

The Fogo Island Cooperative Society and its Workers: Lessons from the Fishery”

by **Judy and Larry Haiven, Saint Mary's University**

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Introduction

This story plays itself out against the background of an industry and a province torn by economic crisis. Fogo is the largest of the smaller islands of Newfoundland, found off the northeast coast. It is approximately 254 sq km (approximately 15 x 15 km if the island were an exact square). The current population is 2800; the population before the collapse of the cod fishery in 1992 was almost twice that.

The story of the Fogo Island Cooperative Society began in 1967 while the cod fishery was still viable, but first a bit of history just for context. Tradition from the 15th to the 19th century was that small groups of fisher people (English and Irish with a smattering of Portuguese, Basque and French) would set up a village in a friendly cove where they would fish the sea (primarily of the more-than-plentiful cod) and live very independently. Most of the fishing was close to shore, hence the “inshore fishery.” When the cove and the land surrounding it proved too small to provide for the growing community, a group would pick up and move to another location. Thus emerged a series of small fishing villages strung out along the rocky coastline, which, depending on how closely you track all of the inlets and headlands, is as “short” as 9,000 km or as long as 17,000 km.

Most of the production was home-based with fishing families salting and drying the cod on wooden platforms. A distinct outpost culture developed consisting of “a robust folk culture of egalitarian social relations and ideology mediating problems such as mercantile exploitation, ethnicity and competing gear-types, but also capable of generating organized resistance and opposition¹” then would “sell” the fish to merchants who also provided them with supplies.

“At the end of the season the crews delivered their saltfish to the merchant from whom they had contracted a debt in the spring by purchasing supplies. The merchant provided the crew with basic foodstuffs such as flour, molasses and butter, and anything else their families needed to survive or to prosecute the fishery during that season. This contractual arrangement, known as the merchant credit or truck system, was exploitative in that it obligated the crew to sell their fish to that particular merchant who determined both the cull (grade) and price of the fish sold, and the price of the goods received in return. When the crews “settled up” in the fall, many were left with a deficit on their accounts which was carried over to the next season. This created an interminable cycle of debt for many crews, leaving them obligated to a single firm, and never able to negotiate better arrangements elsewhere.”²

The search for collective solutions in the Newfoundland fishery

The difference of interests between those who laboured in the fishery and those who bought and marketed the product would seem to dictate a search for collective solutions among the workers, not only to increase the labourer’s bargaining power with the processors, but to unite the catching and the processing in one organization. Newfoundland fishing families have long relied on collective solutions to their problems of isolation, financial precarity and dependence on the merchants. The first formal and perhaps the most famous

¹ McCay, Bonnie J. and Alan Christopher Finlayson. 1995. “The Political Ecology of Crisis and Institutional Change: The Case of the Northern Cod.” presented to the Annual meetings of the American Anthropological Association, Washington, D.C. November (found at <http://arcticcircle.uconn.edu/NatResources/cod/mckay.html>)

² from Maritime History Archive <http://www.mun.ca/mha/fpu/fpu18.php>

foray was the development of the Fishermen's Protective Union. "The union was founded in 1908 by William Coaker as a cooperative movement for fishermen on the northeast coast of Newfoundland. At its peak, it had 20,000 members and chapters across the island. The FPU set up the Fishermen's Union Trading Co. (UTC) to import goods to sell to fishermen directly, thus circumventing the St. John's fish merchants. *In many ways, the development of the FPU matched that of the United Farmers movement in parts of Canada.*" (emphasis the authors')³

Under Coaker's leadership, the FPU entered Newfoundland electoral politics in 1913 with a left wing platform including government regulation of the fishery, winning eight seats. During the First World War, FPU parliamentarians joined the wartime coalition. After the war, the party merged with the Liberals to form the Liberal Reform Party.

The headquarters of the FPU was in the town of Port Union. In addition to its representative, political and publishing activities, the town also provided the following collective enterprises: a retail store that served 40 outlets in other communities. a salt-fish plant with electric dryers, a seal plant, an international fish and supply trade, a fleet of supply and trading vessels, its own spur railway line, a pier for the government coastal steamer, coal and salt sheds, a cooperage and carpenter shop, workers' row housing, a soft drink (or temperance beverage) factory, a hotel, a warehouse with electric elevators, its own power-generating plant, a movie theatre, a woodworking factory, a school, a debating club, a community nurse, a church built to commemorate the Coaker Recruits of World War One⁴.

To the Fogo Island fishers and residents, the FPU's rejection of the merchant class held great appeal and they formed a branch of the Union, replicating some of the institutions and activities of Port Union. There is still an FPU museum near the Fogo Co-op⁵ headquarters.

Though Coaker became Minister of Marine and Fisheries during and after WWI and tried to regulate the fishery, the FPU as a commercial and political entity was a spent force by the Great Depression. The FPU's entry into politics, the resolute enmity of the Catholic Church (the FPU had connections with the Protestant Orange Order), Coaker's increasing authoritarian tendencies, and the political/economic crisis of Newfoundland in the 1930s, all contributed to long demise of the Union and the resurgence of the merchant-dominated fishery.⁶

Yet the collective approach was fixed in the collective memory of Newfoundland fishers and would make reappearances after the Second World War.

When Newfoundland joined Canada in 1949⁷, Premier Joey Smallwood was determined to modernize the Island, or, as he is reported to have put it, to "drag Newfoundlanders kicking and screaming into the twentieth century⁸" by diversifying industry and providing public services e.g. schools, hospitals and means of communication and transportation. Before Confederation, especially in the days of sail, the outports were located along the major shipping lanes. But with development of road and rail, many outports found themselves abandoned and isolated.

³ from Wikipedia: http://en.wikipedia.org/wiki/Fisherman's_Protective_Union

⁴ *ibid.*

⁵ Henceforward, we will use the capitalized "the Co-op" or "the Co-operative" to refer to the Fogo Island Co-op. We will use the lower-case "co-operative" to refer to co-operatives in general.

⁶ from the website of Historic Port Union (<http://www.historicportunion.com/html/history.html>)

⁷ Prior to the 1949 decision to join Canada's confederation, Newfoundland and Labrador was a self-governing Dominion like Canada and Australia. In 1933, economic crisis led to an appointed Commission of British and Newfoundlanders that governed for fifteen years without an elected assembly.

⁸ Brownsey, Keith and Michael Howlett. 2001. *The Provincial State in Canada: Politics in the Provinces and Territories*. (Peterborough, Broadview Press). 27.

A primary means of achieving this modernization would be an “official resettlement program,” eliminating many of the outport communities and bringing their residents into more centralized locations. Families would receive a small amount of money (in the beginning, only \$150, later up to \$1000 per family) if they agreed to move to “growth centres.” Despite some resistance and strong allegiances to their home surf and turf, between 1953 and 1972, 110 outports vanished and between 1965 and 1972, 3,876 households and 19,197 persons moved⁹. On Fogo, Smallwood’s call to resettle came at almost the same time that local merchants decided to close down their fish company and abandon the island. So, added to their isolation, the island fishers had nobody on island to whom to sell their catches.

The “Fogo Process”

Despite these pressures, the Fogo Islanders were determined to stay. At the same time, a crew from the extension department of Memorial University of Newfoundland and representatives of the National Film Board’s “Challenge for Change” program came to the island and began a unique and radical experiment. Not only did they document the islanders’s struggle, they also actively intervened to support it. This came to be known in community development lore as the “Fogo Process”

“The Fogo Process is a people-centred community development approach which, via simple media tools, assists communities and individuals in "coming to grips" with their problems, opportunities and visions. The Fogo Process provided a model of communication for development practice that was far ahead of its time. Indeed, some communication for development practitioners recognize that the field owes a worldwide debt to the Fogo Process and for the person who is largely responsible for promoting this participatory development communication methodology...At that time Donald Snowden was director of the Extension Department at Memorial University in Newfoundland, Canada. He led a process whereby community members were able to articulate their problems, ideas and vision on films that were later screened to community members at facilitated community discussion forums. Through the films, the people of Fogo Island began to see that each village on the Island was experiencing similar problems and became aware of the need for community organization. The films were also used to bring distant politicians face-to-face (or face to screen) with the voices and visions of people they seldom heard. Government policies and actions were changed, the people of Fogo began to organize, and the history of the Island changed forever.”¹⁰

Out of this process emerged the Fogo Island Cooperative Society, which in its more optimistic and successful days described the result thus:

“In 1967, we had to make a life-altering decision on Fogo Island. Leave our beloved island home and resettle on the mainland of Newfoundland and Labrador. Or stay and find a way to make it on our own. We stayed. And we made it. To ensure our survival, we turned to what we knew best for hundreds of years—the sea. Following a process of community self-discovery now known worldwide as the Fogo Process, our fishers formed the Fogo Island Co-operative Society, a community based enterprise on which we built the economy of our island. We built more boats. We built bigger boats. We took over processing facilities abandoned by private enterprise. We built more plants. We sought new markets. And the Fogo Island Co-op has not only survived, it has succeeded.

⁹ “Between The Rock and a Hard Place: The Destruction of Newfoundland's Outport Communities,” found at http://www.canadafirst.net/our_heritage/newfoundland/ and Baker, Melvin. 1994. “The 10th Province, 1949-1972.” found at <http://www.ucs.mun.ca/~melbaker/TENTHPRO.htm>

¹⁰from <http://www.pdfforum.org/webapps/archivus/showarticle.php?searchp=&ct=&ca=&cd=&mode=2&id=44&sortby=d&sortdir=a>

“Today, Fogo Island and the Co-op are a major force in the international fish harvesting community. We have a fleet of 30 long liners, three fish plants, two buying stations, a laboratory, welding shop and a marine service center complete with fishing supplies outlet. We have markets in the United States, Japan, China, Taiwan, Sweden, and Germany. And we have developed a rock-solid reputation for honesty, integrity, pride in performance, and world-class quality.”¹¹

While modern-day fishing co-operatives are not widespread in Newfoundland and Labrador, Fogo is not the only one in existence. There is the Torngat Fish Producers Co-operative Society Limited in northern Labrador (founded by a group of Inuit in 1981), the Labrador Fishermen's Union Shrimp Company Limited (started in 1978 by the Food Fish and Allied Workers Union as a co-op, de-co-operativized since but still retains co-operative features.) There is also the Petty Harbour Fishermen's Cooperative on the Avalon Peninsula near St. John's (founded in 1983.) But Fogo Island Cooperative is the largest and longest-standing.

Fogo Island Coop governance

The Fogo Island Co-operative Society is a hybrid co-operative: both a producer co-op (fishers who bring their catch to be processed by the coop are members) and a worker co-op (workers in the processing plants are also members). Although the plant workers often outnumber the fishers, these proportions are not reflected on the board and this is illustrative of the fault lines in the Co-operative. Of the 11-person board, a maximum of three members can be from among the plant workers although there can be fewer depending on how many votes others receive; it is technically possible for all board members to be from among fishers.

There are also divisions among the fishers which are not reflected in the board's composition. Fishing boats can be divided into a number of different classes depending on their size and where they fish:

The Fogo Co-op is restricted to the inshore fishery¹². The inshore fishery consists of two classes of boat size. Driven by changes in the size of fish stocks, technology and capitalization since the birth of the Co-op, big boats (35' to 65') now comprise the majority. Small boats (under 35') now comprise the minority. While many of the concerns of their owners are similar, there are definitely different interests between the two, similar to the that between small and medium-sized businesses. As will be seen below, the situations described above create problems of Co-op governance.

Decline of the fishery

The decline of the Atlantic Canadian fishery (and especially that in Newfoundland) is well-chronicled¹³. When John Cabot explored Newfoundland he is said to have reported cod so plentiful that his sailors could scoop it up in baskets; it was so thick in some parts that it impeded the progress of his ship¹⁴.

Since Europeans began fishing in the area, a harvest cycle had been evident. Every 30 years or so there was a decline but, compared to the present situation mostly good harvests prevailed. In the 1960s trawlers, many of

¹¹ from <http://www.fogoislandco-op.com/>

¹² The inshore fishery is defined as fishing close enough to shore that fish harvesters can return home at night.

¹³ McCay, Bonnie J. and Alan Christopher Finlayson. 1995. "The Political Ecology of Crisis and Institutional Change: The Case of the Northern Cod." presented to the Annual meetings of the American Anthropological Association, Washington, D.C. November (found at <http://arcticcircle.uconn.edu/NatResources/cod/mckay.html>)

¹⁴ Randy Ray and Mark Kearney. 2007. "Canadian Trivia." found January 21, 2008 at <http://www.coolquiz.com/trivia/canada/cabot.asp>

them foreign, many of them “factory ships” entered and the harvesting increased greatly. This has been held analogous to clear cutting the fishery.

By 1968, the peak take was over 800,000 tonnes or four times the average catch over the previous 3 centuries – what has been called the “killer spike.” The size of this harvest ratcheted up expectations of Newfoundland fishers and their families and the whole community about the viability and sustainability of the fishery. In 1977, to deal with foreign exploitation of fishery, Canada declared a 200-mile exclusive fisheries zone; and for the first time there was an attempt to make the fishery science-based.

The offshore limit fuelled another period of optimism through the 80s with an expansion of the inshore fishery and rise in the number of people and firms in fishing and fish processing. It was a time of expansion of boat size as many fishers sought to upgrade their income-earning potential. There were large technology advances in fishing gear, the boats themselves and in navigational equipment. The capacity to process the harvest both on vessels and in shore facilities also increased greatly.

These changes are strikingly similar to changes in agriculture during this period. The 70s and 80s were also an era of the coming onstream of offshore oil and gas in Newfoundland. So optimism reigned generally, in both the offshore and the onshore fishery.

But through 80s inshore fishers indicated there were signs of localized fish stock declines and the optimistic projections of the Canadian Department of Fisheries and Oceans (DFO) seemed out of synch with these warning signs. By 1992 it was clear that a crisis was at hand, a near commercial extinction of cod stocks. First there was a close down of offshore large-dragger fishery. This was followed by a Canadian government moratorium on entire northern cod fishery. This affected 35,000 fishers and fish-plant workers with an attendant multiplier in local economies. At first, the authorities planned a two year shutdown to allow replenishment along with some gov’t assistance. But by 1993 it was clear that biological, not just commercial extinction, might be the case. By 1995, the government proposed a 10 to 15 year moratorium. The earlier financial assistance package went up only to May 1999.

The decline of the fishery appears to be a typical “tragedy of the commons” i.e. anarchy in the hunt for an unregulated resource where gains therefrom go to individuals but the losses therefrom are borne by society as a whole.

The future of the fishery is intimately tied up with survival of rural Newfoundland. Simply put, over the long term, there is too much fishing capacity and too much processing capacity and too many people earning their income in the industry for the amount of the resource available to be harvested. A major problem, however, is predicting how sharply the harvest and harvesting capacity will differ. If the ability of a certain geographic area to sustain fishing and processing is permanently lost, then it is best to close down the plants and move the catch to a more remote processor. If the loss is less than total or is temporary and a fishery is possible, then closing down the harvesting and the processing capacity can leave the area without the physical and human capital to have a fishery. Permanent or severe loss of capacity and people will destroy the culture of the place. Having to go farther afield to sell the fish can put fishers out of business but also destroys an inshore way of life.

After its foundation, the Fogo Co-op dealt with this dilemma astutely. Unlike many other fishing communities in Newfoundland which were less cohesive and more dependent on outside processors, the Fogo fishing community dealt agilely with the Cod crisis. Fogo is noted for its early and decided move away from cod and toward other primary products, such as crab, shrimp, turbot, capelin, herring, mackerel as well as specialty fish such as sea cucumber.

Because one of its main roles has been to provide employment in the community, the Co-op tried to be ahead of the curve in development of the products from the sea. For example, with some help from provincial and federal government agencies it made a bold upmarket move into so-called “value-added” (more highly-processed than the norm) products such as frozen meals for homes and restaurants. In an attempt to diversify and also add value rather than just shipping out next-to-raw or semi-processed merchandise to be processed elsewhere.

Unfortunately, at this writing, the Co-op is going through a bad patch, which may or may not be permanent. It has scaled back from any innovative projects and has fallen back heavily on stock products like crab and shrimp. Its main strategists are the financial officers and institutions that manage its debt. We will argue, however, that despite its commercial and industrial acumen, the Co-op was seriously weakened by failures in Co-operative governance.

Governance problems or no, while the Fogo Co-op weathered the cod crash as well as anyone in Atlantic Canada, its problems are still those of the entire fishery, which is finding it difficult to meet new commercial challenges. Other species and other forms of processing have not solved a more permanent challenge of overfishing. The rise of shrimp and crab as products have been an indirect result of the cod decline, which removed a major predator of shrimp and crab larvae. In early 90s, crab became a new cash harvest and seemed to present new life to the embattled fishery. Many fishers invested in new boats and equipment and thrived for a few good years. However, the crab fishery has recently shown itself to be not immune to its own problems of overcapacity. The following figures illustrate the boom in snow crab: fishing licences in Newfoundland and Labrador increased from less than 100 in the early 1980s to over 3,400 in 2004. As a report by the Fisheries Resource Conservation Council describes the problem:

The snow crab fishery in many areas is now characterized by increasing fishing effort, declining catches per unit of effort, high exploitation rates, and socio-economic and political pressures to maintain TACs [total allowable catches] unsustainably high. These factors combined with poor fishing practices and increasing numbers of traps used in many areas pose significant threats to the bio-ecological and economic components of sustainability¹⁵.

The DFO sets quotas for each type of product caught based on the previous year’s harvest. For example, based on the 2005 snow crab harvest, the quota for 2006 was cut, in some cases by 25%. Many crab fishers rely almost exclusively on this harvest for their living and such a cut has disastrous consequences. As one fisher told the CBC: “You’re not going to get a crew. You’re not going to get nobody to go with you if they keep on cutting.”¹⁶ Add the overcapacity to the problem of a higher Canadian dollar, making the product less attractive in foreign markets and you have a renewed crisis in the fishery. The 2006 fishery was so short and small that many fishers and plant workers did not make enough earnings to qualify for employment insurance.

So the tragedy of the commons continues. As David Vardy, a veteran regulator and observer of the Newfoundland fishery puts it “we are fishing down the food chain¹⁷.”

Labour Relations in the Newfoundland Fishery

¹⁵ This quotation and other information on the crab fishery from Fisheries Resource Conservation Council. 2005. “Strategic Conservation Framework For Atlantic Snow Crab” “Fisheries Resource Conservation Council Report on the Strategic Conservation Framework for Atlantic Snow Crab,” St. John’s, NL found on <http://www.frcc.ca/NEWSREL/2005/SpeechE.htm>

¹⁶ from CBC Online <http://www.cbc.ca/nl/story/nf-crab-quota-20060330.html>

¹⁷ Interview with one of the authors, May 5, 2006.

Another piece of the puzzle that is essential to the understanding of the Fogo Co-op is labour relations in the Newfoundland fishery. The way this is handled in Newfoundland is unique not only in Canada but in the world.

It is important to remember that most fishers or fish harvesters, unlike fish plant workers, are self-employed. They own their own boats. Indeed, they often act like employers themselves, in that they take on as helpers and supervise non-owners in the harvest. Technically, the crew of a boat under 65' are referred to as "sharemen" in the sense that they are not paid directly but share in the value of the catch in an amount negotiated before the trip with the skipper¹⁸.

According to Canadian labour law (which is set by the provinces but whose main principles are similar), workers in a clear employment relationship can be unionized. But for those who are not employed by others, government-regulated unionization is not readily available.

Fishers are not employed by the processors to whom they sell their catch. Nor are most of the conditions under which they work determined by the processors. On the other hand, the price that the processor pays the harvester for the catch plays a crucial role in the financial survival of the harvester/fisher.

So fishers want a method to negotiate fish¹⁹ prices with the processors and the two parties have a fundamental "structural antagonism"²⁰, similar to that between workers and their employers: the processors want the prices to be as low as possible; the fishers want the prices to be as high as possible. To a large extent the price is determined by supply and demand i.e. if there is demand higher than supply, then prices go up; if there is supply greater than demand, price goes down.

However, fishing is a very precarious business. A few bad seasons will drive fishers (and processors) out of business; this may be good in reducing overcapacity, but because of capital costs on both sides, there are large barriers to re-entry. So it is in the interests of the industry and the community to maintain both fishing and processing capacity to ride through the ups and downs of the market cycle.

Another problem in the equation is that the fishers are not easily mobile; they are stuck in their communities and many of them have a large amount of capital tied up in their boats and equipment. If their income goes down, they are often prepared to ride it out. First, they have a strong reciprocal relationship with their communities. Second, they have few ready alternatives (although packing up and moving to Alberta is an increasingly attractive option.)

The processors may have more capital at their disposal in good times (especially if allied to large multinational fish companies) but they are less loyal and more mobile. They close down readily if they are not making a profit and have little loyalty to the industry unless they receive subsidies or orders from the government to stay open. The fish processing companies as a group are quite unstable; some of them are small operators with some attachment to a home community but who may choose or be forced who come and go; some of them are large operators, who hedge by establishing processing capacity in many communities.

The decision by processors to leave a community is a problem for both the community and the larger polity. The fish plant workers are out of a job. The fishers must travel farther to sell their catch and many of the fisher families rely on the income that family members make working in the fish plants.

¹⁸ While those who work for a skipper on a boat under 65' are considered sharemen or non-employees, those who work on boats over 65' are considered employees.

¹⁹ For convenience, in this context, all species of sea harvest are referred to as "fish."

²⁰ Edwards, P.K. 1986. *Conflict at Work: A Materialist Analysis of Workplace Relations*. (Oxford: Basil Blackwell)

Given their many challenges, it is understandable that fishers would seek collective solutions to their problems and this they have done through their union. But given the instability in the processing sector, and the cohesiveness of fishing communities, there are also strong grounds for those communities to have taken this collectivism one step further, to combine fishing and processing themselves and not rely on an intermediary which has very little loyalty to the community. The riddle is why there have not been more attempts to form cooperatives or joint fishing-processing-marketing enterprises. Nonetheless, fish processing has been and is mostly carried out by private enterprise. And it is with these enterprises that the inshore fishers have had to deal in the setting of fish prices.

In most places in the world outside Newfoundland, fish prices are determined by some means other than collective bargaining: pure market, auctions, partial auctions and binding arbitration. In Iceland, a dutch auction system (where the price comes down until a successful bidder is willing to make an offer) determines most fish prices. In Quebec, once a marketing plan for a species has been approved by an independent panel, the fishers negotiate the price with the processors. Failing to reach agreement, either party can refer the matter to an arbitration panel. While the panel's fish price is binding, a set of parties can voluntarily make other arrangements. In British Columbia, in Nova Scotia, fish prices are set by fishers negotiating individually with processors.

This can be a huge problem for the fishers in a loose market as they become price-takers and bid down the price of fish. But it can be a boon to fishers in a tight market when they become price-makers as processors bid up the price of fish. But the fluctuations in the market lead to a precarious financial existence.

There is nothing stopping fishers from banding together and trying to get the processors to sit down and negotiate fish prices. It has been done by fishers on Canada's west coast. The major problem, however, occurs if the processors refuse to negotiate. The fishers have no law on which to fall back to compel such negotiation.

So it is easy to see why fishers would like to have labour law backing them up if they could.

Under modern Canadian labour law, unions who secure government certification for regular employees have several legal rights: They can compel the employer to bargain in good faith with the union. They can make complaints to the labour relations board of unfair labour practices e.g. failure to recognize the union, failure to negotiate in good faith, and intimidation of union members.

Newfoundland is the only jurisdiction in the world that has passed legislation giving fishers modern labour law rights even though they are not technically employees. Why in Newfoundland? Several factors have combined to produce this result. First is the importance of the fishery to the province and especially its rural inhabitants. As the Fisheries Minister announced as recently as February 2006 "'The fishery is the backbone of rural Newfoundland and Labrador. Our government is committed to finding solutions for this troubled industry²¹.'" of Disruption has a major effect on Newfoundland's political economy and orderly bargaining and settlement is a very potent method of adding stability to it. There is also the strength and militancy of the Union²² and the apprehension of labour unrest. The province has traditionally been one of the most highly unionized in the country²³ and there have been several violent episodes, including the death of a police officer in a confrontation with picketers in the 1959 loggers' strike²⁴, the memory of which labour, management and government

²¹ Government of Newfoundland and Labrador. 2006. "Government to implement collective bargaining recommendations in Cashin report." Media Release. February 22. found 2 July 2007 at <http://www.releases.gov.nl.ca/releases/2006/fishaq/0222n03.htm>

²² As with "Co-op" and "co-op" we will henceforth refer to a particular union (usually the FFAW) with the capitalized "Union" and to the more generic term in lower-case.

²³ Jackson, Andrew and Sylvain Schetagne. 2004. "Solidarity Forever? Trends in Canadian Union Density" *Just Labour*. 4, Summer. 53-82

²⁴ Gillespie, Bill. 2007. "The Newfoundland Loggers' Strike" found 2 July 2007 in Canadian Encyclopedia online <http://www.canadianencyclopedia.ca/index.cfm?PgNm=TCE&Params=A1ARTA0005717>

representatives in Newfoundland still invoke. The perceived apprehension of labour anarchy and the need to avoid it is still strong.

The Newfoundland government enacted the Fishing Industry Collective Bargaining Act in 1971. It set up a process where processors and fishers were compelled to negotiate prices of catches of various types of fishing harvests with each other: those two parties began as the Food Fish and Allied Workers Union (FFAW), for the fishers, and the Fisheries Association of Newfoundland and Labrador (FANL), representing the processors. Failing agreement, the parties were able to legally strike or lock out to bring economic pressure to bear on the other side. Once an agreement was reached, the price in any season for any particular kind of fish was set. It was a “suggested” price and the parties could vary from it if they wished. Obviously the system works best when this variation is minimal.

Lawmakers declined to force either side to bargain through any particular organization. While the FFAW has remained the bargaining agent for the fishers, the FANL fell apart in 2003, reflecting the troubled situation and the weakness of bonds among the processors. Thus the Union must find negotiating partners where it may.

There have been several strikes and lockouts for different types of fishery over the years. In some cases this has meant the loss of part of or all of a season of fishing. The government and the two parties have attempted to reduce the amount of conflict over the years by resorting to a system of pre-agreed and binding arbitration if initial agreement could not be reached. This has worked reasonably well when the fishery is stable.

However, a problem occurs in years when the industry is in a high state of flux, for example when prices are going up or down rapidly, the Canadian dollar is changing its value rapidly, the quality of the catch is uncertain, or world prices for the product are fluctuating. When the fish price is rising rapidly, processors will offer bonuses above the agreed price and fishers will shop around for best price. In such a turn of events, the poorer processors lose product as fishers turn to those with deeper pockets. The processors have fought back against such instability by demanding that government set quotas for them so they can “lock in” the fishers. But the Union strongly disagrees with this as it would depress the price of fish. A recent set of legal amendments to the Act forbids work stoppages, and imposes final-offer selection.

Newfoundland and Labrador fishers enjoy several additional benefits not available to other self-employed workers. For example, the self-employed are not eligible for Employment Insurance (federal) or Workers’ Compensation (provincial). But by the 1980s the fishers through their Union, had achieved coverage under both of these protections. While fish plant workers need 14 weeks of employment to qualify for EI, fishers need to catch a certain equivalent volume of fish to qualify (so can qualify by several large catches [if lucky] rather than exact number of weeks.)

The Co-operative and the Union

The Food Fish and Allied Workers Union was founded in 1970 by Richard Cashin and Father Des McGrath, disciples of the Antigonish Movement²⁵. This fact is extremely significant as it illustrates the common roots of the co-operative and the trade union movements, especially in Newfoundland.

The Fishing Industry Collective Bargaining Act may have been passed a year later, but as with any labour legislation its mere existence, while making unionization legal, didn’t mean processors would recognize a union. Huge battles to establish collective bargaining rights for groups of fishers ensued, especially during the 1970s.

²⁵ This movement, founded in the 1920s by Nova Scotia liberal Catholic priests Moses Coady and J.J. Tompkins and based in the Extension Department of St. Frances Xavier University, encouraged the foundation of co-operatives of many types across Atlantic Canada and produced several generations of social activists in the co-operative and trade union movements.

There were simultaneous battles to organize three separate groups of workers. First, there were two groups of workers in a traditional employment relationship: those on the large offshore trawlers, and those in the fish processing plants. They sought to establish terms and conditions of employment with their employers. Second, there was the large group of self-employed inshore fishers who sought to negotiate fish prices with processors.

For professional fishers, the FFAW has always been “more than just a union²⁶.” It has acted as a type of professional association that deals with many matters outside of collective bargaining that pertain to the welfare of fishers and the fishery as a whole.

Founded within a few years of each other, the Fogo Island Co-operative and FFAW went their separate ways. Busy organizing both fish plant workers and onshore fishers across the island, the Union left the Co-operative out of its organizing efforts. Legend has it that Richard Cashin met with the Fogo fishers and promised them that as long as Fogo was a co-operative it was “as good as a union” and that the FFAW would not try to organize either the fishers or the plant workers.

However it would come to pass that thirty years later the Union would organize both groups. The first unionization came among the fishers in 1999. This was not controversial. The fishers joined not so much due to any dissatisfaction with the Co-op (both sides followed the provincial fish price agreement voluntarily) but more because they felt being outside of the Union denied them the advantages of its professional society aspects – as Union members they could have some say in the overall conditions of the Newfoundland fishery.

The unionization of the plant workers was much more rancorous. There were several attempts, with the final successful bid coming in 2000. Unionization was precipitated by lack of worker voice in their working conditions and in the Co-op in general. This was exacerbated by several perceived inequities by Co-op management.

There are two plant workers bargaining units: one for the crab and groundfish plants, which belonged to the Co-op from the beginning and one for the shrimp plant, which was a joint venture with two Icelandic firms (but has since been bought back entirely by the Co-op).

Since unionization of the plant workers, the relationship has been adversarial, with both sides reverting to type, demonizing the other. “Management” engages in hard bargaining and has attempted several end runs around the Union. The Union, for its part, vilifies the Co-op as “the boss” and engages in its own hard bargaining. Of this, more later.

This relationship is ironic, not only because Union and Fogo Co-op shared the same cradle. The Union helped to establish the Labrador Fishermen's Union Shrimp Company²⁷ as a co-operative in 1978 and it maintains a much more salutary, if not proprietary relationship with that organization.

Problems in the Fogo Cooperative

While the Fogo Coop has had many successes, it also had several problems, some of them borne of the general malaise of the Newfoundland and Labrador fishery, but some of them precisely because it failed to reconcile its commercial side with its co-operative side and because of deficiencies in government. Indeed some of these

²⁶ This is the name of a book about the union by Memorial University anthropologist Gordon Inglis (Inglis, Gordon. 1985. *More Than Just a Union: The Story of the NFFAWU* (St. John's: Jespersen Press.)

²⁷ The organization began in 1978 as the Labrador Fishermen's Union Producers Co-operative cancelled its formal registration as a co-operative four years later, but still retains many characteristics of a co-operative, with one share per fisher-member (see website <http://www.lfuscl.com/index.html>.)

problems could have lent themselves to solution better within a co-op; but in some cases the Co-op may have made things worse.

The Fogo Coop is riven by several severe fault lines. First are cleavages among the fishers, primarily between those entrepreneurs with larger and those with smaller capitalization. This generally follows the division between “large boats” (more than forty feet) and “small boats” (less than forty feet) with the former comprising the most powerful group.

Second is a schism between fishers and fish plant workers. While there are more plant workers than fishers, the latter officially outnumber the former two to one on the board. But often the disproportion is even greater, as the fishers are more activist in Co-op affairs than plant workers.

Third, there is the rift between the board of directors and others in the Co-operative, especially the rank-and-file members. Over the years, the board has become corporatized and there has been little activity to get members active in the affairs of the organization, other than a few exceptions. Says one senior Co-op manager:

“People would have nowhere to bring their issues. In the mid 1980s the board set up a member relations officer. It dealt with the seniority list, leaves of absences, and the fishermen and reported directly to the board of directors. The position was not answerable to the general manager – but to the board of directors [an example of the position’s independence from management.] But the board did away with that job. It was eliminated around 1991 at the time of the [cod] moratorium [a time of crisis for the Co-op]...He was rehired a few years later... in ‘98 or ‘99 but this time answered to general manager. The position didn’t have the same authority as before. And the membership was not pleased with his performance and again before the Union – he didn’t have the independence. He was living in Bonavista [a distance of about 200 km] and would work with us in the summer time and leave in the fall.”

For several years, especially in the late 80s, Co-op management would travel throughout the island to the communities and hold an annual meeting at each location to explain to the Co-op members what was happening in the organization and ask for their input. Even though the response was not overwhelming, it was helpful. Management would also use the cable and community television station to broadcast programs about the cooperative to members in the community. But eventually this was dropped. Attempts to involve the membership in this way petered out by the end of the 90s.

A fourth fault line is found among different groups of plant workers. This is especially evident between those in the shrimp plant and those in the crab and groundfish plants. The fact that these are two different bargaining units within the Union exacerbates the differences, particularly when it comes to layoffs and “bumping”²⁸.

A fifth locus of cleavage occurs between the board and the managers. While the board of directors is the legal governing entity in the Co-operative, much of the real decision-making power has evolved to the managers, and, in the financial troubles of recent years, to the financial managers. Thus rank-and-file involvement has atrophied.

As in much of the co-operative movement, a serious problem lying underneath much of the recent history at Fogo involves capitalization²⁹. The investment by the members and retained earnings from operations are often not enough to support required or desired expansion. There have been two distinct crises of capitalization:

²⁸ In a unionized environment, “bumping” refers to the situation where the position of a senior employee becomes redundant but that employee has rights to displace a junior employee whose position remains.

²⁹ A section of a brief by the Canadian Co-operative Association to the Canadian House of Commons Standing Committee on Finance in 2004 was entitled “The Capitalization Challenge: The Achilles Heel of all Cooperatives.” Canadian Cooperative Association. 2004.

As with any business, there is capital required for expansion of “the business” i.e. the processing and manufacturing capability of the Co-operative’s business as a whole. Sources of patient capital are not many and, while a co-operative in the fishing industry is not unique in this regard (note the de-mutualization of the Saskatchewan Wheat Pool, recounted in Larry Hubich’s paper in this series), the capitalization crisis is especially severe amid the economic ups and downs of the fishing industry.

Then there is a capitalization problem for the individual fish harvesters to improve their own physical plant i.e. the purchase of larger or different types of boats and the more sophisticated equipment required to harvest an ever-decreasing fish stock or to switch from one type of harvest to another³⁰. For example, to gear up a boat for shrimp fishing may cost half a million dollars.

Both of these capitalization problems have been exacerbated amid a declining resource base. Amid a declining resource base, the Co-operative’s members have great needs, some of which the Co-op can meet, some of which it cannot. There is also the difficulty deciding to whom and how the benefits should be distributed. If four fisher members of the Co-operative request \$200,000 each to upgrade their vessels and equipment, and the Co-op has only half a million dollars to lend, how will the organization decide how to distribute it? This begets invidiousness over the distribution of favours and privileges as well as invidiousness over the distribution of pain and discomforts.

As the chair of the board of directors has put it:

"We have tried to build capacity over the years but it was difficult to strike the right balance between fishermen who wanted help with loans for new boats and investing in the Co-ops processing plants³¹".

As mentioned above, a problem of voice in Co-op affairs both enhanced the cleavages and was enhanced them. For example, the fish plant workers had lower representation on the board. But even had the plant workers’ board representation increased, there was also a growing problem of lack of voice in how their work was organized. Fogo is a hybrid co-operative, including both producers (fishers) and workers (from the plants) as members. But like many co-operatives employing workers, just because you are a co-operative does not mean that you treat your workers especially well or that these workers have any more voice in their work than a normal factory.

In the mid-90s, management responded to the call for greater worker input into workplace decision-making by setting up a workers representative committee comprised of nine workers to allow workers to set out their concerns. But this committee came to be captured by special interests. There was concern that those on the committee only putting forward their own interests and were not really representative.

Key Disputes Among Members

Combining several of these cleavages, important disputes have emerged among groups in the Co-op over the years, which have further eroded the cohesiveness of the organization. It is ironic that a co-op should facilitate

“Capitalization and Fiscal Considerations for Agricultural Cooperatives in Canada: Brief on behalf of Canadian Agricultural Cooperatives and submitted to the House of Commons Standing Committee on Finance.” found January 17, 2008 at http://www.lacoop.coop/medias/publications/dec04_eng.pdf

³⁰ For example, the switch from cod and other groundfish to shrimp or crab often requires a different type of vessel and equipment.

³¹ Fennelly, S. 2004. “The Fogo Island Co-operative: A Fishing Co-Operative Adapting To Change in Newfoundlands Fishing Industry.” *Marine Times*. found January 21, 2008 at http://www.marinetimes.ie/Assets/archive_2004/0304_news_09.htm

resolution of disputes among groups vying for access to scarce resources. But in some cases it merely exacerbated them.

An early such dispute, over dockside grading, emerged in the 1980s, before the cod moratorium. When fishers deliver their catch to the plant, the catch comes in several different qualities, depending on its freshness. To expedite the grading of catch, the Co-op decided to pay fishers differentially for qualities of catch. It would pay more to skippers whose crews bled and iced their catch at sea. The Co-op would grade the catch at dockside and pay more for better-prepared catch. In effect, this forced fishers to do some of the processing work and it paid them according to how much pre-processing they had done. Some fisher-members of the Co-op objected to this new method. After considerable wrangling over the issue, the Co-op decided to expel the dissenters.

A more seriously divisive dispute followed in the 1990s, combining the issues of access to capital and access to work. The tradition for fish harvesters in Newfoundland, often legally binding, is that if you need capital and seek it from a fish processor, you are beholden to sell your catch to that processor.

Such was the case in the Fogo Co-op. And the organization would try to meet the fishers' requests. But a special problem arose in the wake of the cod moratorium. More than a few fishers tried to re-invest in shrimp and crab boats and equipment and needed to obtain capital quickly. The Co-op could afford to capitalize only some of the applicants and faced the problem of how to decide who would get capital and who would not. Some Fogo fishers unable to obtain capital from Co-op approached banks *or* commercial processors off-island. Those that received capital from off-island processors were forced to sell their catch to those processors. As a result, many of these fishers left or were forced to leave the Co-op. This was the first split among the members on this issue.

The second split emerged because in many cases the wives and family members of the fishers who were no longer Co-op members still worked in the fish plants. In 1999, a downturn in the fishery and a change in processing technology forced reductions in labour force in the fish plants. The Co-op needed to decide how to downsize the workforce.

The downsizing could be done either by seniority³² or by some other method. The fishers who were still selling to the Co-op were questioning why their family members should be laid off while those of fishers selling off-island could continue working.

A proposal came forward to discriminate in employment against family members of island fishers who were selling off-island (and against the family members of their sharemen³³.)

The Co-op management knew that this practice discriminated against workers based on their family status, and that this might be a practice prohibited by human rights law. Indeed, several years earlier, the wife of a fisher expelled for opposing dockside grading was still allowed to work in the plant for this very reason.

However, the impact of the Co-op's decision in 1999 was much greater. A crisis, some say a tragedy³⁴, ensued. Several fisher Co-op members threatened to resign if the Co-op did not discriminate in hiring against family members of non Co-op members. The managers and directors felt strongly that such resignations would spell

³² This was before the advent of a union for the fish plant workers, but even then the principle of seniority for making difficult decisions was well-established in the co-op.

³³ Sharemen are people taken on by the proprietor of a fishing boat to help with the catch. They receive a "share" of the value of the catch.

³⁴ McCay, Bonnie. 2005. "Gender, Globalization and a Tragic Choice on Fogo Island, Newfoundland: The Human Rights Case." in Barbara Neis, Marian Binkley, Siri Gerrard and Maria Cristina Maneschky, eds. *Changing Tides: Gender, Fisheries and Globalization*. (Halifax, Fernwood Publishing) 116-132

the death of the Co-op. Consequently, the Co-op board took the decision in a highly controversial vote to discriminate against family members of fishers who sold their catch off-island.

Many long-term employees with long seniority were denied re-hiring. The process was very painful, exemplified by the situation of one supervisor who was promised she would retain her job if she dismissed several of these people, and then was herself dismissed.

Thirty-three of the women among the discriminated-against employees took their case to the Human Rights Commission.

A report in a local newspaper summed up the impact of the Co-op's decision, not only on two of the complainants but on the community:

[She] stated for the court that in losing her position, "it was as if someone belonging to me had died. It couldn't have hurt any worst. To be employed for so many years in the same industry and to be let go because my husband didn't ship his lobster to the Co-op hit me hard... I looked forward to every spring when the plant would be up and running, but last year when the plant opened and work started, I didn't get a call while the rest of my shift went in to work. It was odd because I was on top of the seniority list and under normal circumstances would have been among the very first." Her husband eventually agreed to ship his lobsters to the Co-op. Like four of her colleagues, she found herself back at work within a day or two because of her spouse's action. However, neither she nor the others withdrew their complaints. Another woman with the same story said that she too felt pressured into having her husband sign the agreement. When asked by her lawyer how it made her feel, her response was, "I felt like a nobody. I wasn't a person³⁵."

Defending the Co-op's decision, a member of the Co-op's board of directors (himself a plant worker) testified that the choice was excruciating:

All things aren't fair. When it comes down to access to product to employ 300 people – that's where the decision came from – it came from down to the greater good³⁶.

A lawyer for the Co-op argued that difficult circumstances demanded difficult decisions:

It is a unique industry that has been owned and operated by its members. We heard in ... testimony that the Co-op has a social conscience, and that the Co-op has delivered a service that no other entity could have filled back then. The fish plants would not have survived without the establishment of the Co-op. Thirteen million dollars was paid out to its employees last year, and it doesn't take a rocket scientist to figure out the Co-op's contribution to the Island³⁷.

³⁵ Penton, Carol. 2000. "Human Rights hearing: Plant workers vs. Fogo Island Co-op." *Fogo Island Flyer*. 5, 12, cited in McCay, Bonnie. 2005. "Gender, Globalization and a Tragic Choice on Fogo Island, Newfoundland: The Human Rights Case." in Barbara Neis, Marian Binkley, Siri Gerrard and Maria Cristina Maneschy, eds. *Changing Tides: Gender, Fisheries and Globalization*. (Halifax, Fernwood Publishing) 116-132

³⁶ Newfoundland and Labrador, Human Rights Commission. 2001. *In the Matter of the Human Rights Code, R.S.N. 1990 as Amended and in the Matter of 33 Complaints of Discrimination Filed Hereunder*. Decision of the Board of Inquiry. St. John's. 17, cited in McCay, Bonnie. 2005. "Gender, Globalization and a Tragic Choice on Fogo Island, Newfoundland: The Human Rights Case." in Barbara Neis, Marian Binkley, Siri Gerrard and Maria Cristina Maneschy, eds. *Changing Tides: Gender, Fisheries and Globalization*. (Halifax, Fernwood Publishing) 116-132

³⁷ Reported in McCay, Bonnie. 2005. "Gender, Globalization and a Tragic Choice on Fogo Island, Newfoundland: The Human Rights Case." in Barbara Neis, Marian Binkley, Siri Gerrard and Maria Cristina Maneschy, eds. *Changing Tides: Gender, Fisheries and Globalization*. (Halifax, Fernwood Publishing) 126.

In its decision, the Board of Inquiry found the Co-op guilty of contravening the human rights of the 33 women, and castigated the organization:

To secure the loyalty of fishers, plant workers married to fishers were moved down the line (that is, to the bottom of the employment list), unless they could bring their husband in line. Put another way, plant workers' jobs were used as ransom to secure their husbands' catch. That fishers were drifting away, or threatening to drift away, from the Co-op unless given priority in hiring to their family members, cannot be used as justification for abrogating the rights of the plant workers³⁸.

The Board of Inquiry also rejected the employer's argument of its unique features of a co-operative. Indeed, it insisted that a co-operative should hold itself to a higher standard.

Quite the contrary. It is in the common interest to manage the affairs of a Co-op in a manner which does not favour the particular interests of one member over another³⁹.

The decision was a slap in the face of the Co-op. It was also, in the words of one senior Co-op administrator, "the straw that broke the camel's back" in terms of the Fogo Co-op fish plant employees' desire to unionize. The FFAW and the United Food and Commercial Workers unions had tried several times previously to organize the plant workers, to no avail.

After the human rights tribunal decision, the FFAW tried once more to gain representation for the fish plant workers and won certification. As we will see below, the entry of the Union exacerbated divisions within the Co-op which already existed.

Even with the Union providing some solidarity for the plant workers, divisions among them persisted and occasionally worsened. One explosive example occurred around the perennial problem among fish plant workers of sharing working time. Given the nature of the industry, the fish plant cannot offer consistent employment either through the year or from year to year. The best deal for any individual worker, then, is to maximize earnings while work is available, then get enough weeks for Employment Insurance during the rest of the year. So, while the plant is in operation, one tries to work as many hours as possible when one can get them.

This problem was made worse because with two separate fish plant bargaining units, there are two separate seniority lists. The unionized workers in one of these units refused to combine the seniority lists to make distribution of work more equitable. The opportunistic refusal to share benefits and disadvantages, while inimical to the principles of the trade union movement, is not unusual.

Relations between the Fogo Co-op and the plant-workers' Union

It should be recalled that there are two different groups of Fogo Co-op members who belong to the FFAW Union. One group, organized in 1999, consists of the fish harvesters and sharemen. The other group, organized in 2000, is the fish plant workers.

³⁸ Newfoundland and Labrador, Human Rights Commission. 2001. *In the Matter of the Human Rights Code, R.S.N. 1990 as Amended and in the Matter of 33 Complaints of Discrimination Filed Hereunder*. Decision of the Board of Inquiry. St. John's. 33, cited in McCay, Bonnie. 2005. "Gender, Globalization and a Tragic Choice on Fogo Island, Newfoundland: The Human Rights Case." in Barbara Neis, Marian Binkley, Siri Gerrard and Maria Cristina Manesch, eds. *Changing Tides: Gender, Fisheries and Globalization*. (Halifax, Fernwood Publishing) 116-132

³⁹ Ibid. 38.

Relations between the Fogo Co-op and the unionized fishers has long been benign. The Co-op abides by all provincial agreements on fish prices worked out between the Union and the fish processors.

Relations between the Co-op and the FFAW local representing the plant workers, however, have been fractious and tumultuous. As we have seen, plant worker unionization emerged as a result of dissatisfaction and resentment with management among this group and a long-term atrophy of human resource management in the organization.

Once the plant workers Union was established, earlier bitterness became more entrenched on both sides of the bargaining table. Of course, this has been aggravated by the Co-op's financial difficulties. Both sides see the other as less than reasonable and sometimes magnify small slights into larger disputes. And, because the employing organization is a co-operative, both sides harbour lingering disappointment with the other. Workers doubtless feel the organization of which they are part-owners should have treated them better over the years. Management doubtless feels somewhat betrayed by the workers.

One example of the rancour is the dispute over "Innovative Ideas Inc." In 1995, the Fogo Co-op incorporated this unit to engage in certain activities outside its normal business, such as Interpretation Centre on Fogo Island, a science project with the Department of Fisheries and Oceans and experimental development of new value-added products such as ready-to-heat meals. The Union for the plant workers was certified in 2000 but Co-op management continued to run Innovative as a separate, non-union operation. By 2004, management had determined that the value-added products had commercial viability and in that year began pre-commercial manufacture of the products with 20 workers recruited from its other operations. Now that the experiment was moving into production, the Union filed a complaint with the Labour Relations Board, claiming that the employer was trying to avoid the Union. Management argued that it could involve the Union later, once full commercial manufacture began, but that pre-commercial operations were separate and distinct from the main organization.

The Labour Relations Board decided in favour of the Union, declaring the Fogo Co-op to be the employer as to all intents and purposes, the activities of Innovative were impossible to dissociate from those of the Co-op. The decision vindicated the Union and arguably hardened already irritable labour relations.

The shrimp plant workers nearly went out on strike in the Spring of 2007 to rectify an almost \$1 per hour gap between their pay and that of crab plant workers in the other bargaining unit. Despite the financial problems of the Co-op, a last-minute deal was reached which goes a considerable way toward closing that gap and augurs well toward the mollification of differences between the two parties.

Conclusion

In the Newfoundland and Labrador fishery, we have seen a situation so common in the work lives of rural Canadians. Both farmers and fishers operate as independent, self-employed entrepreneurs, reaping the harvest of the environment around them and providing food for the world. But they also carry on their business in conditions of subordination and dependency and live a precarious existence. While they may harvest as independent entrepreneurs, they rely on more powerful entities from which they purchase their inputs and to which they sell their outputs. As individuals, they are price takers in their input markets and price takers in their output markets.

Only by combining into collectivities can fishers (and farmers) hope to alter the power imbalance. Thus they have formed organizations to reduce the competition among them, to, as it were, push the market out of the community or provide a communal space amid the market. In the case of the Newfoundland and Labrador

fishers, they have formed a union which represents their collective interests, primarily in the negotiation of better prices for their product, but also to influence governments and other players on the fate of the fishery.

But, as with farmers, they have found relations with the purchasers of their product to be problematic. The fish processing companies have very different economic interests and far more tenuous attachments to the rural communities in which fishers live. As we have seen, the search for collective solutions to this problem is more than a century old. It would seem a “no-brainer” that fishers and their communities would seek to combine the harvesting with the processing and marketing of their product. The more of the process of getting harvest to market controlled by fishers and their communities, the less precarious their existence. It is just such a solution that the Fogo fishers and their community, faced with economic extinction, attempted in 1967 with the formation of the Fogo Island Co-operative.

And that collective solution has worked well in an industry plagued with turmoil. As mentioned, precisely because the community controlled harvesting, processing and marketing, it has weathered the turbulence better than many of its sister communities. Because the processor is community-owned, it has moved more patiently and deliberately through the ups and downs of fishery. As the cod harvest died, the Fogo Co-op and its fisher members have managed to dodge the cod moratorium bullet and to move into harvesting other species less painfully than in other parts of the province. The Co-operative has actively explored the development, manufacture and marketing of new value-added products (though inadequate capitalization combined with unsteady markets has put this initiative on hold.) And despite its organizational, governance and labour problems, the Co-op and its community have generally had more commercial success than other fishing operations in the province. But has Fogo had more success as a business than as a co-operative?

While collectivities are a solution, they definitely have their problems. And Fogo has become an example of those problems.

Fogo is a hybrid of a producer and a worker co-op. And such hybrid co-ops inevitably face the problem of reconciling the interests of their worker and their producer members. In many instances, the prices that producers can obtain for the finished product are undermined by the wages paid to their workers. The intensity of that problem is muted at Fogo, first because the bulk of the return to the producers/harvesters comes directly from the price of their catch, not from the profits of the business the Co-op operates. Second, the price of the catch is negotiated not between the Co-op and its harvester-members, but by the Union and a larger body of processors. Nevertheless, there are still differences of interest between harvesters and plant workers. The more the workers are paid, the less retained earnings are available for financing the harvesters' boats. There are differences of interest in Co-op policy and business strategy. And, though the workers outnumber the harvesters, that situation is reversed on the board of directors.

We must also note that those involved with the fishery on Fogo Island have turned not to one, but two collectivities: the Union and the Co-operative. Unions and co-operatives emerged from similar beginnings and to address similar needs among those at a disadvantage under capitalism⁴⁰. Indeed, as we have seen, the FFAW Union in the early 1970s declined to organize the Fogo Co-op because the latter seemed to be addressing the needs of the workers. By 2000, this initial commitment was gone.

But co-operatives and trade unions have moved in very different directions over the past century. Several of the other papers in this collection speak to the parting of the ways. And several speak of the clashes between them when the workers of a co-operative become unionized. This antagonism is exacerbated where the sole owners of the co-operative are producers e.g. grain farmers, dairy farmers. At worst, the producer-owners of the co-

⁴⁰ See Wetzel, Kurt and Daniel Gallagher, 1987, “Labour Relations in Co-operatives,” (Saskatoon, Centre for the Study of Co-operatives) and Birchall, Johnson. 2001. “Organizing workers in the informal sector: A strategy for trade union - cooperative action” COOP Working Paper 01-1, ILO, Geneva

operative are just as intolerant of the union as ordinary capitalists would be. Unions too, often view co-operatives with a jaundiced eye. They have learned in practice that co-operatives are often not any better employers than others. And, in the case of Fogo, the Union and the Co-op clashed several times before the Union.

Fogo might appear to be different. First, the producer-members of the Co-op are themselves members of the Union. Second, the workers are also members of the Co-op. Nonetheless, in practice, the Fogo Co-op cannot be said to have overcome these animosities.

The managers of the Fogo Co-op appear not to have managed relations with their processing plant workers well. Part of this may arise from an assumption on management's part that the workers' loyalty to the Co-op would override any shortcomings in human resources management. After all, in how many workplaces, are workers represented on the Board? In how many workplaces are workers among the collective owners of the enterprise?

However, merely being "owners" does not guarantee workers that they will have a greater say in the day-to-day workplace issues that affect them directly, especially when that workplace employs more than a handful of people. Pursuing its business goals over its co-operative goals, the Fogo organization neglected its workers both as workers and as corporate governors – a common-enough faux-pas among an ordinary employer – a serious mistake for a co-operative.

Also, the Union's decision to decline involvement in the Co-op in its early days may have been a strategic error for both parties. It would seem that the union movement cannot afford to pursue a separate path from that of co-operatives. The Union took a different tack with its initial involvement with the Labrador Fishermen's Union Shrimp Company (though relations between those two organizations have also atrophied over the years.)

But the problems of the Fogo Co-op and the FFAW Union should not cloud the impressive accomplishments that both have achieved as collectivities in, as it were, navigating the precarious economic and political seas. As with other co-operatives and unions, they must find more effective ways to work together.