



shorefast

After-Words

April on Fogo Island

July 2019

“This is a conversation about how we live together.”

With those 9 words, [Shorefast Foundation](#) CEO [Zita Cobb](#) began a four-day conversation in late April with several dozen people gathered in Shorefast’s [Fogo Island Inn](#) along the northeast coast of Newfoundland.

These thinkers and doers were drawn from the worlds of business and finance, art and culture, policy, philanthropy and community, mainly based in Canada, the USA, and Germany and with experience and knowledge acquired by working in Africa, the Americas, and Asia.

Participants were invited to help discover community-centric solutions for a fractured world. The expectation was that the gathering would generate ideas to help build what urban planner Gill-Chin Lim had proposed as a “global network of intensely local places.” As Shorefast conveyed in their invitation: “Real communities start

with real *places*. Communities and people exist in a *place*. Ethics and morality are tied to *place*. And people are coming to see *place* as a source of innovation.”

Shorefast has specific experience building cultural and economic resilience in one very particular locale: Fogo Island, Population 2500. The mission of the gathering was to discover ways to extend the lessons learned here in this specific place to other challenged places around the world –lessons learned and honed over three centuries of surviving in isolation and the recent decade of developing a local economy that is also deeply connected to the global.

Virtually everyone who attended was a veteran of strategic offsites and big-thought conflabs. Some came ready to launch -- an institute? A website? Future convenings? Something...

Others came to debate and question, everything from the nature of economics to the looming tsunamis of climate change and artificial intelligence. Still others argued for a bigger role for small places in the growing concern about supra-national corporations “maximizing for what?” and looking for ways to ensure that returns on business activities extend beyond returns to financial investors.

The packed agenda of six sessions each day, matched with encounters with the natural world and conversations with the people of Fogo Island, was designed to dig beyond fast, easy, or comfortable answers. Given the people who attended, the place that was our base, and the things we discussed, it’s little wonder that ambiguity thrived alongside a sense of the possible.

Indeed, the intent of the gathering was to discover new kinds of answers much in the way that art does: by creating a sense of dislocation in order to uncover new ways of viewing the world. As one facilitator said: “consensus is highly over-rated.”



This method is not new to Fogo Island. It harkens back to [The Fogo Process](#), the participatory film process initiated by the National Film Board and Memorial University in the late 1960s. This process sparked the people of Fogo Island to find their future by seeing and valuing their inherent assets- and each other- in new and powerful ways.

The idea that a small island can be a proxy for a small planet makes Fogo Island a testing ground for the belief that community is the basic building block of human life. Shorefast and Zita's definition of community is "a group of people living in an urban, suburban, or rural place in close enough proximity to one another to form embodied relationships. A community is physical place in which people with shared memories and mutual aspirations live."

If that community is strong, people can thrive. If it isn't, they wither. The biggest contributor in that rise or fall, and the most invisible one, is not just the heart-ache and thousand natural shocks that is a part of life everywhere, but the economic system that fuels or fouls life itself. As Zita said in her opening: "The world shouldn't ask people what they want, it should ask what they value... Consumerism is not about our *love* of things, but about our *lack of love* for things."

For hundreds of years, Fogo Island had built a local economy based on an inshore fishery that provided "just enough." Excessive extraction following the global industrialization of the fishery quickly led to the demise of the inshore fishing economy by the mid-twentieth century. Now the Fogo Island economy is on a determined path to reclaim its ancestral legacy as fish stocks recover following a moratorium on cod fishing called in 1992. Fogo Island has focused on creating local economic systems to advance its inherent resources. Using an asset-based community development approach to identify strengths such as hospitality and woodworking, economic engines that amplify and connect these assets to the rest of the world have been established.



All to say, Fogo Island's history of near-death experiences make it a good place to understand the workings of community and demonstrate and share the story of how communities can learn to not only stay alive but to find ways to thrive by using their inherent assets. **Our sessions were a crucial first step in coming to understand what those lessons really are, and how they can be made useful to others, elsewhere.**

Participants offered their own view of what the "big problems" are and what the real solutions could possibly be, on Fogo Island and elsewhere. No one dared to claim a single easy magic solution. A host of topics and issues were brought forward from the importunate of 5G networks for community survival, the requirement of tools and training for communities to participate in the data-driven digital economy, the need for government procurement to become a more effective tool if it could be focused on true cost not just lowest price, the role of business schools in turning out graduates that have a whole understanding of community, not just the tools of finance. And many more.

There was much discussion (and blame) around our global economic system, and specifically the current reigning form of investor capitalism. But as one participant noted: “economics makes no judgement about whether an outcome is good or bad. Money itself is not to blame. There is no reason why as a corporation you cannot incorporate natural, social capital into your business plan. Yes, there are huge distribution issues. The money is in the hands of the few. But we need to try to maximize the quality of life rather than GDP.”

Not surprisingly, real answers were not easily revealed.

Whenever Zita speaks about the Inn, the first slide on the screen is not one showing the caption “one of the 10 most daring buildings on earth,” as *Architectural Digest* has hailed it. Instead, her first slide is always a quote from E.F. Schumacher, the German economist and author of *Small is Beautiful*, who said: “Nature and culture are the two main garments of human life. Business and technology are the tools that can and should serve them.”

This is because the Inn is actually a Trojan Horse for a set of values and expectations that led to its initial creation and its ever-growing spin-offs: Shorefast-owned community businesses and charitable programs that include Fogo Island Fish, the Woodshop on Fogo Island, Fogo Island Arts, etc. **The big idea is that Shorefast’s community businesses will one day generate enough surpluses to invest in the heritage and knowledge assets of the community. In the start-up phase of repositioning communities, including Fogo Island, to participate in the global economy, social capital and philanthropy have a role to play in energizing local assets.**

Shorefast also speaks about how a cauliflower and its floret structure represent a metaphor for how we belong to the world; each floret is a community, big or small, held together by the stem. The stem has two jobs: firstly, to connect and hold us together, and secondly, to bring nutrition, including economic nutrition, ideas, and knowledge, to the florets. **We live in those florets – they are the communities that provide coherent structures for people to belong and from there, navigate the broader world.**

These two ideas (let’s call them “Schumacher’s Cauliflower”) were woven into virtually every one of the 18 sessions, tripping over each other and creating tensions between urban and rural, global and local, capitalist and socialist, indigenous and colonial, and white and racialized.

By the end of the formal sessions, there was a sense of what one participant called “antagonistic cooperation.” Pretty much everyone was eager to move forward, even if the person sitting beside them came at what to do next from a very different standpoint. But as one speaker noted: “Paradoxes may seem contradictory; we should also treat them as interdependent.” Another participant offered W.H. Auden’s words, “you shall love your crooked neighbour with your crooked heart.”

In the end, themes emerged that most everyone seemed to agree on: the need to shape an *economy* that serves people; the best way to serve people is to strengthen the communities they live in. From these themes, it was possible to separate out four guiding ideas for creating the tactics that can actually change things for the better and yet not be so big as to try to boil the ocean. **Think of them as a checklist for change.**

Think also how very different these are from the conventions ruling our economies, communities and lives today - from quarterly reporting, seven-year paybacks, addictive consumerism, data-hoarding, nutrition deserts, and climate displacement.

As a Newfoundland participant said: “We need a better model, and we need to share the Fogo Island model elsewhere.”

The Guiding Ideas

1. It's about relationships.

That simple, existential idea has come unstuck, unravelling an era of complex relationships and rising peace and prosperity. As Zita said: "We've unleashed a kind of globalization we weren't ready for. We did things that caused place to be forgotten." Others picked up on this sentiment: too much untethered money led us to dislocate from place, from history, from nature and from each other.

How can local communities restore and

expand the human, institutional and economic relationships that were their bedrock the world over for centuries? How can we reshape economies that strengthen communities – big and small? How can we help bring new life to these millions of places and billions of inhabitants for years to come? Or at least, how can we start? How do we create a humanistic form of globalization?

The quality of our relationships is the quality of awareness. One way to start strengthening communities is by creating more awareness, more transparency both in what binds people together and what pushes them apart. Shorefast has developed a tool to start along this path: the Shorefast Economic Nutrition Certification Mark. Everything they sell, from a night at the Inn to a chair from the Woodshop, comes with a label that simply tells the buyer where the money goes.

In small communities especially, and in an age when technology has made working from anywhere possible, outsiders (CFAs in local, Newfoundland parlance) can play a redefining role. They bring new refractive lenses to life and work, not just injecting new ways of thinking into old, but helping the keepers of those old ways value what they believe and do. As [Jane Jacobs](#) said: "Old ideas can sometimes use new buildings. New ideas must use old buildings."

The same can be said of "in-between people" like [Franca Gucciardi](#) who is both Sicilian and Canadian, a multi-heritage reality that can create disconnectedness, but also deeper connections. Immigrants, political refugees, even future climate change refugees, can all face rejection and lack of relationship in arriving at their new place.

This is a mistake, especially for small communities. One participant noted: "We don't have an unemployment problem here. We have a shortage of workers problem."

No better example of this exists than on Fogo Island itself, whose people are reviving the near-lost arts of boatbuilding, quilt-making and of course, the oldest art of all, hospitality, for thousands of visitors each year. On the scale of creating lasting relationships, practicing hospitality as the love of a stranger sits near the top.

Art improves the quality of our awareness. It is a way of knowing, a way of asking, seeing, and, perhaps, belonging. Art can play an outsize role in re-shaping a sense of community. As Nicholas Schaufhausen, the strategic director of Fogo Island Arts, said: "artists have their own form of perception and knowledge, which is essential to comprehensive discussions. And I suspect that today, many people on Fogo Island appreciate that in our programs we embrace thinking differently, literally and metaphorically." Just as pioneering economic



developer, John McKnight has suggested that artists are essentially reverse magicians, whose work reflects the world around them, making visible that which we might not otherwise see.

Which is why “creatives” in the gathering noted that artists aren’t interested in being apart from other kinds of people. Artists are interested in living in places where they can freely ask, see and belong. Even better, where they’re fully-fledged members of the broader community of scientists, fishermen, and all residents who bring different perspectives on the reality of being alive and living with other people.

[Natalie Slawinski](#) from Memorial University’s School of Business and Wendy Smith of the University of Delaware put the essential role that relationships play in building small communities in an acronym following their multi-year research program studying the Shorefast model of asset based community development on Fogo Island:

Promote community champions
 Link insiders and outsiders
 Assess local capabilities
 Convey compelling narratives
 Engage “both/and” thinking



2. It’s about connections

The idea that all enterprises must be *social* enterprises and all companies must be *not-just-for profit* led to much debate on how communities can capitalize on this sharp and very recent conversation about who exactly the capitalist system is meant to benefit. We heard when shareholder profit is the driving goal, all kinds of negative and unintended externalities arise. So what happens when the goal of companies and of entire economies is healthy communities? We don’t know because this focus on community well-being in addition to reasonable profit has rarely happened on any meaningful or impactful scale. Well, not yet.

This calls for a much different and deeper connection among stakeholders, which includes shareholders. How can local communities participate in and capture some of the opportunities this new view of business will create?

There were also many questions about the role of economics and other professions, such as accounting, as omnipresent yet invisible forces shaping one kind of world at the expense of others. On this issue, there was consensus that a new transparency around money and financial systems alone won't bring the change that communities need so quickly. What's needed are new kinds of public policy that offer more useful relationships with other sectors alongside more publicly-accessible information.

Many participants spoke of an "impedance problem," that is, the people who need help can't get help from the people who can help. Stuff gets in the way. These are often invisible systems, hardened by years of tradition. Information is hard to get, individual actions harder still to motivate. As one participant put it: "**There is a disconnection: why can't communities access the money we say is out there?**"

What if virtually every organization in the industrialized world produced an Economic Nutrition certification mark to make it clearer where their money was going? If they did, the changes in consumers' behaviour brought on by this new awareness could re-order why and how we buy trillions of dollars of goods and services. Its corollary would be, in the words of Susan Witt, "putting social value on balance sheets."

But how could companies be motivated to do it, governments enforce it, and the world made aware of it? How many millions of dollars would be required?

Another impedance issue is that funding vehicles don't match local needs. **The problem is often not lack of money, but lack of efficient matching vehicles and connection between tiny borrowers and giant lenders: impedance.** So why don't we teach co-operative finance in business school? It's not that this is a new problem.

Breaking down the barriers to connection among different people on a systemic level is vital.

But no less so is the connection between a person and their self-worth, or between people and nature. One panelist noted: "something terrible happens when we lose the connection that comes from the dignity of production. Any sane society should be paying attention to its means of well-being."

Another felt this crisis in meaning comes from a profound sense of separation from the natural world. As he puts it: "Maybe the first step isn't redesigning systems. We need a spiritual, psychological renewal: a reconnection with the natural world."

So, what if nature informed all of our design briefs the way it clearly does at the Inn? What's more, if we all believe that nature thrives on a diverse ecosystem, why do we not recognize this also applies to human nature?

These disconnections were Fogo Island's problem in the 60s and much of America's in the last few years.

Restoring that dignity by reviving old skills may work on a small island. But concern was expressed that urban communities can't possibly retrain their workforces in time to keep up with the tech revolution and the data-driven digital economy, and rural ones can't turn all those coal miners into coders. For them, that revolution will come soon, in two waves: the displacement brought on by artificial intelligence, and the displacement brought on by climate change. The time to prepare for both was yesterday, of course. But we only have today. What could work, though, is the idea of unleashing the flywheel effect – steadfastly, relentlessly in big and small ways strengthening the capacities of communities to identify, energize, amplify, and connect their own specific skills, assets and knowledge so that they can maximize their own full, specific benefits.

If community is the basic building-block of human life, what kind of communities can we build when the building-blocks of the economy are not things you can see and touch, but intangibles? Today, 91% of Canada's economy consists of intangibles such as data and advice. So why do we only export 17% of the intangibles we produce? This too might be an issue of inefficient connections.

Many experts the world over have said the world is awash in money; there is no shortage of financial capital. What's lacking are the right ways to get investment into the hands of community innovators. It's clear from the example of the Inn that **community-centric industry needs community-centric finance.**

Providing this kind of "patient capital" requires not only less focus on quarterly results, but more focus on the part of shareholders that the best long-term investments are the ones that sustain and expand healthy communities. As the Globe and Mail recently noted, "the time is now to invest in the new forms of capital to make this Canada's century."

The conversation kept returning to the urgent need to reconnect financial capital to place.



3. It's about transitions and change

Change arrives before we're aware of it. It's that fast now.

What became clear over our three days was that the pace of change is creating havoc in places high and low. Boards are challenged to perform even their primary role, which is to set their companies' strategies for the long-term. They're also exhausted from living within the quarterly reporting system.

Worse still, because this change is driven largely by technology and particularly by artificial intelligence,

rural places where technology is slow and fragile are at heightened risk. Lower housing costs (although scarcity is a rural problem, too) and an easier lifestyle may attract millennial techies, but not the companies who hire them. What's more, because technology moves faster than regulation, start-ups in small places are doubly hobbled by antique funding programs that don't recognize problems unique to their place. This led some participants to suggest that perhaps it's time government stepped back and let communities take care of themselves.

With a galaxy of worlds available on our phones, the physical world appears to be shrinking in comparison to the wildly expanding virtual one.

We can assume that this does not bode well for anyone who's espousing "place" as their salvation. **But many conversations took a contrary view: that there would be a flight back to actual reality by enough people, businesses and funders that small communities beyond Fogo Island would have a real chance to co-exist in a world where reality is increasingly digital and not actual. Small places don't have to convert everyone not swept up by technology. They just need enough people to sustain and grow.** Rural places don't need to approximate their urban cousins, but the two types can certainly find a path to coexistence. They need each other.

And speaking of growth, another huge transition involves intergenerational transfer. 70% of Canada's businesses are family-owned and they constitute 60% of the Canadian GDP. Within 10 years, 70% of them will see ownership changing hands. Will there be enough young people interested in buying? Will there be funds available "in the local" to buy these businesses?

The fact that the technology revolution is happening at the same time as equally disruptive revolutions in our environment and culture could cause enough of a rupture in traditional thinking that some cherished wrong-headed beliefs will totter. Will economists figure out how to measure and maximise not the GDP but the find new indexes – of happiness, of well-being? If technology lets you work anywhere, will government step up to establish a universal basic income and even national child-care so that you actually *can* work anywhere? Will Ottawa or St. John's fund the digital infrastructure to give the Fogo Islands a toehold into tomorrow's economic mainstream? 300 years ago, most Fogo Islanders fished for a living, and many still do. But the fishery of the future looks very different from the fishery of the past. As fishers age, the regulatory context makes it exceptionally difficult for younger people to even acquire the necessary licenses to enter the fishery. And not everyone can or wants to work in the fishery; what new skills will they need to learn in order to live here? How will they learn?

These questions led to the idea that we should not neglect the ability of large businesses to play an even bigger part in creating a revised social contract between Canadians and the organizations they work for – and vote for. In one CEO's words: "Community and business need to work together and consult each other. Corporations have an important part to play in the social contract and in strengthening communities... we can't just vilify them."

In fact, some participants felt that, left to their own devices, business and philanthropy would be able to lead the transition towards a more values-based economy and culture. But they would have to embrace a new ethic which holds that all investing should be impact investing. For example, it's one thing for Foundations to direct 3.5% in income for annual grants to the right causes, but what about the other 96.7% of that capital? That should be aligned with the Foundation's mission too.

4. It's about creating new architectures

John Fullerton repeated what he'd been saying for decades: "Exponential growth on a finite planet goes against the principles of geophysics. The old story no longer works and we don't have a new story."

The belief that hard work and doing right by your neighbour would serve you well is becoming frayed. The fear that AI will simply vaporize even the most highly-skilled jobs leaves people floundering for values to hold on to, with too many descending into tribalism because at least there's comfort that they're not alone.

Fogo Island's renewal came from understanding that its great natural resource was its culture which lives in the stories of its people. And as one participant suggested: "It's important to communicate your success through telling stories and using metaphors. What we're trying to communicate is complex."

Some participants felt that a new story must be based on value. What has inherent value? What is the relationship between inherent value and financial value? If capitalism is not serving large numbers of people well, but instead a very few of them obscenely well, then any new story must not be based on wealth as the defining measure of a nation's health, but on ideas that endure beyond wealth. Ideas that bring people together into healthier communities. As one participant said, "you can't pay one group of people vastly more than another and expect them to work together in harmony." This echoes the question: "Do you want more taxes or more pitchforks?"

Given the rising tide of forces ready to swamp communities in their wake, it's little wonder that some participants felt that the future story was best summed up in the military acronym VUCA: "volatile, uncertain, complex, and ambiguous."

It's also no coincidence that some felt VUCA aptly described the gathering itself.

Some itched to get to the specifics. Others were content to discuss the systemic and philosophical questions. Some had very specific ideas to launch one of Shorefast's exportable intangible products, the Economic Nutrition Certification Mark. Some argued for special tax treatment for social enterprises. Others said if we don't fix the global issues, no local solution would do much or last long.

So, this begs the question: **"What were we all trying to maximize for, anyway?"**



There was a general sense that solutions do exist, that communities are worth saving, that we have no choice but to try, and that Fogo Island and Shorefast offer a rare example of success. We coalesced around the imperative to find ways to "raise the floor, grow the middle, and tame the top."

There seemed to be tacit agreement that Shorefast could be the natural body to establish

some kind of centre for Community Economics. And if not Shorefast, a close cousin. Whatever form this centre takes, it will require new funding. Annette Verschuren's spontaneous \$100,000 donation at the gathering to Shorefast's smaller Furnished Houses Project to improve the quality of local architecture and provide more staff housing on Fogo Island was a concrete start to these conversations.

The goal here is to "spread, not scale." Specifically, how can we spread the word to communities everywhere that there are examples of success? That they are not alone, just as the people of Fogo Island's communities learned through *The Fogo Process* that they weren't alone either. The fate of these communities the world over can be exemplary for millions of others seeking deeper, richer lives.

Shorefast has an obligation and opportunity. It is not a victim of its own success. Rather, its success has given it a whole new world of challenges to tackle.

Funding for the ongoing operations of Shorefast is a priority. For all of Zita's persistent generosity and the early success of Shorefast's businesses, they and the Foundation need new sources and new levels of revenue beyond the surpluses from the operations of the Inn in order to advance and solidify the enterprises for the long-run, and continue to take new risks and create new models that can be distilled and shared with others.

In the weeks to come, Shorefast will reflect on what was learned from our gathering as well as conversations with individual participants and create a project plan for what a new "centre/institute" would do and how it would operate.

It's virtually certain it will address in a very practical way some of the most complex issues raised in our gathering, from social business investment and training for community and political leaders, to research initiatives and entrepreneurship programs.



Last Words

For now, we will leave you with a challenge and a request.

The challenge is this: how can we create a global network of intensely local places, that re-tethers our economies to the places and communities in which we all live? How can the learnings of projects like those of Shorefast, and all the other places we know are part of other related networks, be stitched together to create a larger, shared story of this

new economy? How can we support new experiments – like Shorefast's Economic Nutrition – to create a more informed consumer and stimulate sustainable local business development? And how can we create platforms for business, governments, and communities to commit to the rebalancing we need through new approaches to finance, business development, and land and enterprise ownership? How do we expand the global reach of local initiatives? Surely we can't allow a future where the only participants in the globalized economy are global-sized organizations?

We started, off the coast of Newfoundland, on an Island that has a rich history of continuous improvisation and iteration to create sustainable livelihoods. But our gathering was only the beginning in a potent dialogue that we know is taking place elsewhere, of which we were part.

For Shorefast, and for all of us, the task is to figure out how to belong to the world... it's a combination of holding on (to place, to culture, to community) and reaching out.