, 116).

The institutional crisis of the West-Nordic societies results in overfishing and inability to rationalize fishing and preserve fish stocks and impotence to restructure the economy in the face of long term stagnation. This institutional crisis results from extremely small administration which is incapable of developing and realize long term accumulation strategies and play the role of a 'collective entrepreneur' (Jonsson 1994 and 1995). This crisis is also due to strong power position of capital, i.e. firms and their political representatives. As the bulk of firms are typically small family owned firms, economic and developmental policies are characterized by short term, ad hoc, conjunctural measures rather than long term (re)structural strategies (Jonsson 1991 for analysis of the case of Iceland) Finally, this institutional crisis is reproduced by powerful networks of nepotism and corruption (often legitimized with unrealistic 'regional policies'). As a consequence, part of the problem is the short sighted and corrupt ruling class in these countries (in the case of Greenland the problem may however be more due to the impotence of Danish technocracy than the endogenous ruling class).

The present slump in the West-Nordic economies appears in decreased GDP since the late 1980s and contraction in fishing (Nordic Council of Ministers 1992, table 10). However, due to country specific conditions, the slump has led to the most serious situation in the Faroe Islands and culminated into an institutional crisis. Growth of real GDP has been unusually low in Iceland in the 1990s as figure 2 shows.

Growth of Real GDP in Iceland 1980-1993

Figure 2

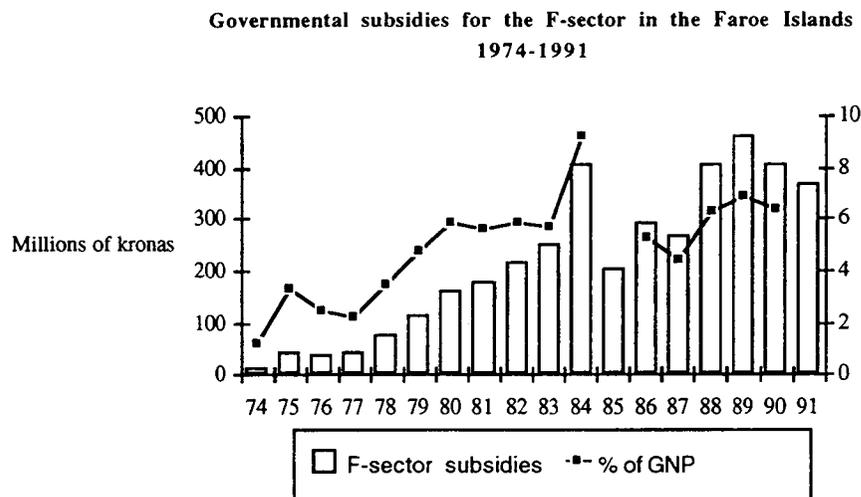


Source: OECD 1993 Economic Outlook.

Economic growth in terms of GNP has been negative in the Faroe Islands in the 1990s. In 1989 it was 0.0%, 1990 -0.7%, 1991 -4.7%, 1992 -9.3% and 1993 -19.4% (Lyck 1993). It is particularly the faltering cod catches that culminate into this recessional phase. But the picture is more complicated in the Faroe Islands than Iceland. The financial system in the Faroe Islands has collapsed and the Danish "Den Danske Bank" controls in practice the Faroese bank sector with 30% ownership of the shares respectively in the main banks, the Sjóvunnubanken and the Föroyabanken (Lyck 1993, 9). The roots of the present crisis have been analysed as follows (ibid, 6-7): Firstly, there are three *international factors* that helped to promote the crisis: a) the fishing policy of the EU in the North-Atlantic has led to greatly increased capital intensification in the F-sector with great financial support of investment in trawlers and fish processing plants, nationalisation of fishing areas and quotasystems for fishing. This policy has led to overfishing and reduction in catches; b) production costs have increased greatly following the process of capital intensification and the regime of high interest rates in the 1980s; c) lower fish prices due to imports of cheap fish from East-European nations; Secondly, there are *Danish-Faroese factors* such as the fact that Faroese exchange rates of the krona is bound to Danish exchange rates. The Danish krona has been appreciated by 5% since September 1992 which undermines greatly the competitive position of Faroese exporting firms; Thirdly, there are particular *Faroese factors* such as huge governmental subsidies for investment in trawlers and fish processing plants (figure 3) and investment in related infrastructure (Eliassen, 10). As a consequence the Faroese economy is extremely indebted, indeed in 1990 foreign loans amounted to 120% of GNP (Toftum 1992b, 7). This high level of indebtedness reduced greatly the range of anti-cyclical measures the local government could take in the present crisis. Although the slump in Iceland has forced the banks, particularly the Landsbankinn which has the closest links with the F-sector, to depreciate substantial part of F-sector loans, the slump has not led to a collapse of the financial system in Iceland (the high interest rates in Iceland which are due to oligopoly in the bank sector keep the banks on the safe side). Devaluation of the krona and cuts in the public sector have so far kept the economy going although on a declining track, resulting in creeping unemployment (expected

to be around 7% in 1994 by OECD). The Faroese have seen decreases in wages and cuts in the public sector, takeover in practice of their banking system by the Danish and unemployment rate of over 25% which are a part of an IMF inspired process of adjustment.

Figure 3



Source: J. H. Toftum (1992a) *Institutioner i fiskeomsetningen på Færøylene*, Norges Fiskerihøgskole, Universitetet i Tromsø. Columns refer to millions of kronas while the line refers to % of GNP.

The present recession in these economies makes them particularly vulnerable to to process of globalization. Besides the structural and conjunctural conditions mentioned above, their particular characteristics as microsocieties will affect that process. These are characteristics such as: Remoteness from markets; very small homemarket; difficulties in exploiting economies of scale; weak national systems of innovation and high level of technology dependency; weak bourgeoisie and state elite in terms of long term accumulation strategy formation; weak administration and strong nepotist tendencies; unstable political system due to great economic fluctuations; unstable labour relations; homogenous culture; strong

nationalist sentiments and; underdeveloped class consciousness and class politics (Jonsson 1991 and 1993). Let's now analyse the interaction between these structural, conjunctural and micro-society specific conditions and the process of globalization that we highlighted above.

The Process of Globalization and the West Nordic-Countries

As we highlighted above, the process of globalization unfolds in a twofold fashion, i.e. as post-Fordist development and as post-modernist development.

A. Post-Fordist development in the West-Nordic area.

Post-Fordist development in the West-Nordic area can be expected to be influenced by country specific conditions: Firstly, as concerns system of manufacture and just-in-time technology, the development towards automation and integration of fishing, fish-processing and marketing with information technology is fast. The key factor in the integration of fishing and fish processing is the investment in freezing trawlers and automated fish processing lines on board that are capable of producing relatively specialized products for flexible markets. Incremental innovations on the managerial level are simultaneously taking place that enable quicker adjustment to market demand through integration of land based fish processing and the fishing of older types of vessels. This process of integration takes place relatively smoothly, due to the high level of concentration and centralization of capital in the fishing and fish processing sectors as the bulk of establishments in these two sectors are owned by the same firm or families. Three factors may counteract the technological paradigm shift: Firstly, workers may oppose the introduction of the new technology as Dagsbrún, the largest trade union of unskilled workers in Iceland has already done. However, this scenario is unlikely due to the weak power position of labour in Iceland (Jonsson 1991 and 1993); secondly, high interest rates, the collapse of the Faroese bank system and the present slump may delay the process and; thirdly, fish prices may fall dramatically in the near future due to imports of cheap fish from East-European countries (Lyck 1993). In that case investment in the new technology may become 'irrational' for the time being and be reallocated in the longer run into production of final products for flexible markets, particularly following the new GATT agreement from January 1994.

Secondly, as concerns the impact of global investment patterns and global subcontracting on the West-Nordic countries, two problems are of particular importance. On the one side, the fast process of concentration and centralization on global scale of fish retailing weakens the position of producers of fish products who may become more and more mere sub-contractors

of chains of retailing firms. On the other side, the present pattern of inward and outward FDI in the West-Nordic countries is vulnerable to change.

As concerns the first point, the West-Nordic countries suffer from remoteness from the principal markets of their fish export products. They export semi-processed and fresh/iced fish. The European fish processing plants located on or near market have competitive advantage in terms of nearness to the market as well as in terms of exploitation of just-in-time technology. By importing fish on global scale from the North-Atlantic area, Alaska, South-America etc., they are able to gain competitive advantage by decreasing production costs due to seasonal frictions in supply (Friis 1992b, 72). This development may either press West-Nordic producers to concentrate more on export of fresh fish or invest in near market plants and/or merge with such companies. However, as consumer demand on the fish markets appear to become more flexible and specialized, investment in flexible technology to produce more specialized and differentiated products than before ('flexible specialization' if you like) may prove both more profitable and serve the interests of those working in the fish processing sectors in the West-Nordic countries. Product differentiation in fish processing refers here to production such as specialized cuts of bonefree fish in different packages, breaded products for final fish dishes with different fish contents. The problems of this strategy are however great. On the one side it is difficult to be a newcomer on a market for fish where retailers are in the middle of a fast process of concentration and centralization of capital. It is even harder to enter the market as the largest retailing chains in Europe are organizing their cooperation in buying fish and food from food producers. According to one report (ibid, 74), today there exist 15 such organizations in Europe and some of them represent the interests of largest retailers in Europe, e.g. AMS (Associated Marketing Services AG) in Switzerland that represents 10 mega retailers in 10 European countries. Two scenarios may strengthen the position of the West-Nordic producers in this context. On the one side, with forceful innovative activity they might be able to stay on the frontier of the development and gain from developing and/or exploiting frontier technology in this field. As their national systems of innovation are underdeveloped, it is unlikely that they will lead on the technological frontier. On the other side, cooperation between (West-Nordic) producers may strengthen their position vis-à-vis the mega retailers. Such a long term strategic train of thought has not characterised the ruling classes of the West-Nordic countries in the past and is unlikely to fall from heaven as a cognitive manna.

As concerns the second point of problems of FDI, inward FDI has traditionally been limited in the West-Nordic countries in terms of international comparison. Foreign investment in Greenland has been concentrated in the mining industry and oil searching, but hardly exists today, while in the Faroe Islands it has been concentrated in the oil trade sector and Danish capital poured into the building sector in the boom era (Dali and Mørkøre). Inward FDI is limited as well in Iceland, estimated to be less than 2% of wages in the Icelandic economy,

the bulk of which is concentrated in the alumin and ferro-silicon industries (Jonsson 1991). Outward FDI from the West-Nordic countries has traditionally been insignificant.

There are some signs that the structure of inward and outward FDI may be changing. Some of the biggest Icelandic fish and fish processing firms (eg. Grandi hf and Útgerðarfélag Akureyringa) have invested in fishing and fish processing firms in Chile and (East-) Germany. As investment opportunities are scarce in a stagnated and declining economy such as the Icelandic and innovation activity is too underdeveloped to promise future growth sectors, the firms have few other options than to "escape". To some extent this development is an adjustment to the process of globalization of fish markets we mentioned above. When the present crisis is over in the Faroe Islands firms are likely to experiment with outward FDI like their Icelandic counterparts. As the bulk of capital in the F-sector in Greenland is socialized this process is likely to be much slower there. Due to the inability of endogenous bourgeoisie in the West-Nordic countries to develop long term successful accumulation strategies that would reallocate investment into future, knowledge intensive growth sectors, the future accumulation strategies in these countries are likely to emphasize inward FDI. However, due to remoteness from markets and low level of value added of most industries outside the F-sector, the inward FDI is likely to be limited.

Energy and natural resources are the carrots that may tempt foreign firms. Abundance of cheap science educated labour may tempt foreign investors, but the underdevelopment of the national systems of innovation of these countries undermines the chances of "exporting" that resource (particularly so as even cheaper scientists and better research facilities are being offered in Russia and East-Europe, see e.g. Reich). In short the structure of inward FDI is not likely to change much.

Thirdly, as concerns the development towards segmentation of labour markets and labour movements, it has to be kept in mind that numerical flexibility has always been the cornerstone of the extensive regimes of accumulation in the West-Nordic countries (see Jonsson 1991, 1992 and 1993). The numerical flexibility has even been institutionalized in great migration of labour between regions in the countries and to and from abroad. The labour market has therefore to high degree been characterized by pre-Fordist features. Particularly in Iceland the labour movement has always been highly fragmented and neo-corporatist structures of interest mediation have only developed in the F-sector. The situation is similar in the Faroe Islands as concerns the development of corporatist interest mediation (Dali and Mørkøre). However, Icelanders abandoned the neo-corporatist system of fish price formation in 1991 as market forces are now allowed to determine prices to much greater extent than before. With further stagnation of the F-sector and decline of the Icelandic economy, rising unemployment will strengthen the trend towards further fragmentation of labour markets and labour movements. Fourthly, as concerns the development of politics and forms of the state, the development in Iceland in the 1980s has been more in line with post-Fordist development than

in the other two West-Nordic countries. Strikes were frequently banned with decrees and laws and populist politics predominated. Politics in the other West-Nordic evolved around different cleavage-axis as independence politics made the picture more complicated (Mørkøre 1993). However, the present crisis in the Faroe Islands has pushed them into a favour of public sector cuts in the 1990 as Icelanders spent the 1980s on. The West-Nordic countries have not developed long term structuralist policies or transformed the state in a structuralist way ('Japanization' of the state) and are unlikely to do so because of the weakness of the state and smallness of firms as we discussed above.

B. Post-modernist trends and the West-Nordic countries.

Post-modernist development in the West-Nordic area can be expected to be influenced by country specific conditions: Firstly, as concerns diffusion of global communications technology and global cultural production and the dialogical process of global homogenization and local heterogenization of culture, we would expect that more emphasis will be on regional cultural production. Due to the independence struggle and importance of nationalism in the political life of the West-Nordic countries the emphasis on regional cultural production is likely to be even greater than in larger societies. Table hints at such a conclusion. In terms of broadcasting time of own television production Iceland and Greenland broadcast much more than the other Nordic nations. West-Nordic countries broadcast much more of radio programs as well and presumably therefore much more of own production as well.

Table 1.
Broadcasting time in hours.

	Plot year	Radio	Per 1000 inhabitants	In native language	Per 1000 inhabitants	Television	Per 1000 inhabitants	Own production	Per 1000 inhabitants
Denmark	1990	16718	3,3			3104	0,6	1882	0,4
Faroe Islands	1991	3997	85						
Finland	1990/91	21664 ^b	4,3			5200	1	2704	0,5
Greenland	1990	5075	90,6	2494 ^a	44,5	2091	14,9	140 ^c	2,5
Iceland	1989	50398	197			6980	27,3	1352	5,3
Norway	1990	13760	3,2			3162	0,7	1768	0,4
Sweden	1990	23297	2,7			7145	0,8	3796	0,4

^a Non-musical programs; ^b In Swedish excluded^c; In native language.

Sources: Hagstova Føroya: Árbók fyri Føroyar 1992; Hagstofa Íslands: Landshagir 1992; Nordic Council of Ministers: Yearbook of Nordic Statistics 1992; Grønlands Hjemmestyre: Grønland 1990 - Statistisk Årbog.

The picture is similar when we look at publication of books (the rate of fiction/non-fiction in brackets). The number of book titles per 1000 inhabitants was in 1990 as follows: Denmark 2,2 (0,3), Faroe Islands 3,4 (1,0); Finland 2,0 (0,2); Greenland 1,3 (0,5) (Atuakkiorfik, Det grønlandske Forlag only); Iceland 5,9 (0,4); Norway 0,9 (0,5) and Sweden 1,4 (0,4) (Nordic Council of Ministers 1992 and Namminersornerullutik Oquartussat/Grønlands Hjemmestyre). The rate of fiction/non-fiction (in brackets) is even more in line with the argument as the Faroese people and Icelanders publish both more books and relatively more fiction.

Finally, as concerns publication of daily newspapers it appears that Icelanders publish similar amount as the other Nordic countries, i.e. over 500 daily copies per 1000 inhabitants (Nordic Council of Ministers 1992 and Karlsson 1987).

The figures above suggest that cultural production is strong in the West-Nordic countries in the face of the process of globalization. However, economic decline and cuts in the public sector may undermine this strong position.

Secondly, according to theories of post-modernity the class base of political parties and new social movements grow as a consequence of the growth of the service sector in industrialized countries (Lash and Urry). Although these theories tend to exaggerate the decline of class politics (Eder) they are right insofar as they reflect that the relationship between class and politics is becoming more complex than before. Political life in the West-Nordic countries has been different from that of most advanced capitalist countries in the Fordist era as independence struggle, the impact of nationalism, greater economic boom than in most countries and very high level of social mobility has reduced the importance of class as a political cleavage axis. Post-modernist development in the West-Nordic Countries is likely to be characterized by a contradictory development of greater impact on new social movements and inter-generational conflicts (the boom generation versus the post-boom generation), at the same time as economic decline will put class more to the agenda of politics than before.

Thirdly, due to their homogenous economic structure and the particular interest of the F-sector in the West-Nordic countries, and due to their independence struggle and the strong ethno/nationalist sentiment of their peoples, they have showned great opposition towards the process of internationalization as it appears in the development of the EU and its growing supranational powers in terms of legislative and juridical powers. Indeed, all of them are outside the EU. Iceland's participation in EEA, indicates however that their adjustment to the process of internationalization is more conflict ridden and takes more time than is typical for the larger European countries. With special agreements, due to the particular structural characteristics of their economies and societies, the form of adjustment may be different, but they will not be able to avoid the process of internationalization. The reason is in the final analysis that increased globalization of capital accumulation which requires global organization of interest mediation (Greenwood, Grote and Ronit).

Fourthly, one can expect that factors 1-3 above will lead to the growth of ethno/regional and cosmopolitan identity and undermining of national identity in the West-Nordic countries as in the larger advanced capitalist countries. The same factors are at play in both cases although the process may be more time consuming in the West-Nordic countries.

Concluding remarks

In this paper we have highlighted some of the difficulties in analysing microsocieties such as the West-Nordic countries in terms of abstract concepts like modernization, globalization and post-modernity. We have argued that due to country specific conditions there will not be great changes in the pattern of FDI in the West-Nordic countries in the face of the process of globalization. However, outward FDI is likely to increase due to the stagnant nature of their economies. The greatest difficulty for these countries is in the sphere of their relationship with mega chains of fish and food retailers as fish producers. Due to fast centralization and concentration of capital in food retailing undermines the market position of producers vis-à-vis retailers. The process of globalization is unlikely to change much the structure of labour markets, labour relations and labour movements as they are already very fragmented. Finally, the West-Nordic countries appear to have strong position as concerns cultural production in the face of the contradictory process of homogenisation and heterogenization of culture in post-modern development.

Notes

1. On regimes of accumulation in microeconomies, see Jonsson 1991, 1992 and 1993.

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